



*Denali Commission
Fiscal Year 2012*

Budget Justification

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Denali Commission Budget Justification 2012.

Anchorage, AK., January 2011

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2012 Budget Justification

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Section 1

- ◆ A Message from the **Federal Co-Chair**
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A Message from the Federal Co-Chair

January 31, 2011

I am pleased to present the Denali Commission's detailed budget request for Fiscal Year 2012. The Denali Commission (Commission) requests \$16 million for developing basic infrastructure, opportunity, and quality of life in Alaska communities.

The Commission was established by the Denali Commission Act of 1998 (Title III, P.L. 105-277, 42 USC 3121), which recognized the need for a coordinated approach to address the vital health and infrastructure needs of Alaska communities, particularly isolated Native villages and other communities lacking access to the national highway system, affordable power, adequate health facilities and other contributors to achieving economic self-sufficiency.

The Commission programs underway for the past ten years are directly connected to the life, health, safety and sustainability of Alaskan communities and Alaskan residents. The barriers created by size, geography and lack of basic infrastructure in Alaska still cause significant portions of our rural population to live without basic infrastructure, health standards and public facilities.

This FY 2012 request will allow the Commission to deliver critical energy projects to Alaska's communities. With diesel fuel topping \$8.00 a gallon in many of Alaska's rural communities, the Commission's active engagement in alternative and renewable energy projects is more critical than ever. These projects (which include hydro, in-river turbines, wind generation, and geo-thermal) directly complement President Obama's call to reduce dependence on foreign oil sources and diversify our energy portfolio. The Commission's energy program also funds the planning, design, and construction of bulk fuel tanks and rural power systems, which directly assists in reducing cost and enhancing access to code compliant facilities.

This funding will also allow the Commission to continue planning, designing, constructing and equipping health facilities located in rural Alaska communities. In support of these infrastructure projects, the FY 2012 request will also provide critical economic development and workforce development, tied directly to jobs and employability for hundreds of Alaska residents. The budget includes a provision that would require Commission construction projects to receive matching funds from the recipient community or the State of Alaska. The required match is 20% for distressed communities and 50% for non-distressed communities.



**Federal Co-Chair
Joel Neimeyer**



Message from the Federal Co-Chair (continued)

Currently, the Commission has 230 grant awards and 789 projects that are active in our system. The total number of all projects, in various stages from inception to close-out well exceeds 2,100.

In addition to successful program delivery, the Commission strives to make continuous improvements and receive recognition of its administrative and operational services. The Commission utilizes the Office of Management and Budget Centers of Excellence for human resources, travel and procurement as well as the financial management line-of-business. In addition, the agency continues to utilize the GrantsSolutions system for cradle to grave production of grants awarded throughout the State of Alaska.

Please see the table below that enumerates the budgeted line items for Fiscal Year 2012 in accordance with our requested \$16 million.

FY 2012 Budget Request	Discretionary	Trans-Alaska Pipeline Liability	Total
<i>10 Personnel Compensation and Benefits</i>	1,800,000	200,000	\$2,000,000
<i>20 Contractual Services and Supplies</i>	2,076,000		\$2,076,000
<i>30 Acquisition of Assets</i>			
<i>40 Grants and Reimbursable Agreements [Energy, Health & Training]</i>	8,089,000	3,800,000	\$11,889,000
Total	\$11,965,000	\$4,000,000	\$15,965,000

The Inspector General Act requires the Commission to maintain an independent Office of Inspector General (OIG), which reports to the Federal Co-Chair and Congress. The amount of the Inspector General's initial request for FY 2012 was \$310,647. The amount in this budget justification requested for the Office of Inspector General is \$310,647. The amount of funding for training for FY 2012 is \$10,000, as well as, \$311 in support of the interagency IG council.

The Denali Commission would like to thank you for your support. Should you have any questions please do not hesitate to call me at (907) 271-1414.

Sincerely,



Joel Neimeyer
Federal Co-Chair



Key Points*An Update*

On April 29, 2010 I testified at a hearing of the Subcommittee on Economic Development, Public Buildings and Emergency Management for the Committee on Transportation and Infrastructure for the U.S. House of Representatives. Congresswoman Eleanor Holmes Norton asked how the agency is responding to noticeable reductions in annual appropriations. It is a question I often fielded this past year. I believe that the Commission has and will continue to add value in the delivery of governmental services in rural Alaska. The key is how the agency may leverage its funding and influence with other program partners, stakeholders and the rural communities we serve - so that the impact is real and measurable.

On the face of it, this is a reasonable approach, but underlying this goal is a myriad of other questions. The table here identifies three broad areas for the agency to address: concerns expressed by Congressional staffers in meetings in 2010, "structural" issues facing the agency in 2010 and beyond, and lastly some significant challenges currently facing rural Alaska.

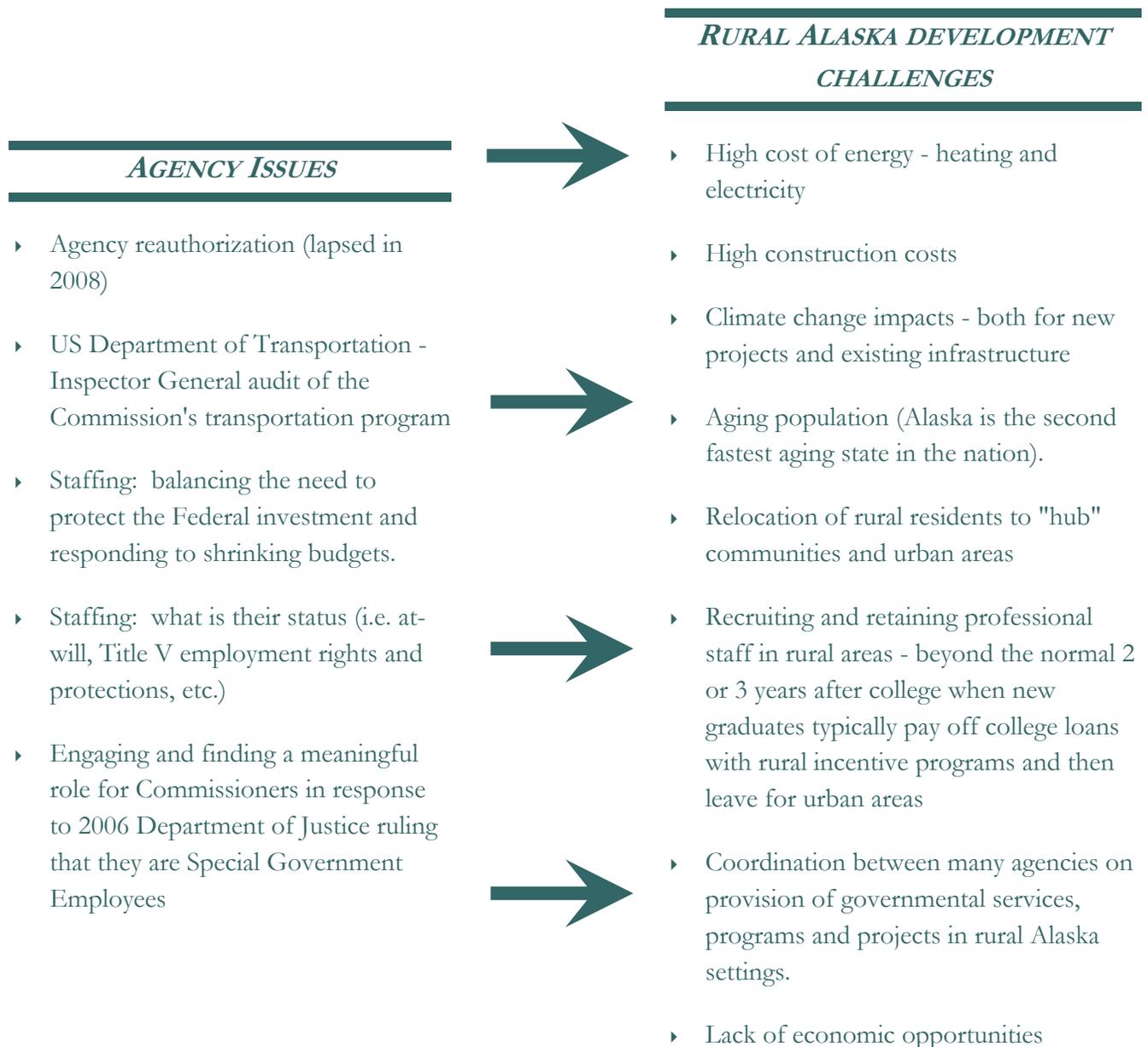
The goal of senior management this past year and in FFY11 will be to address all of the congressional concerns clearly, or at least outline a path with achievable timelines, continue working on the structural issues (partly through reauthorization efforts) and keep in mind the challenges the residents in rural Alaska face. On this last point, it is the fundamental reason for the existence of the Commission. We note that we must demonstrate to Congress and the taxpayer that there is continued value of the Commission and it is our purpose to tell this story through the perspective of how the Commission has partnered with others to improve conditions in rural Alaska.

*Joel Neimeyer
Federal Co-Chair*



CONGRESSIONAL CONCERNS

- ▶ Provide a better understanding of how the Commission operates in the budget justification document and other agency documents 
- ▶ A need for performance measures for agency programs 
- ▶ An overarching 5-year strategy is recommended - showing progress and future need 
- ▶ Carryover funding: provide reasons why this has occurred and steps that have been taken or will be taken to address this issue.
- ▶ How are projects considered, nominated, and selected? What is the role of staff, commissioners, advisory bodies program partners and advocates with projects? 
- ▶ Detail agency response to conflict of interest and ethics issues 
- ▶ What is the role of the Commissioners?
- ▶ What is the role of the State of Alaska in supporting Commission programming? Programmatically? Financially? Other?

Key Points

Introduction

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 (Commission) is an independent federal agency that acts as a regional commission focusing on the basic infrastructure needs of rural 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.



Buckland bulk fuel tank farm.

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, modern communication systems, bulk fuel storage tanks, and other infrastructure needs.



Introduction

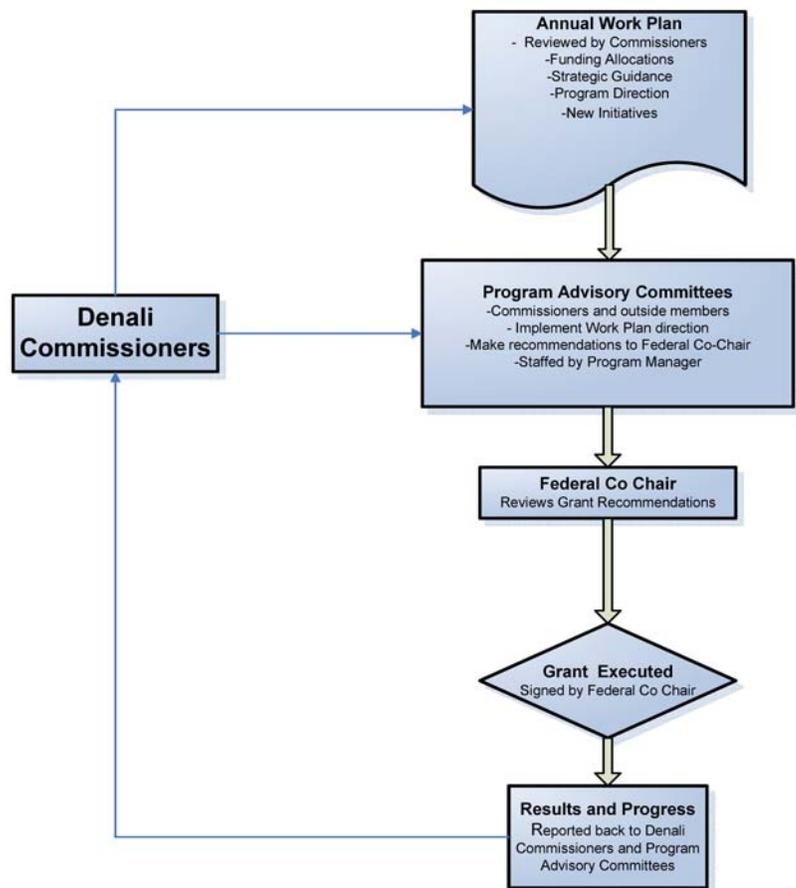
The Commission Act required that seven leading Alaskan policy makers form a team as the Denali Commission:

- ▶ 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.

Denali Commission Decision Making Process



Introduction

Vision, Mission and Organizational Structure

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 works with partners to develop basic public infrastructure, opportunity, and quality of life in Alaska communities.



Photo: Joel Neimeyer, Federal Co-Chair at the Denali Commission (left) with Secretary of Commerce Gary Locke (center) and Alaska State Senator Mark Begich



Introduction

Commissioners

Joel Neimeyer

Federal Co-Chair, Denali Commission

Karen Rehfeld

State Co-Chair, Director of the Office of Management & Budget, State of Alaska

Vince Beltrami

Executive President, Alaska AFL-CIO

Loretta Bullard

Director, Alaska Federation of Natives

Patrick K. Gamble

President, University of Alaska

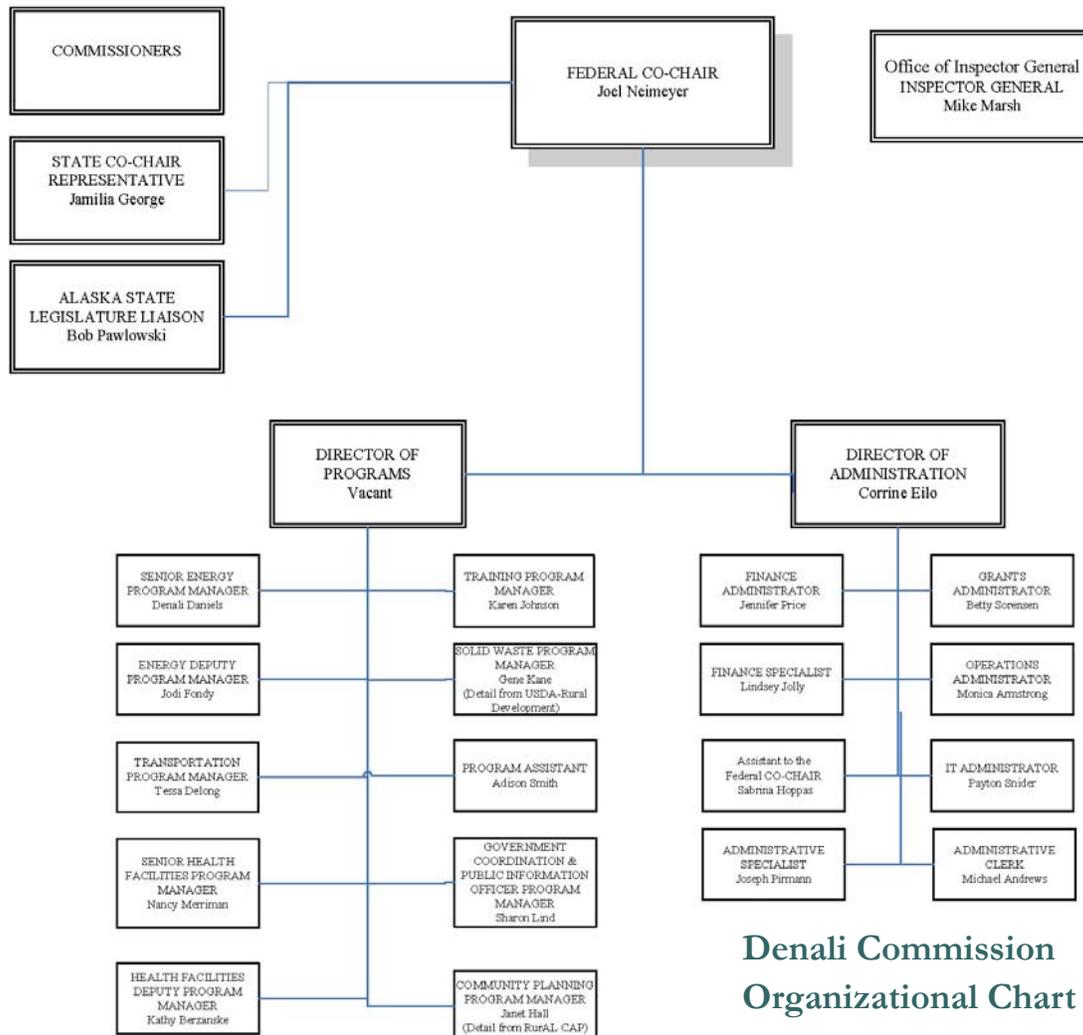
John MacKinnon

Executive Director, Associated General Contractors of Alaska

Kathie Wasserman

Executive Director, Alaska Municipal League

DENALI COMMISSION ORGANIZATIONAL CHART- FY 2011



**Denali Commission
Organizational Chart**



Introduction



Section 2

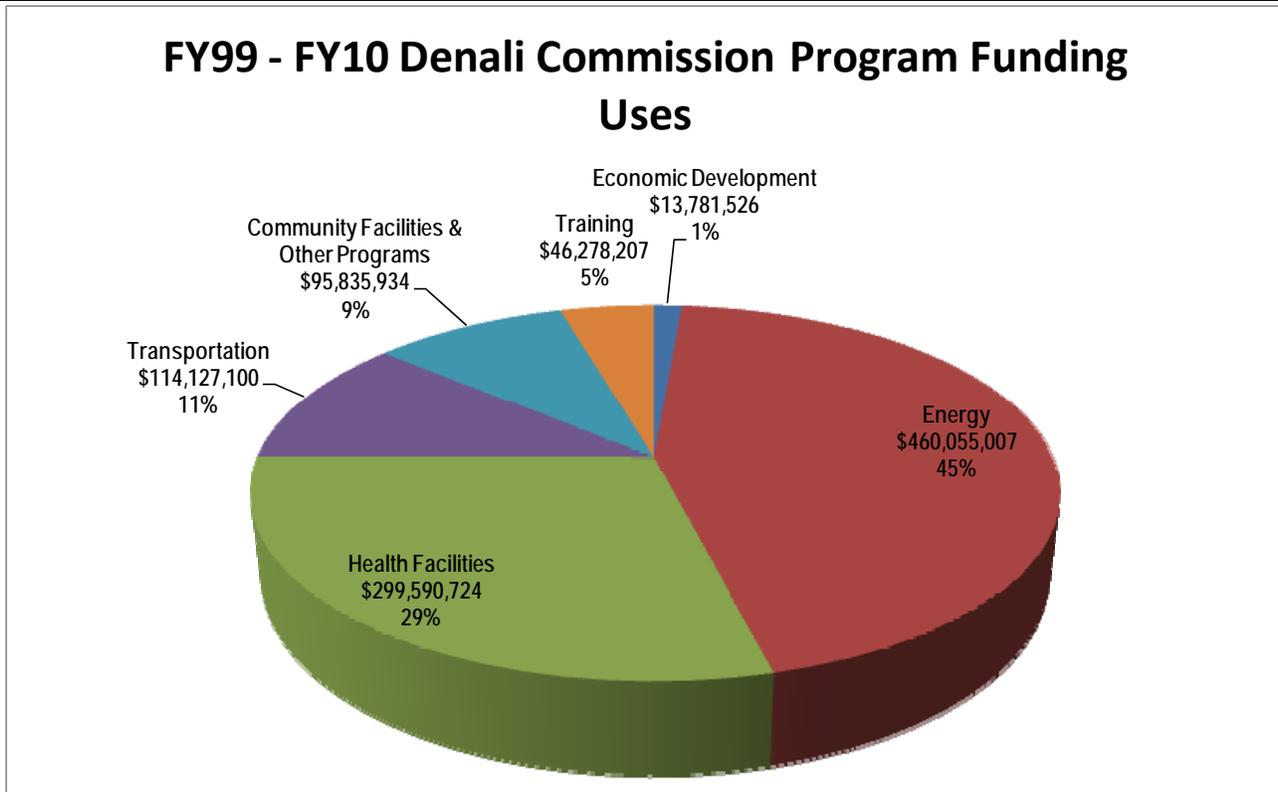
Program Summaries, Achievements, Funding and Strategies

- ◆ Government Coordination
- ◆ Energy
- ◆ Health Facilities
- ◆ Transportation
- ◆ Training



Program Summaries, Achievements, Funding and Strategies

Summary of Performance



The Fiscal Year 2010 (FY10) Work Plan was developed based on the appropriations approved by Congress for FY10. The Commission has historically received funds from several federal funding sources.

In FY10 no project specific earmarks were provided in any appropriations to the Commission. The Energy and Water Appropriations (commonly referred to as Commission base funding) are eligible for use in all programs, but has historically been used substantively to fund the Energy Program. The Energy Policy Act of 2005 established new authorities for the Commission’s Energy Program, with an emphasis on renewable and alternative energy projects. No new funding accompanied the Energy

Policy Act, and prior fiscal year Congressional direction has indicated that the Commission should fund renewable and alternative Energy Program activities from the available base appropriation.

All other appropriations outlined may be used only for the specific program area and may not be used across programs. For example, the U.S. Health Resources and Services Administration (HRSA) funding, which is appropriated for the Health Facilities Program, may not be moved to the Training Program. The figures appearing in the funding sources table include an administrative deduction, which constitutes the Commission’s overhead. A comprehensive discussion of all program activities is pro-



Program Summaries, Achievements, Funding and Strategies

vided in the respective program area’s of **Section 2**. This includes a history of the major programs, significant program outcomes and a funding history for each program area. The Commission primarily funded and administered the following program areas in FY10:

Energy Program

- Bulk Fuel Storage
- Community Power Generation and Rural Power System Upgrades
- Energy Cost Reduction Projects
- Renewable, Alternative, and Emerging Energy Technologies
- Power Line Interties

Health Facilities Program

- Primary Care Facilities
- Behavioral Health Facilities
- Elder Housing/Assisted Living Facilities
- Primary Care in Hospitals



Transportation Program

- Local Roads and Boardroads
- All Terrain Vehicle (ATV) Roads
- Community Connectivity and Economic Development Road Projects
- Regional Ports and Local Small Boat Harbors
- Barge Landings



Training Program

- Allied Health Professions
- Construction Trades
- Facility Operations and Maintenance
- Administration of Public Infrastructure
- Youth Initiatives



Government Coordination

- MOU Partners
- Buckland Workgroup



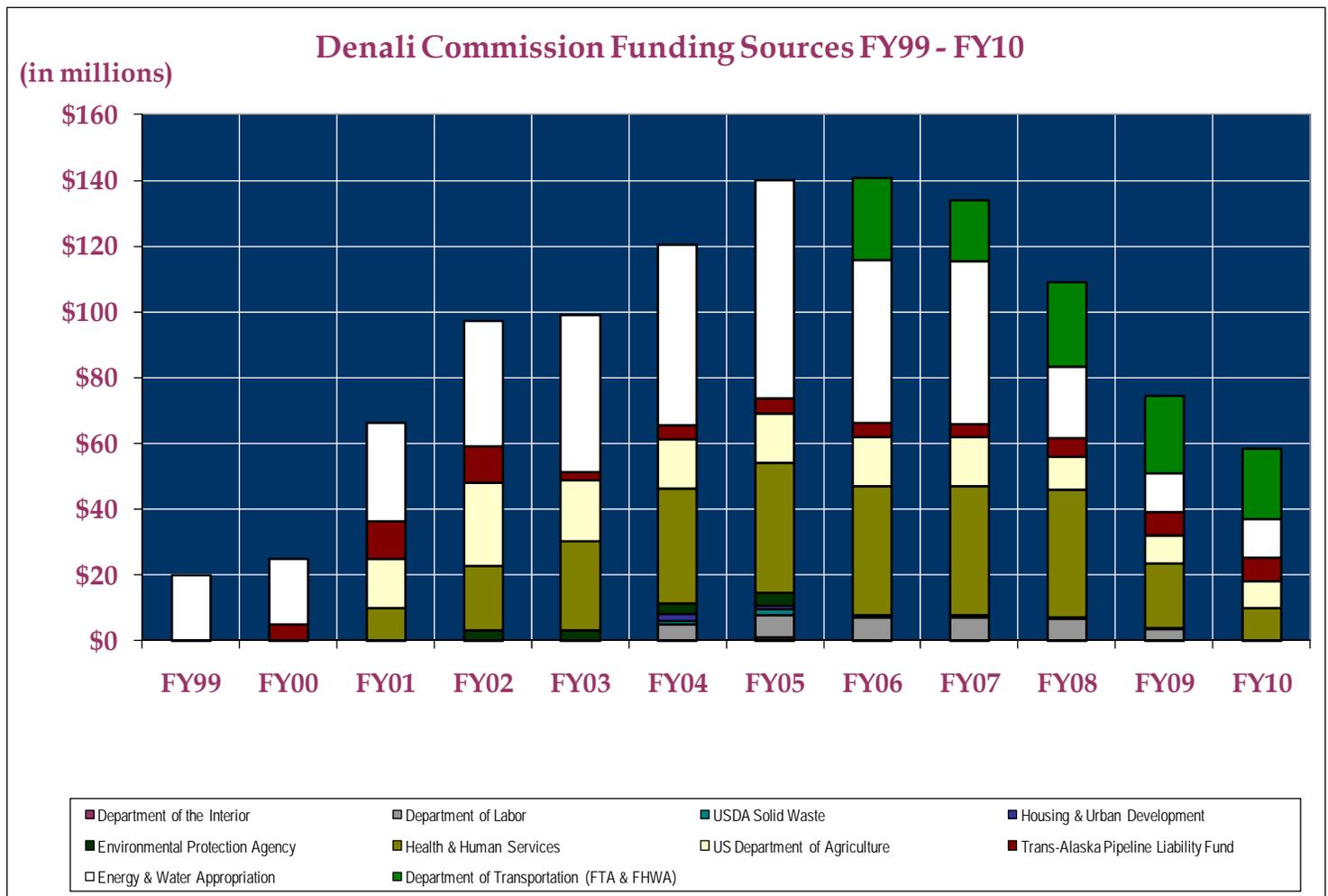
Gambell, Bulk Fuel



Program Summaries, Achievements, Funding and Strategies

As of September 30, 2010 the financial condition of the Denali Commission was sound with respect to having sufficient funds to meet program needs and adequate control of these funds in place to ensure obligations did not exceed budget authority. Agency audits are conducted in accordance with auditing standards generally accepted in the United States of America, OMB Bulletin 07-04 (Audit Requirements for Federal Financial Statements) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Completed audits can be found on our website at www.denali.gov under Administration, Finance, Performance and Accountability Report.

Sources of Funds



Program Summaries, Achievements, Funding and Strategies Government Coordination

PROGRAM STAFF:

Sharon Lind, Program Manager



OVERVIEW:

The Denali Commission (Commission) is charged with the special role of increasing government effectiveness. The Commission does so by acting as a catalyst and strategic partner for many federal and state programs in Alaska.

The Commission joined others in a Memorandum of Understanding (MOU) that outlines the roles of agencies in coordinating resources and efforts in areas such as community planning, sustainability, data sharing and coordination of pre-construction activities. This MOU served as the basis for creating several multi-agency workgroups and cooperative projects that have increased overall government effectiveness.

The MOU was amended in 2003 with increased participation from both state and federal partners and renewed once again in 2008. This renewed effort focuses efforts on improving the channels of communications among the leaders of all federal and state agencies with an emphasis on critical issues that affect the entire state of Alaska: the high cost of energy, outmigration, and coordination of efforts among all government agencies.

PROGRAM OUTCOMES—

MOU PARTNERS WORKGROUP

The MOU Partners Workgroups is a group comprised of various state and federal agencies through a Memorandum of Understanding. This group has committed to meeting twice a year with a focus on strengthening state and federal partnerships for infrastructure, workforce and economic development in rural Alaska.

This group has the following guiding principles:

- **Sustainable Infrastructure.** Participants of the MOU recognize the importance of funding and developing infrastructure programs and projects that will have a positive, lasting affect in rural Alaska. Parties agree to communicate and coordinate project planning, pre-development, site planning, design and construction processes.
- **Economic Development.** Parties recognize that government can provide opportunities for meaningful private sector development. Parties agree to coordinate activities which can stimulate economic growth.
- **Workforce Development.** Workforce development and having a job is critical to family and community wellbeing. Parties agree to coordinate on programs and policies that promote a skilled rural workforce.
- **Planning and Coordination.** Local participation, to include local funding is essential for successful infrastructure projects. Parties affirm the importance of local planning to iden-



Memorandum of Understanding Strengthening the state and federal partnership

An understanding between the Denali Commission:
And the State of Alaska:

Office of the Governor
Department of Administration
Department of Commerce, Community and Economic Development
Department of Corrections
Department of Education and Early Development
Department of Environmental Conservation
Department of Fish and Game
Department of Health and Social Services
Department of Labor and Workforce Development
Department of Law
Department of Military and Veterans Affairs
Department of Natural Resources
Department of Public Safety
Department of Revenue
Alaska Housing Finance Corporation
Alaska Mental Health Trust Authority
Department of Transportation and Public Facilities
University of Alaska

And the following federal agencies:

Office of the Federal Coordinator, Alaska Natural Gas T
U.S. Army Corps of Engineers
U.S. Department of Agriculture, Alaska Office,
U.S. Department of Agriculture, Region 10,
Rural Development Agency,
Farm Service Agency,
Natural Resources Conservation Service
U.S. Department of Commerce,
Economic Development Administration
National Oceanic and Atmospheric Administration
U.S. Commercial Service, Alaska
U.S. Environmental Protection Agency, Alaska

Page 1 of 3

Government Coordination

tify and prioritize proposed projects, and the need to understand the overall impacts of multiple projects on a community.

- **Communication.** Active communications and sharing of information increases efficiencies and decreases the duplication of services. To the extent allowed by each agency's guidelines, MOU participants will share information as needed for the successful implementation of projects.
- **Involving other partners.** Participants recognize that many other non-profit and community organizations in Alaska are valuable resources for furthering the goals of the MOU Partners Workgroup. Parties will collaborate and communicate to provide regional planning, program support and partnering opportunities where practicable.

SUSTAINABLE RURAL COMMUNITIES PROJECT

The Commission plays a key role in coordinating the myriad of federal, state and tribal programs that affect rural Alaska. Through senior leadership forums, workgroups and advisory committees, we work effectively to leverage dollars, produce meaningful outcomes, and deliver innovative and sustainable projects. As a convener and coordinator, in 2010 the Commission developed and published the Sustainable Rural Communities report.

Phase I of this project involved gathering the federal partners together to collaborate on the development of the Sustainable Rural Communities report. This document takes a hard look at the barriers to developing and maintaining sustainable rural communities in Alaska, as



defined by the federal partners and, in some cases, offers possible solutions to those barriers.

Phase II of this project involved gathering input and comments from our partners and the public at-large. After comments are compiled, an addendum to the already informative document, is set to be completed by March 2011.

Phase III of this project begins the actual implementation of the proposed efforts outlined in the report, efforts like the Regional Forum concept. The goal of this overall effort is collaborative transparency and improved government effectiveness. Watch our website as this project unfolds.



Government Coordination

Myron Lincoln dumps human waste from the family's "honey bucket" onto the frozen banks of the Ninglick river at the village of Newtok. A large percentage of homes in dozens of rural Alaska villages have never had flush toilets and must use honey buckets.

The Denali Commission has funded bulk fuel infrastructure, power generation upgrades and a modern clinic in this community. The challenges faced by the residents we serve are great, the need is overwhelming. (Taken from *Forgotten America* report. Photo by Alex DeMarban.)



BUCKLAND WORKGROUP:

The State of Alaska Village Safe Water (VSW) defines a community as "unserved" in terms of water and sewer needs if less than 55% of the year round occupied homes have a piped or closed-haul system. Buckland, with a population over 400, is a community near the Arctic Circle and one of 46 rural Alaska communities still in need of service and relies on five-gallon 'honey buckets' for toilets that are emptied manually. Buckland's washeteria, a small public facility, serves as the watering point where

people can get drinking water and access laundry facilities, showers, and flushable toilets.

In 2006, Senator Murkowski asked the Denali Commission, in its role of government coordination, to work with the community of Buckland and help move this project forward. The project had been plagued with delays but every month, the key players in this project including Village Safe Water, the Corps of Engineers and the community convene in meetings arranged and facilitated by the Commission. The project is moving forward and completion of this effort is in sight.

FISCAL YEAR 2012 GOVERNMENT COORDINATION GOALS:

Government Coordination efforts at the Denali Commission provide communication between key federal and state stakeholders across the state of Alaska. With continued funding, the Commission would be able to deliver program efforts and lead state and federal collaboration by facilitating, organizing and leading government partnerships in new and innovative ways across the entire state. Continued efforts and goals involve the MOU Partners Workgroup and the Buckland Workgroup. New partnerships and goals include the new Sustainable Rural Communities initiative and stronger ties to tribal governments.



Government Coordination**MEANS AND STRATEGIES:**

The Government Coordination Program is led by one Program Manager and overseen by the Director of Programs. To be successful in coordinating with other state and federal agencies there is a clear invitation for open communication at all times. eNewsletters and annual reports, viewable on the Commission website at www.denali.gov assists in keeping all parties informed and connected. The measurement of success is outlined in quarterly meetings to eliminate duplication of efforts for rural Alaskan communities.



Program Summaries, Achievements, Funding and Strategies Energy Program

PROGRAM STAFF:

Denali Daniels, Senior Program Manager
Jodi Fondy, Deputy Program Manager

PROJECTS FUNDED:

- ⇒ *Bulk Fuel Storage*
- ⇒ *Community Power Generation and Rural Power System Upgrades*
- ⇒ *Energy Cost Reduction Projects*
- ⇒ *Renewable, Alternative, and Emerging Energy Technologies*
- ⇒ *Power Line Interties*

PROGRAM OVERVIEW:

The Energy Program is the Commission’s first program and is often identified, along with the Health Program, as a “legacy” program. The program focuses on bulk fuel storage tank upgrades (BFU) and power generation/rural power system upgrades (RPSU) across Alaska, as well as recent expansion into alternative, renewable, and emerging energy infrastructure. The purpose of the program is to provide code-compliant bulk fuel storage and electrification throughout rural Alaska, particularly for communities “off the grid” and not reachable by road or rail, with a goal of improving energy efficiency and decreasing energy costs.

Most rural Alaska communities receive their goods during the summer via barge service, including heating fuel and fuel for diesel-fired electrical generators. Consequently, the bulk fuel storage facilities must be sized for storage of at least nine months of fuel for uninterrupted service.

Program partners coordinate project funding requests with the Commission to balance the relative priority or urgency of bulk fuel and power generation needs against



available funding, community readiness, and capacity to carry out the work. Legacy program (RPSU, BFU and intertie) projects are identified by partners and reviewed and selected by Commission staff.

Program partners are utilized to perform initial due diligence, as well as, assist in the development of the business plans for the participants as designs are underway. The program is dynamic: priorities fluctuate throughout the year based on design decisions, due diligence and investment policy considerations, site availability, the timing of funding decisions, etc.

The Energy Program has historically used a “universe of need” model to determine program and project funding. Specifically, the program is focused on using the existing statewide deficiency lists of bulk fuel facilities and power generation/distribution systems to prioritize project funding decisions.

The remaining needs in the BFU and RPSU universes of need have previously been estimated at \$409 million; however, this was based on 2004 construction costs. Populations have fluctuated across the state over the past



Energy Program

ten years, erosion has increased the risk of building in certain communities and escalating construction costs have challenged the original intent of the Commission's goal toward an exit strategy.

The Commission has completed 97 bulk fuel storage projects and 55 power plant upgrades improving energy efficiency in those communities. With this critical work behind the Commission, and the evolution of Alaska's villages in the past decade, the remaining universe of need is reassessed annually. Currently, the BFU universe indicates roughly 64 communities in need of this basic infrastructure; however, it is unlikely all will proceed due to sustainability issues. A high projection for all 64 bulk fuel projects totals approximately \$260 million. The rural power system upgrade remaining universe includes approximately 72 communities, with estimates for completion at almost \$220 million. The RPSU program universe is less clear, as more intertie connectivity is reducing the need for standalone projects, coupled with the increased surge of alternative/renewable energy projects statewide. A renewable project sometimes is proposed in conjunction with a deficiency list project to reduce the dependence on diesel fuel and the fuel storage requirements. An intertie can remove the need for a new power plant, and reduce fuel storage requirements in the intertied communities. Therefore, the legacy program may also include these types of energy infrastructure.

The Energy Policy Act of 2005 established new authorities for the Commission's Energy Program; with an emphasis on alternative and renewable energy projects, energy transmission, including interties, and fuel transportation systems. Although the Energy Policy Act did not include specific appropriations, the Commission is expected to carry out the intent of the Act through a por-

tion of its "Base" funding. To date, the Commission has co-funded a number of renewable projects, including hydroelectric facilities, a geothermal power plant, a biomass boiler, and a number of wind-diesel power generation systems.

About 94% of electricity in rural communities which receive Power Cost Equalization (PCE) payments is produced by diesel and about half the fuel storage in most villages is used for the power plants. Any alternative means of generating power can reduce the capacity needed for fuel storage and can reduce the sizing of and demand on diesel-fired electrical generators. This reduces capital costs, as well as, operations and maintenance (O&M) and repair and renovation (R&R) costs for fuel storage facilities and may reduce the cost of power to the community.

In FY07, the Commission issued the first request for proposals for alternative/renewable energy projects. The Commission dedicated \$5 million to this effort which was matched with \$1 million from the State of Alaska. Overwhelming response from this initiative, coupled with extraordinarily high energy costs, prompted the state to create a renewable energy fund.

With the advent of the State of Alaska's Renewable Energy Program (REP), the Commission has redirected its efforts from renewable technologies to emerging technologies. In FY10, the Commission provided \$3.1 million to match \$2.2 million from the state for an Emerging Energy Technology Fund, which was created through legislation passed in April 2010.

Recognizing the critical role energy plays in the quality of life and economic development of Alaska's communities,



Energy Program

the Denali Commission has made energy its primary infrastructure theme since inception and continues to make energy a priority. The Commission has made great strides developing safe and reliable energy infrastructure in Alaska while minimizing expenses.

PROGRAM OUTCOMES:

The Energy Program has 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 component of the Commission’s Energy Program), and investment in alternative, renewable and emerging energy technology. The Denali Commission has provided infrastructure funding for reliable, code compliant fuel storage and power generation to tens of thousands of rural Alaskans. Thus far, the Commission has completed:

- ☑ *97 bulk fuel tank farms in rural communities throughout Alaska and has completed 55 rural power system upgrades.*
- ☑ *An updated comprehensive universe of need report for bulk fuel facilities was completed in 2009 and a rural power system upgrade universe in 2010 providing current, reliable resources to the Denali Commission and partners for future projects.*

To date, the Commission has dedicated more than \$460 million to energy projects – 45% of the Denali Commission’s resources over the past twelve years.

ENERGY ADVISORY COMMITTEE:

The Energy Advisory Committee was established in 2007 to aid the Commission by reviewing and updating existing policies and guiding the Commission’s direction in developing a more robust energy program. The Energy Advisory Committee serves in an advisory capacity to the full Commission.

The Commission’s Energy Advisory Committee met in April 2010 to discuss the FY10 draft work plan and anticipated construction projects, a strategy for soliciting and selecting planning and design projects and discussion of the emerging energy technology grant fund in conjunction with the State of Alaska.

Energy Advisory Committee Members:

- John MacKinnon (Chair) *Denali Commissioner, Associated General Contractors of Alaska;*
- Vince Beltrami *Denali Commissioner, Alaska AFL-CIO;*
- Dr. Brian Hirsch *U. S. Department of Energy National Renewable Energy Laboratory;*
- Eric Marchegiani, P.E. *U.S. Department of Agriculture–Rural Development;*
- Robert Martin *Goldbelt Corporation;*
- Brad Reeve *Kotzebue Electric Association;*
- Dr. Daniel White *University of Alaska Fairbanks, Institute of Northern Engineering*



Energy Program

FISCAL YEAR 2012 ENERGY PROGRAM GOALS:

In the coming fiscal year, the Energy Program plans to continue funding in the following areas:

- ⇒ *Bulk Fuel Storage*
- ⇒ *Community Power Generation and Rural Power System Upgrades*
- ⇒ *Energy Cost Reduction Projects*
- ⇒ *Renewable, Alternative, and Emerging Energy Technologies*
- ⇒ *Power Line Interties*

The Denali Commission Act outlines the development and implementation of an annual work plan. The Commission must develop an annual 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 areas covered under the work plan.

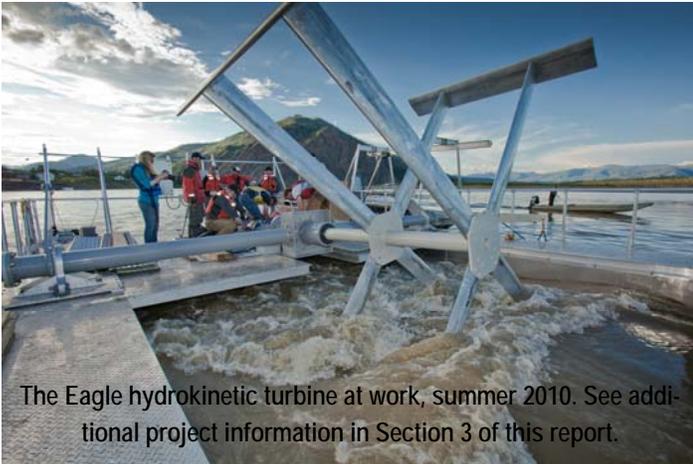
FY11 funding amounts are unknown at this time. Project goals for the fiscal year must wait pending that outcome. The Commission Work Plan process and thus program goals will be on hold pending appropriations.

PROGRAM PARTNERS:

- Alaska Center for Energy and Power (ACEP)
www.uaf.edu/acep
- Alaska Energy Authority
www.aidea.org/aea
- Alaska Power & Telephone
www.aptalaska.com
- Alaska Village Electric Cooperative
www.avec.org
- U.S. Department of Agriculture Rural Utility Service
www.usda.gov/rus/electric
- U.S. Department of Energy National Energy Technology Lab (NETL)
www.netl.doe.gov
- U.S. Department of Energy National Renewable Energy Lab (NREL)
www.nrel.gov
- U.S. Environmental Protection Agency
www.epa.gov



Energy Program



The Eagle hydrokinetic turbine at work, summer 2010. See additional project information in Section 3 of this report.

EAGLE HYDROKINETIC TURBINE PROJECT

The Commission provided funding to the Alaska Power and Telephone Company (APT) for a demonstration project in Eagle, Alaska. The hydrokinetic in-river turbine mirrors fish wheels used by villagers to harvest salmon, but instead captures natural energy produced by the majestic Yukon River. The turbine's four blunt-edged blades are suspended by an anchored pontoon barge and spin at a rate of just 22 revolutions per minute. Energy is transferred to a power line beneath the river floor onto shore where the electricity is distributed to the power grid for the community.

In the summer of 2010, the turbine produced 15 to 17 kilowatts of electricity, which could supply about a quarter of Eagle's electricity needs. Efforts are underway to address potential impacts on fish, which, so far, are thought to be minimal, managing debris during times of heavy rain fall and inoperability during winter months when the river is frozen.

Alternative and renewable energy continues to be a priority for the Commission in addressing the challenges of small remote communities off the electrical grid and road systems.

KWETHLUK RURAL POWER SYSTEM UPGRADE

The Commission, in partnership with the State of Alaska, Alaska Energy Authority (AEA), funded a new power plant in Kwethluk, Alaska. The community of nearly 800 residents lies at the junction of the Kuskokwim and Kwethluk Rivers in western Alaska and is accessible by air year round and by barge or boat during the summer months. The new power plant includes three energy efficient generators, a control panel with automatic load sensing and paralleling capabilities to ensure the most efficient combination of generation is utilized, heat recovery to the high school, and remote monitoring to allow trouble shooting from AEA's office in Anchorage. The new power plant was completed and brought on line in February 2010 and immediately achieved over 12% efficiencies, which equated to a savings of nearly 6,000 gallons of diesel between February and June 2010. In addition, it is estimated that the school district will save 12,000 gallons of diesel through use of the heat recovery system, which will eliminate approximately 134 tons of CO₂ emissions, in 2010.

Inside the Kwethluk power plant. See additional project information in Section 3 of this report.



Energy Program

MEANS AND STRATEGIES:

The Energy Program is led by one Program Manager and a Deputy Energy Program Manager. Management of construction projects is carried out by utilizing program partners to oversee project management functions. The Commission's Energy Program has been actively engaged in supporting initiatives around renewable and alternative energy and specifically emerging energy technologies and encouraging state and private investment in innovation toward improving energy needs of rural Alaska communities. While the focus of the Commission's energy program continues to address basic storage and generation needs, options for more cost effective and energy efficient technologies are being explored. Recent examples include small in-river hydrokinetic turbine for electric generation, seawater heat-pumps, wind-diesel grid stability components, thermal solar panels, wood pellet boiler systems and more. Most notably, a project carried out by high school students in Cordova, Alaska has generated international attention as science club teens test the utilization of cold climate microbes (psychrophiles) found in arctic lakes combined with waste from the school lunch room to develop methane, with the long range goal of small scale cooking and heating systems.

The Commission, through the engagement of its Energy Advisory Committee, will be evaluating how these projects can integrate with existing initiatives toward the goal of low cost, availability of reliable energy to Alaska residents. At a time when diesel fuel prices can reach upward of \$8- \$9/gallon in rural communities, the energy crisis is a critical focus of the Commission.



Energy Program**FISCAL YEAR 2010 PROJECTS**

Title / Project Description	2010 Energy Funds
Twin Hills – RPSU CDR	\$150,000
Atmautluak – RPSU CDR	\$50,000
Fort Yukon – RPSU Final Design	\$340,000
Koliganek – Bulk Fuel Facility	\$1,100,000
Minto—Generator Design	\$50,000
Emmonak – RPSU and FU Design	\$250,000
Togiak – RPSU and BFU CDR	\$45,000
New Stuyahok – RPSU Design	\$75,000
Shageluk – FBU Business Plan	\$20,000
Stebbins – RPSU Design	\$100,000
Brevig Mission/Teller -- Intertie	\$900,000
Stebbins/St. Michael – Bulk Fuel Facility	\$7,461,000
Alakanuk – Bulk Fuel Final Design	\$165,000
Igiugig – RPSU	\$1,350,000
Hoonah – RPSU	\$3,330,000
Yakutat - RPSU	\$3,150,000
Emerging Technology Program	\$2,241,607
Construction Contingency Funds	\$2,193,393
TOTAL	\$22,971,000



Program Summaries, Achievements, Funding and Strategies ***Health Facilities Program***

PROGRAM STAFF:

Nancy Merriman, Senior Program Manager

Kathy Berzanske, Deputy Program Manager

PROJECTS FUNDED:

- ⇒ *Health Facilities Program*
- ⇒ *Primary Care Facilities*
- ⇒ *Behavioral Health Facilities*
- ⇒ *Elder Housing/ Assisted Living Facilities*
- ⇒ *Primary Care in Hospitals*

PROGRAM OVERVIEW:

Congress amended the Denali Commission Act in 1999 to provide for the planning, designing, constructing and equipping health facilities. The Health Facilities Program is a collaborative effort, with the partnership of numerous organizations, including the Alaska Native Regional Health Corporations. Since 1999, the Commission has methodically invested in regional networks of primary care clinics across Alaska.

While primary care clinics have remained the “legacy” priority for the Health Facilities Program, in response to Congressional direction in 2003, funding for additional program areas addressing other health and social service related facility needs was initiated. Innovative additions to clinic design, including behavioral health and dental care were adopted. And, over time, the program has expanded to include other initiatives like domestic violence facilities, elder housing, primary care in hospitals, emergency medical services equipment and hospital designs.

The program uses a universe of need model for primary care clinics and an annual selection process through a Health Steering Committee for other 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; this list was updated in 2008. Projects are recommended for funding if they demonstrate readiness which includes the completion of all due diligence requirements. This includes an approved business plan, community plan, site plan checklist, completed 100% design, documentation of cost share match, and a high probability that the project will begin construction during the next season.

Recently, the business plan process was revised to include the evaluation and projections related to the cost of fuel, electricity and other utilities, and erosion and relocation issues. These factors pose significant economic challenges to many small communities and villages. As a result, and in correlation with the new Commission Investment Policy (adopted in November 2008), the Commission has also undertaken an innovative project to design a new, small clinic prototype which will take into account both the needs and resources of communities of fewer than 100 people. The Commission anticipates conducting a pilot of the small clinic next spring in Southeast Alaska.



Health Facilities Program

When the prototype designs are completed, the small clinic may be used by many communities across the state.

The primary care program has continued to integrate behavioral health and dental spaces in clinics in the medium, large and sub regional size categories, ensuring that critical space is available for specialty and mid-level providers in remote locations. Many rural Alaska communities experience the highest per capita rate of dental and behavioral health concerns in the country. Inclusion of these spaces in new clinics is a fundamental part of a successful treatment modality and model across Alaska.

Alaska has a complex system of health delivery – with Tribal, City, Village, private and federally-designated clinics and providers working in partnership to ensure there is a reliable continuum of care for isolated communities and regions throughout the state.

Designing and building health facilities in rural Alaska is also complicated – a process which must account for small populations, extreme climates, roadless communities, and environmental factors. Methodical planning and attention to unique community characteristics enables the Denali Commission to meet these challenges.

PROGRAM OUTCOMES:

The Health Facilities Program achieved several key outputs and outcomes in 2010. The program focused on funding the construction of 4 new or renovated primary care clinics, 4 elder housing units, 1 behavioral health facility and 12 primary care in hospital projects.

The Denali Commission has made a monumental impact in the lives and health of rural Alaskans by contributing

to the construction of needed health facilities throughout the state:

- ✓ *114 clinics have been completed*
- ✓ *11 are being constructed now*
- ✓ *27 are in the business planning and design phases*

To date, the Commission has dedicated more than \$299 million to health projects – 29% of the Denali Commission’s resources over the past twelve years.

HEALTH STEERING COMMITTEE

The Health Steering Committee is an advisory body comprised of the following membership organizations: the State of Alaska, Alaska Primary Care Association, the Alaska Native Tribal Health Consortium, the Alaska Mental Health Trust Authority, the Alaska Native Health Board, the Indian Health Service, the Alaska State Hospital and Nursing Home Association, and the University of Alaska. The Committee reviews and updates program policies and guides the Program’s direction and priorities.

The Health Steering Committee (HSC) met 3 times in fiscal year 2010. Key outcomes include: reviewing current program project selection criteria and processes and refining those to reflect significantly reduced budgetary resources. The Committee members also spent some time at each meeting exploring the foundational purpose and value of the Health Program as they consider new potential program directions.



Health Facilities Program

Health Steering Committee Members:

- Lincoln Bean, Sr. *Alaska Native Tribal Health Consortium;*
- Dr. Kenneth Glifort *Indian Health Service;*
- Jeff Jessee *Alaska Mental Health Trust Authority;*
- Andy Teuber *Alaska Native Tribal Health Consortium;*
- Marilyn Walsh Kasmar *Alaska Primary Care Association;*
- Dr. Ward Hurlburt *Alaska Department of Health and Social Services*
- Karen Perdue *Alaska State Hospital & Nursing Home Association*
- Jan Harris *Office of Health Programs Development*

FISCAL YEAR 2012 HEALTH FACILITIES

PROGRAM GOALS:

In the coming fiscal year, the Health Facilities Program plans to continue funding in the following areas:

- ⇒ *Primary Care Facilities*
- ⇒ *Behavioral Health Facilities*
- ⇒ *Elder Housing/ Assisted Living Facilities*
- ⇒ *Primary Care in Hospitals*

The Denali Commission Act outlines the development and implementation of an annual work plan. The Commission must develop an annual 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 areas covered under the work plan.

FY11 funding amounts are unknown at this time. Project goals for the fiscal year must wait pending that outcome. The Commission Work Plan process and thus program goals will be on hold pending appropriations.

PROGRAM PARTNERS:

- Alaska Department of Health and Social Services (DHSS)
www.hss.state.ak.us
- Alaska Housing Finance Corporation
www.ahfc.state.ak.us
- Alaska Mental Health Trust Authority
www.mhtrust.org
- Alaska Native Tribal Health Consortium
www.anthc.org
- Alaska State Hospital and Nursing Home Association
www.ashnha.com
- Health Resources and Services Administration
www.hrsa.gov
- Rasmuson Foundation
www.rasmuson.org
- Mat-Su Health Foundation
www.matsuhealthfoundation.org/
- Regional Alaska Native Health Organizations



Health Facilities Program

RIGHTSIZING CLINICS IN RURAL ALASKA

As energy and construction costs have risen over time, it became apparent that the smallest of the Denali Commission health clinic prototypes was not “right-sized” for communities in Alaska with fewer than 100 residents. The partners of this program are meeting this challenge through the development of new prototype clinic designs that are less than 1,000 square feet in size. The new designs can accommodate energy efficiencies and alternative energy methods as they become proven and cost-effective for rural Alaska. The first pilot of the small clinic design will be deployed in the spring of 2011.

SKAGWAY CLINIC



Dahl Memorial Clinic, Skagway, June 2010. See additional project information in Section 3 of this report.

Many years ago E.A. and Jenny Rasmuson spied a special site in Skagway they knew would be perfect for a future health facility. That vision became a reality in June 2010, when their namesake community health center was opened. This striking state-of-the-art health clinic is a 14,531 square foot facility and includes nine exam rooms, three urgent care rooms, space for physical therapy, audiology, and optometry, lab, x-ray and three dental opera-

tories. Partnerships made this successful project – with the in-kind and funding support of Rasmuson Foundation, the City of Skagway, the State of Alaska, and the Denali Commission.

HAINES ASSISTED LIVING



Haines Assisted Living Facility, Haines, June 2010. See additional project information in Section 3 of this report.

The Commission funded Haines Assisted Living in Southeast Alaska. This facility offers personalized assistance with the activities of daily living, supportive services and compassionate care in a professionally managed, carefully designed, group setting. It's the perfect



Café space inside the Haines Assisted Living Facility, June 2010.

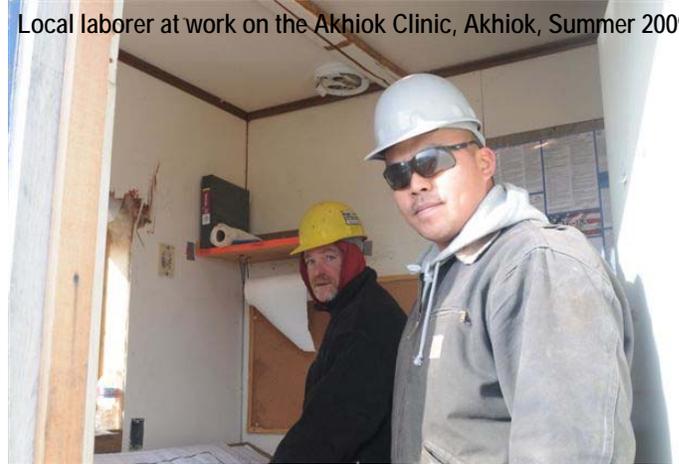


Health Facilities Program

alternative for seniors who can no longer live on their own at home, yet don't need 24-hour, complex medical supervision.

The Commission funded new construction of an 8 unit elder assisted living facility with a community room, commercial kitchen, manager's apartment and dining facility. Small population centers do not always have access to this type of facility and more often than not, seniors are forced to relocate leaving close friends and family members. The Commissions support in this area helps build stronger communities.

Local laborer at work on the Akhiok Clinic, Akhiok, Summer 2009.



AKHIOK CLINIC

Collaboration led by the Kodiak Area Native Association (KANA) brought the Akhiok clinic to completion in September 2009. KANA collaborated with the City of Akhiok, the Akhiok Tribal Council, the Denali Commission, the Alaska Native Tribal Health Consortium and the Indian Health Service to bring this 1,500 square foot clinic to completion in a year's time. The previous clinic was located in a two-bedroom home not adequately equipped for medical care delivery. Rightsizing clinics for smaller communities in rural Alaska is a priority of the Denali Commission Health Facilities Program.



Akhiok Health Clinic, Akhiok, September 2009.



Health Facilities Program

MEANS AND STRATEGIES:

The Health Facilities Program is led by one Program Manager and one Deputy Program Manager, both overseen by the Director of Programs.

To be successful in developing the program there is a Health Steering Committee that meets on a quarterly basis. The committee's work is instrumental in guiding the policy direction of the program, and fine-tuning the project selection process to better reflect the evolving resources and goals of the Health Facilities Program.

A Gated Process: The Health Facilities Program has a rigorous application process for primary care clinics, including:

- Business planning, Community planning, and Conceptual planning
- Site Plan Checklists – to ensure the site of the new facility is sound, and has clear title to the owners
- Design – which incorporate green / energy conservation and efficiency features; and which are right sized to small rural Alaskan communities
- Construction

Each of these phases is “gated” – and projects are only permitted to move to the next phase when Denali Commission approval is granted.

The Gated Process is also applied to other program component areas, such as Behavioral Health, Primary Care in Hospitals, and Elder Supportive Housing

All Health projects with construction or equipment purchase involvement are required to produce 20 to 50 percent cost share match.



Health Facilities Program**FISCAL YEAR 2010 PROJECTS**

Title / Project Description	2010 Health Funds
Statewide <i>Primary Care Clinics – Health Facilities Planning, Design and Construction</i>	\$7,304,039
Soldotna <i>Elder Supportive Housing</i>	\$805,000
Statewide <i>Behavioral Health Facilities</i>	\$492,000
Wrangell <i>Replacement Health Facilities in Wrangell</i>	\$152,000
Statewide <i>Alaska Health Care Reform Initiative</i>	\$100,000
Seward <i>Providence Seward Medical & Care Center Electronic Health Records</i>	\$100,000
Sitka <i>Sitka Community Hospital Surgical Equipment Replacement</i>	\$100,000
Dillingham <i>Kanakanak Hospital, Dillingham CT Scan Equipment</i>	\$100,000
Soldotna <i>Central Peninsula Hospital Bedside Medication Verification System</i>	\$97,976
Juneau <i>Bartlett Regional Hospital Blood Chemistry Analyzer System Upgrade</i>	\$52,500
Wrangell <i>Wrangell Medical Center Mammography Replacement Project</i>	\$43,000
Homer <i>South Peninsula Hospital Instant Voice Communication System</i>	\$29,311
Petersburg <i>Petersburg Medical Center Computed Radiology Equipment Purchase</i>	\$15,278
Valdez <i>Providence Valdez Medical Center Rehabilitation/Patient Service Equipment</i>	\$7,996
Cordova <i>Community Health Strategic Planning</i>	\$15,000
Willow <i>Clinic Planning</i>	\$1,681
TOTAL	\$9,415,781



Program Summaries, Achievements, Funding and Strategies Transportation Program

PROGRAM STAFF:

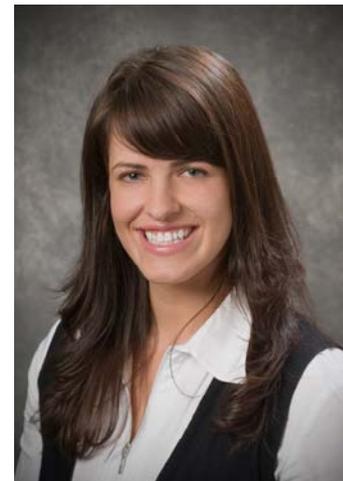
Tessa DeLong, Senior Program Manager
Adison Smith, Program Assistant

- ⇒ *Local Roads and Boardroads*
- ⇒ *All Terrain Vehicle (ATV) Roads*
- ⇒ *Community Connectivity and Economic Development Road Projects*
- ⇒ *Regional Ports and Local Small Boat Harbors*
- ⇒ *Barge Landings*

PROGRAM OVERVIEW:

On August 10, 2005, Congress passed H.R. 3 - Safe, Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) into law. This Act provides the Denali Commission (Commission) transportation program with approximately \$25 million annually for fiscal years (FY) 2005 through 2009. The funds are divided between the roads component of the program (\$15 million) and the waterfront development component of the program (\$10 million). The Transportation Program focuses on providing access and resources to communities while improving health, safety, and efficiencies for local water and surface transportation. SAFETEA-LU is expected to continue to some unknown point in the near future when highway reauthorization occurs.

SAFETEA-LU requires the formation of a Commission Transportation Advisory Committee (TAC) to advise the agency regarding project nominations, selections and program policy. The nine member TAC includes by law, four members who represent existing regional native corporations, native non-profit entities, and tribal governments, and four members who represent rural Alaska regions or villages. The TAC is chaired by the Commission's Federal Co-Chair. The TAC is responsible for pro-



viding broad program guidance and for reviewing and recommending eligible projects submitted through the public nominations process to the Federal Co-Chair for final approval. The TAC reviews project nominations on a semi-annual basis, once in January for project selections and once during the summer to monitor project development.

Commission staff has focused on directed public outreach and agency coordination efforts; as a result, the program has now begun to focus attention on the following areas of transportation needs:

Roads Program:

- Rural community streets, roads, and board roads
- Roads between rural communities
- Roads between rural communities and the Alaska State highway system
- Roads to access resource development
- Dust control on local streets and roads
- Access to boat launch sites for commercial and sub-



Transportation Program

- subsistence fisheries
- Access to permanent barge landings for fuel and freight transfers
- Storm evacuation roads
- ATV hardened trails

The road program targets basic road improvement needs. It also looks at opportunities to connect rural communities to one another and the State highway system, and opportunities to enhance rural economic development.

Waterfront Development Program:

- Regional port reconstruction and/or expansion to support commercial fisheries and regional fuel and freight redistribution
- Harbor reconstruction and/or expansion to support commercial and subsistence fishing, and/or regional hub and intermodal connections
- Boat launch ramps to support local uses, including search and rescue operations
- Barge landing improvements including structures and mooring facilities

The waterfront development program addresses port, harbor and other waterfront needs for rural communities. The waterfront program has also recently begun focusing on improvements to regional ports, and construction of barge landings and docking facilities.

The Transportation Program has developed successful design and construction partnerships with the U.S. Federal Highway Administration (FHWA), Western Federal Lands Highway Division (WFLHD), Alaska Department of Transportation and Public Facilities (DOT&PF), and

the U.S. Army Corps of Engineers (USACE). The program also develops projects with regional, local and tribal governments, and regional tribal non-profits. Success in the program is also a function of excellent ongoing guidance from the FHWA Alaska Division.

PROGRAM OUTCOMES:

The Transportation Program has focused attention on leveraging additional partner and agency funding for high priority transportation projects. For FY06-FY09, the \$100 million funding for the transportation program, leveraged almost \$400 million in additional funding for projects. The program's ability to successfully leverage significant funding for projects has been an important feature of the agency's program. In many cases, the projects funded by the Commission are high priority community projects, but may not rise to the top tier of prioritization lists maintained by the State of Alaska or other federal transportation agencies. By working collaboratively with other partners, the Commission has been able to maximize transportation appropriations to the agency.

To date the Commission has a total of 157 projects in the following categories:

- ☑ *33 Road Projects Completed*
- ☑ *42 Waterfront Development Projects Completed*
- ☑ *82 Road and Waterfront Development Projects in the Planning, Design or Construction Phase*



Transportation Program

To date, the Commission has dedicated roughly over \$114 million to transportation projects – 11% of the Denali Commission’s resources over the past twelve years.

TRANSPORTATION ADVISORY COMMITTEE:

Road and waterfront development projects are selected by the program’s Transportation Advisory Committee (TAC) following an extensive public application process. TAC members, appointed by the Governor of Alaska and led by the Denali Commission Federal Co-Chair, are rural Alaska leaders with extensive experience in transportation development. In addition to project selection work, the TAC advises Denali Commission management on surface transportation needs in rural Alaska and assists in coordinated rural transportation planning efforts. The TAC is a key statutory feature of the program, and a key element in the program’s success.

The Transportation Advisory Committee met 4 times in fiscal year 2010. Key outcomes from this group include: the selection of 41 road and waterfront development projects, funding a total of \$24,149,125 for rural Alaska transportation; the creation of a Standard Operating Procedures (SOP) document which will provide program staff and the TAC with procedures, processes and policy for the program; creation of a community outreach, and technical assistance plan resulting in 6 workshops by staff in 2010; coordination with key program partners such as BIA, FHWA, DOT&PF, USACE, regional Tribal transportation organizations, and WFLHD.

Transportation Advisory Committee Members:

- Joel Neimeyer Federal Co-Chair (Chair) *Denali Commission*;
- Mike Hoffman *Association of Village Council Presidents*;
- Steve Ivanoff *Kawerak, Incorporated*;
- Chuck Pool, P.E., R.L.S. *Pool Engineering, Incorporated*;
- Chuck Quinlan *K’oyit’ots’ina, Limited*;
- Ray Richards *Doyon Limited*;
- Randy Romenesko, P.E. *Consultant*;
- Walter Sampson *NANA Regional Corporation*;
- Carvel Zimin, Jr. *Bristol Bay Borough Assembly*

FISCAL YEAR 2012 TRANSPORTATION PROGRAM GOALS:

In the coming fiscal year, the Transportation Program plans to continue funding in the following areas:

- ⇒ *Local Roads and Boardroads*
- ⇒ *All Terrain Vehicle (ATV) Roads*
- ⇒ *Community Connectivity and Economic Development Road Projects*
- ⇒ *Regional Ports and Local Small Boat Harbors*
- ⇒ *Barge Landings*

The Denali Commission Act outlines the development and implementation of an annual work plan. The Commission must develop an annual 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



Transportation Program

necessary job training in the areas covered under the work plan.

FY11 funding amounts are unknown at this time. Project goals for the fiscal year must wait pending that outcome. The Commission Work Plan process and thus program goals will be on hold pending appropriations.

PROGRAM PARTNERS:

- Alaska Department of Transportation and Public Facilities
www.dot.state.ak.us
- Bureau of Indian Affairs
www.doi.gov/bia
- Community Development Quota Organizations
www.wacda.org
- U.S. Army Corps of Engineers
www.poa.usace.army.mil
- U.S. DOT Federal Highway Administration
www.fhwa.dot.gov
- U.S. DOT Western Federal Lands Highway Division
www.wfl.fhwa.dot.gov
- Regional Tribal Non-Profit Organizations

Digging ditch in Gulkana, preparing to lay water and sewer pipes. See additional project information in Section 3 of this report.



GULKANA COMMUNITY ROADS RECONSTRUCTION

The Gulkana road project is a long awaited project that reconstructs the main road into and through the village of Gulkana. In 2006, the Denali Commission partnered with the Native Village of Gulkana on the nomination for this project.

During the design phase of the project, it became clear that the water and sewer utilities bedded in the roadway were failing. Rather than proceed with the road construction as scheduled in 2008 the Commission, the Bureau of Indian Affairs, and the Native Village of Gulkana agreed



Transportation Program

Backfilling ditch after water and sewer pipes have been laid.



to put the road project in abeyance so the community could seek utility reconstruction funds to include in an overall repair project. In 2009, the United State Department of Agriculture (USDA) Rural Utilities Service (RUS) approved a water-sewer reconstruction project and provided funding to Alaska for Gulkana.

This combination of funds and construction phases improves overall costs to both components of work and preempted the possibility of a water-sewer project tearing up a recently reconstructed road.



Flattening road after water and sewer pipes/culverts have been laid.

CHEVAK BARGE LANDING MOORING POINTS

Mooring points provide safe and secure anchorage for boats and barges. The necessity for mooring points in rural Alaska is prevalent and of great concern to the TAC and the Commission's transportation partners such as the USACE and the Alaska DOT&PF.



Driving piling into the ground. Piling provides anchorage for future mooring point.

In many communities, barges are held against the coast shoreline or river banks by tugs under power while transfers were completed. Transfers under these conditions create near shore environmental impacts and create safety challenges for tug and barge workers and shore-side employees.

The Chevak mooring points project is a prototype installation of a new mooring system for rural Alaska communities that is the result of two years of investigations into barge operation needs throughout Western and Arctic Alaska. Safe and efficient transfer of fuel and freight in rural communities is the end goal of this important project.



Transportation Program

MEANS AND STRATEGIES:

The Transportation Program is led by a Senior Program Manager and a Program Assistant who are overseen by the Federal Co-Chair. The program is additionally supported by a Contractor who is overseen by the Senior Program Manager.

To be successful in developing the program, The Transportation Advisory Committee meets at least twice a year. Key outcomes from this group in FY10 include: the revision of the program eligibility and scoring criteria to provide greater clarification to applicant organizations and communities; development of the annual Denali Commission Transportation Improvement Program (TIP), or project prioritization list; coordination with key program partners such as the Bureau of Indian Affairs, the Corps of Engineers, regional Tribal transportation organizations and Western Federal Lands Highway Division to combine funding and project planning timelines to ensure best value for the funders and recipients. Further development and refinement of the barge landing study system design, including prioritization of participating communities and the continuation of construction prioritization of landing sites in key regions across Alaska.



Transportation Program**FISCAL YEAR 2010 PROJECTS**

Title / Project Description Road Projects	2010 Transportation Funds
<i>Alakanuk - Community Streets Rehabilitation - Design</i>	\$216,000
<i>King Salmon & Naknek - School Bus Road Rehabilitation -Design</i>	\$150,000
<i>Noatak - Delong Mountain Terminal Winter Access Route - Design</i>	\$400,000
<i>Scammon Bay - Community Streets Rehabilitation - Design</i>	\$215,000
<i>Tununak – Community Streets Reconstruction - Design</i>	\$200,000
<i>Elfin Cove - Boardwalk Reconstruction Phase II – Design/ Construction</i>	\$136,455
<i>Noorvik - Cemetery Road - Design/ Construction</i>	\$957,650
<i>Anaktuvuk Pass Bridge Replacement - Construction</i>	\$1,000,000
<i>Cordova - Whitshed Road Extension - Construction</i>	\$1,000,000
<i>Dillingham - Tower Road Reconstruction - Construction</i>	\$925,000
<i>Healy- Community Roads Rehabilitation/ Surfacing – Construction</i>	\$500,000
<i>Klawock - Community Streets Paving - Construction</i>	\$1,000,000
<i>Northway - Access Road Rehabilitation/ Surfacing – Construction</i>	\$500,000
<i>Port Alexander - Boardwalk Reconstruction Phase II - Construction</i>	\$295,653
<i>Scammon Bay - Community Streets – Construction</i>	\$1,689,134
<i>St. Mary's & Pitka's Point - Connector Road Dust Control – Construction</i>	\$250,000
<i>Tanacross - Community Roads Rehabilitation/ Surfacing – Construction</i>	\$500,000
<i>Teller - Airport Road Dust Control – Construction</i>	\$75,000
<i>Tununak - Community Streets Reconstruction - Construction</i>	\$1,500,000
<i>Tuntutuliak – Board Road Reconstruction/ Extension – Construction</i>	\$1,000,000
<i>Wrangell – Front Street Redevelopment - Construction</i>	\$1,000,000
TOTAL	\$13,509,892



Transportation Program**FISCAL YEAR 2010 PROJECTS**

Title / Project Description	2010 Transportation Funds
Waterfront Projects	
<i>Angoon - Ferry Terminal Passenger Facility - Design</i>	\$68,228
<i>Bethel - Small Boat Harbor Dredging - Design</i>	\$500,000
<i>Kake - Ferry Terminal Passenger Facility - Design</i>	\$136,455
<i>Kotzebue - Swan Lake Harbor Improvements - Design</i>	\$500,000
<i>Port Lions – City Dock and Ferry Terminal Repairs - Design</i>	\$150,000
<i>Wrangell - City Dock Rehabilitation - Design</i>	\$238,000
<i>Tenakee - Springs Ferry Dock Improvements - Design/Construction</i>	\$409,365
<i>Ketchikan - Knudson Cove Harbor Launch Ramp Replacement – Construction</i>	\$800,000
<i>Ketchikan - Thomas Basin Finger Floats – Construction</i>	\$900,000
<i>Old Harbor - City Dock Reconstruction– Construction</i>	\$1,000,000
<i>Perryville - Barge Landing Improvements – Construction</i>	\$1,000,000
<i>Sand Point - Harbor Main Float – Construction</i>	\$1,000,000
<i>Seldovia Harbor Improvements – Construction</i>	\$1,000,000
<i>Statewide – Barge Landing Design and Construction Phase I-IV – Construction</i>	\$1,000,000
<i>Thorne Bay - Davidson Landing Phase I Mooring Floats – Construction</i>	\$562,761
<i>Whittier - Small Boat Harbor Phase I – Construction</i>	\$990,000
TOTAL	\$10,254,809
TOTAL ROAD AND WATERFRONT FY2010 TRANSPORTATION FUNDS	\$23,764,701



Program Summaries, Achievements, Funding and Strategies Training Program

PROGRAM STAFF:

Karen Johnson, Program Manager

- ⇒ *Allied Health Professions*
- ⇒ *Construction Trades*
- ⇒ *Facility Operations and Maintenance*
- ⇒ *Administration of Public Infrastructure*

PROGRAM OVERVIEW:

In many rural communities unemployment rates exceed 50% and personal capita income rates are over 50% below the national average. When job opportunities in rural Alaska become available, rural residents often lack the skills necessary to compete and often lose those limited and vital jobs to people from outside the community, region or even state.

The Commission believes it is imperative to ensure that local residents have the skills and knowledge necessary to fill the construction jobs through projects funded by the Denali Commission. By doing this, the Commission builds sustainability into their investments by providing training for the long-term management, operations and maintenance of facilities thus increasing local employment at the same time.

Historically, the Commission provided funding directly to organizations who could deliver results in the Commission's priority areas. These program and training partners are selected by the Commission directly or through competitive requests for proposals managed by partner organizations.

In coordination with program partners such as the State of Alaska Department of Labor, Construction Education Foundation, the University of Alaska, First Alaskans Institute and Alaska Works Partnerships, the Commission

reduces redundancy, leverages dollars and continues to deliver high quality training initiatives and innovative projects that have resulted in job creation in almost every rural Alaskan community. Commission priority areas:

- Construction, Operations and Maintenance Training of Denali Commission projects
- Management Training for Commission projects
- Allied Health Initiatives
- Youth Initiatives

Projects are competitive and are selected through a third party review team with final approvals made by Commission staff.



PROGRAM OUTCOMES:

The Denali Commission places 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 build competent workforces.

A recent State of Alaska Department of Labor Research & Analysis report on the Denali Commission Training Program for the program year 2008 provided the following outcomes for the Denali Commission Training Program:



Training Program

- ☑ *Denali Training Fund (DTF) had a total of 398 participants. Of these participants, wages increased 16.1% more after training and shows a 2.9% increase in employment.*
- ☑ *Alaska Works Partnership had a total of 283 participants. Of these participants, wages increased 34% more after training and shows a 14% increase in employment of those participants.*

The methodology used acquiring these statistics is based on the participants social security numbers, training start dates and exit completion dates. Those records are then matched with historic Alaska unemployment insurance wage records giving the most comprehensive quarter by quarter source of historical employment, earnings, occupation and place of work information for each training program participant a year after training.

Commission staff has improved relationships with local and regional organizations to better align resources and people to training and jobs. Building rural workforce capacities is key to developing training projects that are in alignment with Commission goals and priorities.

Many residents are moving to urban areas to escape the high cost of living in rural Alaska where fuel can run over \$6 per gallon. Commission staff is working with state-wide and regional entities to create training that is linked to jobs that target energy efficiency and energy conservation. This initiative not only helps lower the cost of living in many rural communities, but it has created hundreds of new jobs.

Getting particular kinds of professional occupational endorsements is a challenge for rural residents. With Commission funding, the University developed web based training for allied health careers. This distance education

model reduces travel, food and lodging costs and allows rural residents to stay at home to take care of their families and jobs, while at the same time, earning essential occupation endorsements. (See Distance Education for Rural Alaskans at the end of this section.)

The Training Program was instituted by the Commission as a standalone program in 1999 to ensure local residents were trained to construct, maintain and operate Commission investments in rural Alaska. From 1999 to 2003, it was the policy of the Commission to appropriate 10% of energy & water funds to support the Training Program. In 2004, U.S. Department of Labor (USDOL) began direct appropriations to the Commission to support rural training and continued this support through 2009. In FY2010, the Commission did not receive training funds from the USDOL; however the Commissioners appropriated \$1,000,000 from the energy & water appropriations to continue the current rural training initiatives.

To date, the Commission has dedicated more than \$47 million to training efforts – 5% of the Denali Commissions resources over the past twelve years.



Training Program

TRAINING ADVISORY COMMITTEE

The Training Advisory Committee (TrAC) is a high level planning group that provides guidance and recommendations to Commission staff on policy and strategic planning. The TrAC also ensures that all training program activities are aligned with the current Denali Commission Work Plan and other ongoing Denali Commission projects.

The TrAC met three times in 2010. A major challenge for the TrAC in 2010 was maintaining synergy and momentum with substantially less funding. The TrAC has been successful in engaging program partners as funding declined to ensure that they had 1) a futuristic approach, or sustainability plan, for their training programs and 2) enough funding to ensure students in the pipeline had the opportunity to complete their training program.

Training Advisory Committee Members:

- Vince Beltrami (Chair) *Denali Commissioner, Alaska AFL-CIO;*
- John MacKinnon *Denali Commissioner, Associated General Contractors of Alaska;*
- Wanetta Ayers *State of Alaska, Office of Economic Development;*
- Click Bishop *Alaska Department of Labor and Workforce Development;*
- Rose Loera *Bristol Bay Area Health Corporation;*
- Bernice Joseph *University of Alaska;*
- Dawn Salesky *Alaska Native Coalition of Employment and Training*

FISCAL YEAR 2011 TRAINING PROGRAM GOALS:

In the coming fiscal year, the Training Program plans to continue funding in the following areas:

- ⇒ *Allied Health Professions*
- ⇒ *Construction Trades*
- ⇒ *Facility Operations and Maintenance*
- ⇒ *Administration of Public Infrastructure*

The Denali Commission Act outlines the development and implementation of an annual work plan. The Commission must develop an annual 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 areas covered under the work plan.

FY11 funding amounts are unknown at this time. Project goals for the fiscal year must wait pending that outcome. The Commission Work Plan process and thus program goals will be on hold pending appropriations.



Training Program

PROGRAM PARTNERS

- Alaska Department of Labor and Workforce Development
<http://labor.state.ak.us>
- Alaska Works Partnership
www.alaskaworks.org
- Construction Education Foundation Associated General Contractors of Alaska
www.agcak.org
- First Alaskans Institute
www.firstalaskans.org
- University of Alaska
www.alaska.edu
- U.S. Department of Labor
www.dol.gov



Dental Health Aide Therapist students getting a psychology lesson from Dr. Phil Weinstein who works in the No Dental Fears Clinic at the University of Washington.

ALLIED HEALTH PROFESSIONS

Alaska Natives have a much higher risk of suffering from dental problems. This, in part, is due to the lack of dental health services in many rural areas of Alaska. In 2000, the Commission began integrating dental suites into many of its newly constructed health facilities which provided dedicated dental space for the first time ever. Soon after, the Commission joined other funders and regional Native health corporations to support the Alaska Dental Health Aide Therapist program (DHAT). Since 2007, DHAT has had 17 graduates who have become the designated Dental Health Aid Therapists in their home towns, providing much needed dental services including preventative care and education.



Alison Kaganak working at the new clinic in Pilot Station which was funded by the Denali Commission.



Training Program



Nina Menegak and Susie Miller of the Yukon Kuskokwim Health Corporation have both used online web education through the University of Alaska.

DISTANCE EDUCATION FOR RURAL ALASKANS

A young mother working in the Bethel Hospital enrolled in the University of Alaska's Limited Radiography Program; a program made available through distance learning by a Denali Commission funded initiative. This learning method allowed her to stay home in Bethel, continue working and taking care of her family. It was just a few years ago that students could only develop these skills by gaining admission into a two-year degree program in Anchorage. Now Nina Menegak could participate, even though hundreds of miles separated her from her instructors in Anchorage. Nina completed the four-course Radiology Occupational Endorsement program and the area hospital put her new skills to work. Nina's success in these courses led her to recognize her own capabilities. She gradually tackled other college courses, eventually completing the distance-delivered AAS Radiography Program while remaining in Bethel, one of the University of Alaska Anchorage's clinical sites.



Training Program

MEANS AND STRATEGIES:

The Training Program is led by one Program Manager. Management of training projects is dually carried out the Program Manager and utilizing program partners to oversee project management functions. The Commission's Training Program has been actively engaged in supporting initiatives that support the construction, operations and management of the Denali Commission's Energy, Health and Transportation programs. Although the Commission's training program continues to prioritize basic construction training that enables local residents to compete for jobs created by the Commission, other areas of workforce development areas continue to be explored that will strengthen the workforce in rural Alaska.

The Commission, through engagement of its Training Advisory Committee, continue to evaluate how all Commission infrastructure development projects can integrate better with existing training initiatives that will ultimately lead to lowering the high unemployment rate in rural Alaska

FISCAL YEAR 2010 PROJECTS:

Title / Project Description	2010 Training Funds
<i>Village Resume/ A feasibility study and possible development or expansion of the State of Alaska's Community Profiles data base used to gain important information about Alaska's rural communities.</i>	1,000,000
TOTAL	1,000,000.00



Section 3

- ◆ A Snapshot of Active Projects



A Snapshot of Active Projects

The Denali Commission has participated in well over 2,100 projects since 1999. As of October 2009, the Denali Commission Project Database reported over 789 projects at various stages of active status, ranging from inception to close-out process. In order to illustrate the types of projects and needs that Alaskan communities have, below is a snapshot of 17 active projects, organized by program category. The following pages are details on each project title, theme, milestone, and affected communities.

Energy

- ⇒ *Eagle Hydrokinetic Turbine Project* *Project #1198*
See Section 2—Energy Program for detail on this project.
- ⇒ *Kwethluk Rural Power System Upgrade* *Project #1044*
See Section 2—Energy Program for detail on this project.
- ⇒ *Yakutat Rural Power System Upgrade* *Project #1307*
- ⇒ *Koliganek Bulk Fuel Facility* *Project #1281*
- ⇒ *New Stuyahok Bulk Fuel Facility* *Project #1190*
- ⇒ *Seward Alaska Sealife Center Seawater Heat Pump* *Project #1223*

Health Facilities

- ⇒ *Ravens View Senior Housing (Cooper Landing)* *Project #01010-C*
- ⇒ *Haines Assisted Living* *Project #01010-B*
See Section 2—Health Facilities Program for detail on this project.
- ⇒ *McGrath Subregional Clinic* *Project #397-K*
- ⇒ *Dahl Memorial Clinic – Skagway* *Project #397-C*
See Section 2—Health Facilities Program for detail on this project.

Transportation

- ⇒ *Knigillingok Kuicnag Slough Subsistence ATV Trail* *Project #RA-524*
- ⇒ *Gulkana Community Roads* *Project #291-07*
See Section 2—Transportation Program for detail on this project.
- ⇒ *King Cove Street Improvement* *Project # 247-07*
- ⇒ *Kake Multi- Use Dock Construction* *Project # 1149*

Training

- ⇒ *AVTEC Seward Wind Turbine* *Project #1237*
- ⇒ *Denali Training Fund* *Project #366-DD*



A Snapshot of Active Projects

Energy

⇒ *Eagle Hydrokinetic Turbine Project*

Project #1198

See Section 2—Energy Program for detail on this project.

Project Title:	Hydrokinetic Project Completion
Project Number:	01198
Theme:	Other Energy
Milestone:	In-Progress
Description:	This award provides \$1,630,576 to the ACEP to complete the Eagle Hydrokinetic Project. The Denali Commission previously awarded Alaska Power Company (APC) a grant to develop a hydrokinetic project in Eagle, Alaska. For a variety of reasons, this project was delayed. Preliminary site work is completed and a manufacturer and supplier have been selected (New Energy/ABS Alaskan).

		Funding	
Denali Commission:	\$1,630,576.00		
Other Funding:	\$0.00		

Communities:	Name	Distressed/ Non-Distressed	Borough	ANCSA Region	House District	State District
	Eagle	Y	Unorganized	Doyon, Limited	6	C



A Snapshot of Active Projects

Energy

⇒ *Kwethluk Rural Power System Upgrade*

Project #1044

See Section 2—Energy Program for detail on this project.

Project Title:	RPSU																										
Project Number:	01044 350278																										
Theme:	RPSU																										
Milestone:	Construction																										
Description:	This award of \$1,500,000 is for the Kwethluk rural power system upgrade (RPSU), Alaska Energy Authority project number 350278. The scope of work includes procurement of switch gear, generators, and other long lead time items. Construction of the gravel pad needs to begin immediately for settlement before freeze-up.																										
<table border="1"> <thead> <tr> <th colspan="2"></th> <th colspan="2">Funding</th> <th colspan="3"></th> </tr> </thead> <tbody> <tr> <td>Denali Commission:</td> <td></td> <td>\$3,000,000.00</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other Funding:</td> <td></td> <td>\$100,000.00</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>									Funding					Denali Commission:		\$3,000,000.00					Other Funding:		\$100,000.00				
		Funding																									
Denali Commission:		\$3,000,000.00																									
Other Funding:		\$100,000.00																									
Communities:	Name	Distressed/ Non-Distressed	Borough	ANCSA Region	House District	State District																					
	Kwethluk	Y	Unorganized	Calista Corporation	38	S																					



A Snapshot of Active Projects

Energy

⇒ *Yakutat Rural Power System Upgrade*

Project #1307

Project Title:	Yakutat Rural Power System Upgrade Construction (RPSU #350265)					
Project Number:	01307 350265					
Theme:	RPSU					
Milestone:	Construction					
Description:	The new power plant will be an engineered metal building with a concrete slab-on-grade foundation. The plant will re-use the four existing electronically controlled fuel-efficient generators. New switchgear will provide automatic paralleling and load control of the four generating units to maximize generation reliability and fuel efficiency. Critical grade silencers and sound insulated dampers will attenuate noise from the plant. The plant will be provided with a fire suppression system, and engine coolant, fuel, and lube oil piping. Upgrades to the existing heat recovery system include new pumps and heat exchangers at the power plant and end user buildings. An energy meter will be installed and new arctic pipe routed from the new plant to the existing arctic piping system.					
Funding						
Denali Commission:	\$3,150,000.00					
Other Funding:	\$2,606,628.00					
Communities:	Name	Distressed/ Non-Distressed	Borough	ANCSA Region	House District	State District
	Yakutat	N	City & Borough of Yakutat	Sealaska Corporation	5	C



A Snapshot of Active Projects

Energy

⇒ *Koliganek Bulk Fuel Facility*

Project #1281

Project Title:	Koliganek Bulk Fuel Facility - Construction # 340263					
Project Number:	01281 340263					
Theme:	Bulk Fuel					
Milestone:	Construction					
Description:	This award of \$1,100,000 will provide a portion of the construction funding for a new bulk fuel storage facility in Koliganek, Alaska. The remainder of construction funding will be provided by the State of Alaska, Alaska Energy Authority in the amount of \$1,390,000, for a project total of \$2,490,000. The project will replace the existing fuel storage tanks, marine header, and fuel dispensing facilities for the New Koliganek Village Council. The new facility will consist of approximately 180,000 gallons of storage.					
		Funding				
Denali Commission:		\$1,100,000.00				
Other Funding:		\$1,390,000.00				
Communities:	Name	Distressed/ Non-Distressed	Borough	ANCSA Region	House District	State District
	Koliganek	N	Unorganized	Bristol Bay Native Corporation	37	S



A Snapshot of Active Projects

Energy

⇒ *New Stuyahok Bulk Fuel Facility*

Project #1190

Project Title:	Bulk Fuel Facility					
Project Number:	01190					
Theme:	Bulk Fuel					
Milestone:	Construction					
Description:	This award of \$7,965,000 will provide design, shipment, and installation of two new bulk fuel storage tank farms and related facilities in New Stuyahok, Alaska that will meet all applicable codes and regulations. Alaska Village Electric Cooperative (AVEC) is providing match funding to this award in the amount of \$385,000.					
		Funding				
Denali Commission:		\$7,965,000.00				
Other Funding:		\$385,000.00				
Communities:	Name	Distressed/ Non- Distressed	Borough	ANCSA Region	House District	State District
	New Stuyahok	Y	Unorganized	Bristol Bay Native Corporation	37	S



A Snapshot of Active Projects

Energy

⇒ *Seward Alaska Sealife Center Seawater Heat Pump*

Project #1223

Project Title:	Alaska Sealife Center Seawater Heat Pump Demonstration Project					
Project Number:	01223					
Theme:	Other Energy					
Milestone:	In-Progress					
Description:	The project includes the design and installation of a seawater heat pump, utilizing the existing seawater intake system, to lift latent heat from raw seawater in Resurrection Bay at temperatures ranging from 37 F to 55 F and transfer the energy into building heat at a temperature of 120 F, to demonstrate that seawater heat pumps can provide financial and environmental benefits.					
Funding						
Denali Commission:	\$426,720.00					
Other Funding:	\$52,965.00					
Communities:	Name	Distressed/ Non-Distressed	Borough	ANCSA Region	House District	State District
	Seward	N	Kenai Peninsula Borough	Chugach Alaska Corporation	35	R



A Snapshot of Active Projects

Health Facilities

⇒ *Ravens View Senior Housing (Cooper Landing)*

Project #01010- C

Project Title:	Cooper Landing / Ravens View					
Project Number:	01010-C					
Theme:	Other					
Milestone:	Project Close-out Complete					
Description:	Funding for new construction of elder independent living 6 plex at Ravens View in Cooper Landing.					

	Funding					
Denali Commission:	\$729,143.00					
Other Funding:	\$1,139,343.00					

Communities:	Name	Distressed/ Non- Distressed	Borough	ANCSA Region	House District	State District
	Cooper Landing	Y	Kenai Peninsula Borough	Cook Inlet Region, Inc.	35	R



A Snapshot of Active Projects

Health Facilities

⇒ *Haines Assisted Living*

Project #01010-B

See Section 2—Health Facilities Program for detail on this project.

Project Title:	Haines Assisted Living					
Project Number:	01010-B					
Theme:	Other					
Milestone:	Project Close-out Complete					
Description:	Funding of new construction of elder assisted living facility for the Haines Assisted Living Facility.					
		Funding				
Denali Commission:		\$2,163,000.00				
Other Funding:		\$2,117,447.00				
Communities:	Name	Distressed/ Non-Distressed	Borough	ANCSA Region	House District	State District
	Haines	Y	Haines Borough	Sealaska Corporation	5	C



A Snapshot of Active Projects

Health Facilities

⇒ *McGrath Subregional Clinic*

Project #397-K

Project Title:	McGrath Subregional Clinic Construction					
Project Number:	397-K AN09-GL6					
Theme:	Primary Care					
Milestone:	Construction					
Description:	Construction of the McGrath Subregional Clinic					

	Funding					
Denali Commission:	\$4,050,154.00					
Other Funding:	\$1,254,760.00					

Communities:	Name	Distressed/ Non-Distressed	Borough	ANCSA Region	House District	State District
	McGrath	N	Unorganized	Doyon, Limited	6	C



A Snapshot of Active Projects

Health Facilities

⇒ *Dahl Memorial Clinic – Skagway*

Project #397-C

See Section 2—Health Facilities Program for detail on this project.

Project Title:	Skagway Clinic Construction, AN08-GK9					
Project Number:	00397-C AN08-GK9					
Theme:	Primary Care					
Milestone:	Construction Complete					
Description:	ANTHC is authorized to proceed with construction of the Skagway Clinic. Funding \$2,200,000 Denali Commission, City of Skagway - \$4,000,000, State of AK - \$1,000,000 and Rasmuson Foundation - \$800,000. City of Skagway shall oversee the project utilizing construction admin services of Livingston Stone. NO PROJECT MANAGEMENT Fees apply to this project.					
		Funding				
Denali Commission:		\$2,200,000.00				
Other Funding:		\$5,800,000.00				
Communities:	Name	Distressed/ Non-Distressed	Borough	ANCSA Region	House District	State District
	Skagway	N	Unorganized	Sealaska Corporation	5	C



A Snapshot of Active Projects

Transportation

⇒ *Kwigillingok Kuicuag Slough Subsistence ATV Trail*

Project #RA-524

Project Title:	Kuicuag Slough Subsistence ATV Trail Construction					
Project Number:	RA-524					
Theme:	Transportation					
Milestone:	Project Close-out Complete					
Description:	Environmental clearance, permitting, procurement & delivery of Geo-grid construction materials for ATV trail, to include installation of about 17,294 square feet of porous pavement system. Trail is 2,600 feet long with a 10' X 18' parking pad at the end. WFLHD # DTFH70-09-X-50021					
		Funding				
Denali Commission:		\$177,379.02				
Other Funding:		\$0.00				
Communities:	Name	Distressed/ Non-Distressed	Borough	ANCSA Region	House District	State District
	Kwigillingok	Y	Unorganized	Calista Corporation	38	5



A Snapshot of Active Projects

Transportation

⇒ *Gulkana Community Roads*

Project #291-07

See Section 2—Transportation Program for detail on this project.

Project Title:	Road Paving Project
Project Number:	291-07
Theme:	Transportation
Milestone:	Construction Phase
Description:	The project consists of design and construction of improvements to the Gulkana Road from the Richardson Highway to Gulkana and Gulkana community street to improve safety and reduce dust in the community through roadbed shaping, drainage system repairs, and applying an asphalt pavement surface.

		Funding				
Denali Commission:		\$1,800,000.00				
Other Funding:		\$162,541.00				
Communities:	Name	Distressed/ Non- Distressed	Borough	ANCSA Region	House District	State District
	Gulkana	Y	Unorganized	Ahtna, Incorporated	6	C



A Snapshot of Active Projects

Transportation

⇒ *King Cove Street Improvement*

Project # 247-07

Project Title:	Street Improvement - WFLHD					
Project Number:	247-07					
Theme:	Transportation					
Milestone:	Project Close-out					
Description:	This agreement covers project development, including funding commitments, environmental clearance and design for grading and surfacing, construction of a new bridge or fish passage culverts at Ram Creek, and construction of drainage works to control a side hill.					
		Funding				
Denali Commission:		\$1,785,177.11				
Other Funding:		\$6,849,710.12				
Communities:	Name	Distressed/ Non-Distressed	Borough	ANCSA Region	House District	State District
	King Cove	N	Aleutians East Borough	Aleut Corporation	37	S



A Snapshot of Active Projects

Transportation

⇒ *Kake Multi- Use Dock Construction*

Project # 1149

Project Title:	OVK Kake Multi-Use Dock Construction											
Project Number:	01149											
Theme:	Transportation											
Milestone:	Construction											
Description:	Construct a 25 X 200 foot floating dock immediately adjacent to the south side of the old cannery site.											
<table border="1"> <thead> <tr> <th colspan="2">Funding</th> </tr> </thead> <tbody> <tr> <td>Denali Commission:</td> <td>\$1,000,000.00</td> </tr> <tr> <td>Other Funding:</td> <td>\$2,700,000.00</td> </tr> </tbody> </table>							Funding		Denali Commission:	\$1,000,000.00	Other Funding:	\$2,700,000.00
Funding												
Denali Commission:	\$1,000,000.00											
Other Funding:	\$2,700,000.00											
Communities:	Name	Distressed/ Non-Distressed	Borough	ANCSA Region	House District	State District						
	Kake	N	Unorganized	Sealaska Corporation	5	C						



A Snapshot of Active Projects

Training

⇒ *AVTEC Seward Wind Turbine*

Project #1237

Project Title:	AVTEC Seward Wind Turbine					
Project Number:	01237					
Theme:	Training					
Milestone:	In-Progress					
Description:	To purchase and install a 100kW wind turbine at AVTEC campus in Seward for wind technician training					
Funding						
Denali Commission:	\$500,000.00					
Other Funding:	\$511,288.00					
Communities:	Name	Distressed/ Non-Distressed	Borough	ANCSA Region	House District	State District
	Seward	N	Kenai Peninsula Borough	Chugach Alaska Corporation	35	R



A Snapshot of Active Projects

Training

⇒ *Denali Training Fund*

Project #366-DD

Project Title:	Denali Training Fund - Rural Alaska Community Action Program					
Project Number:	366-DD					
Theme:	Training					
Milestone:	Project Close-out Complete					
Description:	The Rural Alaska Community Action Program (RurAL CAP) will provide training to 48 participants as weatherization technicians to perform weatherization assessments and to implement the weatherization of homes and public buildings. The training will be in the fields of blower door, Alaska warm software, and pressure diagnostics with completion of an approved air tightness testing workshop.					
		Funding				
Denali Commission:		\$50,000.00				
Other Funding:		\$87,520.00				
Communities:	Name	Distressed/ Non-Distressed	Borough	ANCSA Region	House District	State District
	Bethel	N	Unorganized	Calista Corporation	38	S
	Emmonak	N	Unorganized	Calista Corporation	39	T
	Kotzebue	N	Northwest Arctic Borough	NANA Regional Corporation	40	T
	Nome	N	Unorganized	Bering Straits Native Corp.	39	T



Section 4

- ◆ Information and Program Evaluation



Information and Program Evaluation

The Commission will continue to undertake program evaluation efforts in FY 2011, while at the same time developing and implementing new evaluation systems for new or emerging programs.

Since its inception in 1998 the Commission has utilized an evaluation methodology in its two primary programs (energy and health facilities) that is based on a “universe of need” model. For example, in 1999 the Commission, along with stakeholders and program partners undertook an extensive review of primary care clinic facilities in 188 Alaska communities eligible for Commission funding. The Commission has worked aggressively to plan, design, equip and construct or renovate the facilities in the underserved communities. Similarly, the Commission and its partners have developed a needs list for bulk fuel tank farms and rural power system upgrades across Alaska.

In FY 2011 the Commission will continue evaluating program progression and project outputs with the universe of need models for health and energy. Additionally, the Commission will be undertaking an update to both programs. Specifically in the energy program, the Commission will be partnering with the U.S. Coast Guard, which along with the Environmental Protection Agency (EPA) has jurisdiction over the code compliance of rural tank farms. The health facilities program is undergoing a similar evaluation update which will include analysis of the communities that remain on the unmet needs list and further evaluation regarding the benefit that has been provided in the areas of cost reduction, improved access and quality of health care services in rural communities that have received new or renovated primary care clinics with Commission funding.



Section 5

- ◆ Analysis of Resources



Analysis of Resources

At any given time Denali Commission staff and partners are engaged with several hundred grants and/or projects in various stages of planning, design and construction. Program partners range from sophisticated line agencies to small village-level organizations. The ability to deliver timely, sustainable projects with the right level and type of oversight and guidance, while also being nimble and agile, requires constant attention. Commission leadership emphasizes the paramount importance of public integrity, transparency and accountability. The Commission maintains an aggressive staff training program and uses the latest in grant processing technology through the U.S. Department of Health and Human Services. During 2010 staff received training from the Office of Management & Budget, U.S. Department of Health and Human Services and the Government Accountability Office. To keep staff size at an optimum level, the Commission contracts with other federal “lines of business” at the U.S. Department of the Treasury, Bureau of Public Debt to provide services in the areas of finance, human resources, procurement and travel. In addition, for the advancement of governmental accountability, the Commission relies on a network of federal experts through its Federal Financial Management Advisory Committee, which include members from U.S. Treasury, Office of Management and Budget and the Association of Government Accountants.

Grants Management Electronic Processing and Reporting Systems

The Denali Commission has two electronic web-based systems for Grants Management: GrantSolutions for processing proposed awards and post award amendments and the Commission Project Database for reporting progress on funded awards.

The Commission utilizes GrantSolutions (www.grantsolutions.gov) to manage the electronic processing of every award from start to finish. The award starts with the posting of announcements of funding opportunities, receipt and review of applications, issuance of funded awards, the generation of post award amendments, to the close out of each award.

The GrantSolutions system provides access to award information based on verified identification of the individual, their job function or role within their organization, and their organization's business relationship with the Commission through their official awards or proposed awards. Individual users and the public do not have access to the GrantSolutions database itself but do have access to awards funded by the Commission in the Commission's Project Database System (see also Commission's Project Database - Electronic Grants Management Reporting System). Grants Management Electronic Processing and Reporting Systems

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Analysis of Resources

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Travel

GovTrip, the travel system used by the Denali Commission, is an end-to-end online travel service for federal agencies. GovTrip supports the entire government travel process, which includes planning and authorizing travel, making reservations, delivering electronic tickets, calculating and approving reimbursements, and archiving data. GovTrip increases the number of self-service transactions thus reducing travel-management costs.

Human Resources

The realm of human resource (HR) management for the federal workforce is complex and large. From position classification to employee benefits to payroll administration, HR tasks demand a level of training and experience that recognizes the personal impacts these services have on Denali Commission employees every day.

The enabling legislation of the Commission exempts the agency from some parts of federal Title 5, affording the management at the Commission flexibilities in hiring qualified personnel that are uncommon across the federal government. This has allowed the Commission to continue to be agile and flexible, proactively responding to Alaska's needs and new mandates, while still maintaining a lean federal staff.

To ensure the Commission provides the best HR services to our federal staff, we have engaged the U.S. Treasury's Bureau of the Public Debt (BPD) Administrative Resource Center in Parkersburg, West Virginia, to administer the official human resources duties. BPD has an entire branch of highly educated and trained Human Resources professionals who are available to all staff for consultation and assistance.

Procurement

When the Denali Commission needs to obtain goods or services required to operate the agency office or programs, we do so under Federal Acquisition Regulations (FAR). This set of regulations embodies the philosophy of the federal government to support, to the degree practical, small and disadvantaged businesses when procuring goods and services. Small businesses are the backbone of the American economy, and the FAR recognizes and implements guidance that encourages contracting with those small businesses. Competitive solicitations among responsible contractors results in the best value to the Government, and that has fostered new and mutually beneficial relationships between businesses and the Commission.

The federal government requires that performance-based work statements be written, to maximize the application of



Analysis of Resources

the contactor's knowledge and experience in achieving the Government's goals. The Denali Commission has competitively procured goods and services over the past two years which include: program management services, technical assistance services, computer software and hardware, photography services, and graphic design services.

Because the authority to obligate federal funds rests with Contracting Officers, we partner with the U.S. Treasury's Bureau of the Public Debt (BPD) Administrative Resource Center in Parkersburg, West Virginia, which has a procurement branch staffed with highly educated and qualified Contracting professionals.



Section 6

- ◆ Agency Restructuring and Work Process Redesign
- ◆ Progress towards the President's Agenda



Agency Restructuring and Work Process Redesign

The Denali Commission has developed a number of policies intended to guide federal funds investment in the most efficient, effective and prudent manner possible, while at the same time maximizing the benefit to Alaskan communities and residents in the areas of infrastructure development, economic development and training and workforce development. These policies have been adopted through various methods including: passage via resolution or motion. To-date the Commission has adopted the following policies:

Investment Guidance

The Commission is committed to accelerating the building of sustainable infrastructure in rural Alaska to enhance the health and safety of rural residents and to provide the underpinnings for economic opportunity. Commission investments are directed by federal law, and the Commission's Annual Work Plan. Infrastructure needs of rural Alaska are enormous compared to available funding, thus, it is imperative that each dollar be invested in a way that will maximize the sustainable long term benefits to Alaskans.

Sustainability

For the purposes of Commission funded infrastructure projects, sustainability is defined as the ability of a recipient or applicant to demonstrate the capacity, both administratively and financially, to provide for the long-term operation and maintenance (typically a 30 year life cycle) of a facility. This demonstration may include such factors as maintenance costs, fuel/heating costs, staffing/personnel costs, insurance as applicable, bonding, cost escalation factors, etc. Further, sustainability includes all costs associated with management, operation and maintenance, renewal and replacement necessary to maintain a given level of service.

Community Planning

The Commission recognizes the importance of a community plan in the community development process. The plan demonstrates the community's goals and ability to focus on future initiatives. The Commission requires communities to provide a copy of their current community plan when submitting funding requests. The reason for this request is two-fold: 1) the plan provides a current economic, social, and infrastructure summary of a community and 2) the plan provides a prioritized list of projects for which the community is seeking funding assistance. The plan also explains how the community intends to sustain its existing infrastructure as well as any additional infrastructure. In general, any infrastructure projects identified for funding from the Commission should also appear as a prioritized infrastructure goal, or initiative in the community plan submitted by the applicant community.

Open Door

The Commission requires that any funded infrastructure project be available to all potential users. This requirement may be documented in varying forms in Commission programs (for example, commitment to the open door policy is a component of the clinic business plan process).



Agency Restructuring and Work Process Redesign

Private Enterprise

In general, the Commission will support private enterprise where it is functioning or can function efficiently and adequately to meet the needs of all members of the local community. Where private enterprise is inadequate or non-existent to achieve this purpose, consideration must be given to providing these services through other means. The Commission will not support the replacement of new structures for a publicly funded service to compete with services delivered by private enterprise as long as those services are:

- ⇒ *Accessible to all members of a community including temporary members;*
- ⇒ *Reasonably priced when compared to comparable communities;*
- ⇒ *Predictably available and sustainable for the long term.*

Competitive Bid

Any infrastructure project funded by the Denali Commission with a total project cost (to include the planning, design and construction phases) of \$3 million or greater shall be competitively bid. A waiver to this policy may be granted if an applicant demonstrates that it is in the best economic, cultural or social interest of a community or region to not competitively bid a project. The waiver request must document the benefit to the federal government (in the form of cost savings, job creation, etc.) and the community and/or region of not utilizing a competitive bid process. Key considerations for reviewing the waiver request will include cost, local preference, career training, opportunities for local hire, and local economic impact.

Cost Containment

The Denali Commission is committed to both internal and external cost containment for all of its programs. All Commission projects are to be sustainable and that requires examining projects on a life-cycle cost basis in the context of the community's long-term development plan. The tradeoffs between initial costs of construction and long-term operating and maintenance costs must seek to minimize the true life cycle costs of the project. The Commission requires cost effective designs, need specific designs, competitive procurement, effective project management, and maximization of cost benefit via project selection.



Progress towards the President's Agenda

President Obama announced in 2008 and 2009 an aggressive agenda for improving health care and economic development with a strong focus on science and technology and building a high performing government. The Denali Commission has made significant progress in accomplishing the goals of this administration.

Health Care

Small population centers do not always have access to reliable healthcare facilities; Alaska is no exception. Alaska has some unique challenges not faced by many in the lower 48 communities. Driving to a hub community for healthcare services is simply not an option for many of the people of rural Alaska. There are fewer miles of paved road in Alaska than in any other state.

The Denali Commission remains committed to the President's aggressive agenda for improving healthcare and is accelerating the building of sustainable infrastructure in rural Alaska to enhance the health and safety of rural residents through the continuation of the Health Facilities Program bringing healthcare to our rural communities.

The basic infrastructure needs of rural Alaska are enormous. The Denali Commission focuses on leveraging dollars, coordinating efforts and planning and constructing infrastructure that is lasting and sustainable. The Health Facilities Program at the Commission has a rigorous application process for primary care clinics. These health facilities enhance access, improve the quality of care and reduce the cost of health care to Alaska residents.

Building a High Performing Government

Since its inception in 1998, the Denali Commission has developed a number of policies intended to guide federal investments in the most efficient, effective and prudent manner possible, while at the same time maximizing the benefit to all Alaskan communities and residents in the areas of infrastructure development, economic development and training and workforce development. The end result through the development and enhancement of these guiding principles over the years is a high performing government agency.

These policies are the guiding principles for all Denali Commission projects and address specific guidelines for the highest performance possible including: investment guidance, sustainability, community planning, public availability, relationships with private enterprise, competitive bid requirements and cost containment considerations. A detailed policy statement addressing each of these areas is always available to the public via our website. These policies over the years have become the cornerstone to the Commission's mission. (Further details on policies can be found in the appendices, Section C).



Progress towards the President's Agenda

Ensuring responsible spending of American Recovery and Reinvestment Act funds

The Commission plays a key role in coordinating the myriad of federal, state and tribal programs that affect rural Alaska. Through senior leadership forums, workgroups and advisory committees, we work effectively to leverage dollars, produce meaningful outcomes, and deliver innovative and sustainable projects. As a convener and coordinator, in 2009 we established the Alaska Clearinghouse to inform the public on the opportunities within the American Recovery and Reinvestment Act for Alaskans. This effort has won praise from all sectors and helped Alaskans secure funding for deserving projects which promote economic recovery.

In addition to informing and educating other agencies on ARRA funds, the Denali Commission also partook in an Interagency Agreement with the National Telecommunications and Information Administration (NTIA) to work toward broadband mapping and planning for the state of Alaska. The Denali Commission will adhere to the guidelines set forth in this agreement to produce the best product possible for the state.

Economic Growth, Science and Technology

The Denali Commission moves quickly to tackle systemic issues of rural development by listening to rural Alaskan's concerns and working with the state of Alaska, local communities and tribes to build basic community infrastructure and sustain rural economies. Training local communities to be self sustaining is a primary goal. By investing in training opportunities that focus on economic development by creating jobs and scientific research to build energy efficient technologies that correlate with rural Alaskan ways of life, the Commission is able to serve the state and carry out its mission.

Housing for Professionals in Rural Alaska

Frontier Alaska is populated with resourceful people. Community members take on many jobs and learn new skills and jobs to help keep their villages operating and providing basic safety, public health, and educational services. But for some critical positions, trained professionals must be brought in. Public safety officers (including State Troopers and Village Public Safety Officers), health providers and teachers are key personnel for basic community infrastructure. In order to attract and retain these professionals, communities must be able to offer safe, comfortable, affordable housing with running water. Although that sounds simplistic, the reality is that rural Alaska communities across the state – with populations of 40 to 800 – have housing shortages. And only approximately five percent of the housing stock is available for rent.

The need can be stated simply: Frontier Alaska communities need adequate, safe, comfortable housing so that they can recruit and retain critical professionals to provide basic services that support residents' safety, individual and public health, and education.

The Denali Commission is poised and ready to assist in filling this need for housing for professionals. For the past five years, the agency has had success in partnering with State agencies and other funders to leverage money to construct or



Progress towards the President's Agenda

renovate more than 300 housing units for teachers and elders. Utilizing funds strategically to fill gaps, funders have been able to invest as little as 15 percent of the total cost of a project and deliver good quality new housing. Communities have reported that recruitment of teachers has improved significantly, and many teachers have signed contract extensions – providing consistency that is a true benefit to village students.

Managing Across Sectors

The Denali Commission is charged with the special role of increasing government effectiveness. The Commission does so by acting as a catalyst and strategic partner for many federal and state programs in Alaska. The Commission joined others in a Memorandum of Understanding (MOU) that outlines the roles of agencies in coordinating resources and efforts in areas such as community planning, sustainability, data sharing and coordination of pre-construction activities.

This MOU served as the basis for creating several multi-agency workgroups and cooperative projects that have increased overall government effectiveness. The MOU was amended in 2003 with increased participation from both state and federal partners and renewed once again in 2008. This renewed effort focuses efforts on improving the channels of communications amongst the heads of all federal and state agencies with an emphasis on critical issues that affect the entire state of Alaska: the high cost of energy, outmigration, and coordination of efforts among all government agencies.

Government Coordination has become a mainstay of the efforts the Denali Commission has undertaken in improving communities in rural Alaska. Strengthening the partnerships between our state and federal agencies for rural Alaska will have a much greater focus in 2010.

Transforming the federal workplace

All programs at the Denali Commission focus on the Commission's place-based core strategies. The originating legislation of the Denali Commission states that the Denali Commission will: 1) deliver the services of the federal government in the most cost-effective manner practicable by reducing administrative and overhead costs, 2) 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%) and 3) promote rural development and provide power generation and transmission facilities, bulk fuel storage tanks and other infrastructure needs.

The Commission has funded over 1,900 projects with program areas including energy, healthcare facilities, transportation, training, economic development, community multi-use facilities, teacher housing, public broadcasting, and government coordination. There is an urgent need to continue providing this basic infrastructure for the state of Alaska.

In addition to our numerous program accomplishments, the Commission has also worked very hard to improve and enhance our program delivery in house. On October 1, 2009 the Commission implemented the Financial Line of Business through the U.S. Treasury, Bureau of Public Debt. This significant change has already enhanced controls over



Progress towards the President's Agenda

financial reporting and provided Federal Managers' Financial Integrity Act compliance. Also the Commission, in accordance with the National Institute of Standards and Technology (NIST) under the Federal Information Security Management Act (FISMA) of 2002, has completed all requirements for 2009 security certification and accreditation of information systems supporting the agency's mission. Implementation of these types of important procedures enhances the Commission's program delivery and strengthens Commission grants management practices.



Progress towards the President's Agenda



Section 7

- ◆ Ensuring Information is Publically Available

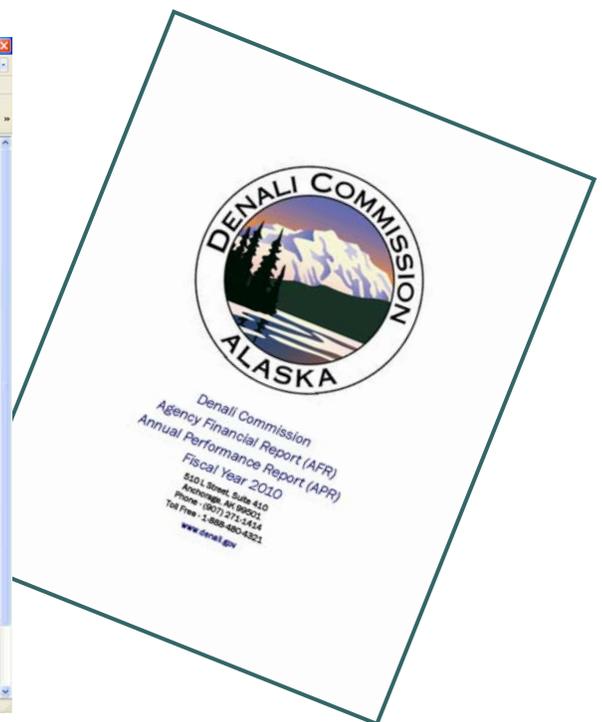
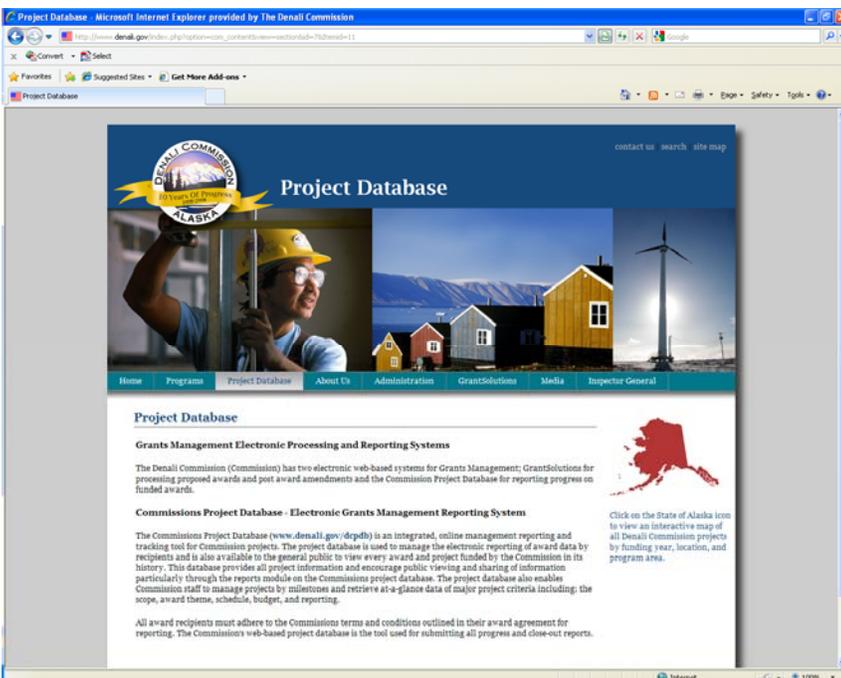


Ensuring Information is Publicly Available

The Denali Commission’s on-line project database (www.denali.gov/dcpdb) continues to be a transparent tool through which we communicate performance to our constituents. Displaying information on every project the Commission has ever funded, this database displays funded amounts, expended amounts, narrative progress reports and photos of projects. In the end, the effectiveness of the Commission is measured in the number of lives that are improved as a result of the taxpayers’ investment in a particular program.

Commission results can also be found in our Performance Accountability Report (PAR). For two years the Commission has participated in the Certified of Excellence in Accountability Reporting (CEAR) program of the Association of Government Accountants (AGA), which allows individuals with high levels of federal financial and performance expertise to examine our PAR report with objectivity. Voluntarily submitting our PAR to this scrutiny has produced results that have been used to strengthen our report significantly.

The Commission also stepped forward as one of the agencies to enroll in the PAR Pilot program sponsored by the Office of Management and Budget. Our experience as a small agency contributes to enhancing the PAR program. The PAR represents the most comprehensive account of Commission results; however, the report format can be technical and bureaucratic in nature. Enhancing that report, the Commission has also produced the Association of Government Accountants “Citizens-Centric Report”. This report provides an overview of the Commission in a meaningful, reader friendly format highlighting the financial condition and performance of the agency to its constituents.



2012 Budget Justification

Other Accompanying Information
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Denali Commission Act



Appendix A: Denali Commission Act of 1998

Updated 9/25/2005

Denali Commission Act of 1998.
PL 105-277 42 USC 3121.

TITLE III--DENALI COMMISSION

SEC. 301. SHORT TITLE.

This title may be cited as the ``Denali Commission Act of 1998''.

SEC. 302. PURPOSES.

The purposes of this title are as follows:

- (1) To deliver the services of the Federal Government in the most cost-effective manner practicable by reducing administrative and overhead costs.
- (2) 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).
- (3) To promote rural development, provide power generation and transmission facilities, modern communication systems, water and sewer systems and other infrastructure needs.

SEC. 303. ESTABLISHMENT OF COMMISSION.

(a) Establishment.--There is established a commission to be known as the Denali Commission (referred to in this title as the ``Commission'').

(b) Membership.—

(1) Composition.--The Commission shall be composed of 7 members, who shall be appointed by the Secretary of Commerce (referred to in this title as the ``Secretary''), of whom—

- (A) one shall be the Governor of the State of Alaska, or an individual selected from nominations submitted by the Governor, who shall serve as the State Co-chairperson;
- (B) one shall be the President of the University of Alaska, or an individual selected from nominations submitted by the President of the University of Alaska;
- (C) one shall be the President of the Alaska Municipal League or an individual selected from nominations submitted by the President of the Alaska Municipal League;
- (D) one shall be the President of the Alaska Federation of Natives or an individual selected from nominations submitted by the President of the Alaska Federation of Natives;¹

¹ PL 106-31, SEC. 105, 1999



Appendix A: Denali Commission Act of 1998

(E) one shall be the Executive President of the Alaska State AFL-CIO or an individual selected from nominations submitted by the Executive President;

(F) one shall be the President of the Associated General Contractors of Alaska or an individual selected from nominations submitted by the President of the Associated General Contractors of Alaska; and

(G) one shall be the Federal Co-chairperson, who shall be selected in accordance with the requirements of paragraph (2).

(2) Federal Co-chairperson.—

(A) In general.--The President *pro tempore* of the Senate and the Speaker of the House of Representatives shall each submit a list of nominations for the position of the Federal Co-chairperson under paragraph (1)(G), including pertinent biographical information, to the Secretary.

(B) Appointment.--The Secretary shall appoint the Federal Co-chairperson from among the list of nominations submitted under subparagraph (A). The Federal Co-chairperson shall serve as an employee of the Department of Commerce, and may be removed by the Secretary for cause.

(C) Federal Co-chairperson vote.--The Federal Co-chairperson appointed under this paragraph shall break any tie in the voting of the Commission.

(4) Date.--The appointments of the members of the Commission shall be made no later than January 1, 1999.

(c) Period of Appointment; Vacancies.—The Federal Co-Chairperson shall serve for a term of four years and may be reappointed. All other members shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.²

(d) Meetings.—

(1) In general.--The Commission shall meet at the call of the Federal Co-chairperson not less frequently than 2 times each year, and may, as appropriate, conduct business by telephone or other electronic means.

(2) Notification.--Not later than 2 weeks before calling a meeting under this subsection, the Federal Co-chairperson shall—

(A) notify each member of the Commission of the time, date and location of that meeting; and

(B) provide each member of the Commission with a written agenda for the meeting, including any proposals for discussion and consideration, and any appropriate background materials.

² PL 106-31, SEC. 105, 1999



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(e) Quorum.--A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

SEC. 304. DUTIES OF THE COMMISSION.

(a) Work Plan.—

(1) In general.--Not later than 1 year after the date of enactment of this Act and annually thereafter, the Commission shall develop a proposed work plan for Alaska that meets the requirements of paragraph (2) and submit that plan to the Federal Co-chairperson for review in accordance with the requirements of subsection (b).

(2) Work plan.--In developing the work plan, the Commission shall—

(A) solicit project proposals from local governments and other entities and organizations; and

(B) provide for a comprehensive work plan for rural and infrastructure development and necessary job training in the area covered under the work plan.

(3) Report.--Upon completion of a work plan under this subsection, the Commission shall prepare, and submit to the Secretary, the Federal Co-chairperson, and the Director of the Office of Management and Budget, a report that outlines the work plan and contains recommendations for funding priorities.

(b) Review by Federal Co-chairperson.—

(1) In general.-- Upon receiving a work plan under this section, the Secretary, acting through the Federal Co-chairperson, shall publish the work plan in the Federal Register, with notice and an opportunity for public comment. The period for public review and comment shall be the 30-day period beginning on the date of publication of that notice.

(2) Criteria for review.--In conducting a review under paragraph (1), the Secretary, acting through the Federal Co-chairperson, shall—

(A) take into consideration the information, views, and comments received from interested parties through the public review and comment process specified in paragraph (1); and

(B) consult with appropriate Federal officials in Alaska including but not limited to Bureau of Indian Affairs, Economic Development Administration, and Rural Development Administration.

(3) Approval.--Not later than 30 days after the end of the period specified in paragraph (1), the Secretary acting through the Federal Co-chairperson, shall—

(A) approve, disapprove, or partially approve the work plan that is the subject of the review; and



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(B) issue to the Commission a notice of the approval, disapproval, or partial approval that—

(i) specifies the reasons for disapproving any portion of the work plan; and

(ii) if applicable, includes recommendations for revisions to the work plan to make the plan subject to approval.

(4) Review of disapproval or partial approval.--If the Secretary, acting through the Federal Co-chairperson, disapproves or partially approves a work plan, the Federal Co-chairperson shall submit that work plan to the Commission for review and revision.

SEC. 305. POWERS OF THE COMMISSION.

(a) Information From Federal Agencies.--The Commission may secure directly from any Federal department or agency such information as it considers necessary to carry out the provisions of this Act. Upon request of the Federal Co-chairperson of the Commission, the head of such department or agency shall furnish such information to the Commission. Agencies must provide the Commission with the requested information in a timely manner. Agencies are not required to provide the Commission any information that is exempt from disclosure by the Freedom of Information Act. Agencies may, upon request by the Commission, make services and personnel available to the Commission to carry out the duties of the Commission. To the maximum extent practicable, the Commission shall contract for completion of necessary work utilizing local firms and labor to minimize costs.

(b) Postal Services.--The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(c) Gifts.--The Commission may accept, use, and dispose of gifts or donations of services or property.

“(d) The Commission, acting through the Federal Co-Chairperson, is authorized to enter into contracts and cooperative agreements, award grants, and make payments necessary to carry out the purposed of the Commission. With respect to funds appropriated to the Commission for fiscal year 1999, the Commission, acting through the Federal Co-chairperson, is authorized to enter into contracts and cooperative agreements, award grants, and make payments to implement an interim work plan for fiscal year 1999 approved by the Commission.”³

SEC. 306. COMMISSION PERSONNEL MATTERS.

(a) Compensation of Members.--Each member of the Commission who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during the time such member is engaged in the performance of the duties of the Commission. The Federal Co-Chairperson shall be compensated at the annual rate prescribed for a level IV of the Executive Schedule under section 5315, of title 5, United States Code.⁴ All members of the Commission

³ PL 106-31, SEC. 105, 1999

⁴ PL 106-31, SEC. 105, 1999



Appendix A: Denali Commission Act of 1998

who are officers or employees of the United States shall serve without compensation that is in addition to that received for their services as officers or employees of the United States.

(b) Travel Expenses.--The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(c) Staff.—

(1) In general.--The Federal Co-chairperson of the Commission may, without regard to the civil service laws and regulations, appoint such personnel as may be necessary to enable the Commission to perform its duties.

(2) Compensation.--The Federal Co-chairperson of the Commission may fix the compensation of personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates.⁵

(d) Detail of Government Employees.--Any Federal Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

(e) Procurement of Temporary and Intermittent Services.--The Federal Co-chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

(f) Offices.--The principal office of the Commission shall be located in Alaska, at a location that the Commission shall select.

(g) Administrative Expenses and Records. The Commission is hereby prohibited from using more than 5 percent of the amounts appropriated under the authority of this Act or transferred pursuant to section 329 of the Department of Transportation and Related Agencies Appropriations Act, 1999 (section 101 (g) of division A of this Act) for administrative expenses. The Commission and its grantees shall maintain accurate and complete records which shall be available for audit and examination by the Comptroller General or his or her designee.

(h) Inspector General. Section 8G(a)(2) of the Inspector General Act of 1978 (5 USC App 3, Section 8G(a)(2)) is amended by inserting 'the Denali Commission,' after 'the Corporation for Public Broadcasting,'.⁶

SEC. 307. SPECIAL FUNCTIONS.

(a) Rural Utilities.--In carrying out its functions under this title, the Commission shall as appropriate, provide assistance, seek to avoid duplicating services and assistance, and complement the water and sewer wastewater programs under section 306D of the Consolidated

⁵ PL 106-31, SEC. 105, 1999

⁶ Subsections g & h derived from PL 106-31, SEC. 105, 1999



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Farm and Rural Development Act (7 U.S.C. 1926d) and section 303 of the Safe Drinking Water Act Amendments of 1996 (33 U.S.C. 1263a).

(b) Bulk Fuels.-- Funds transferred to the Commission pursuant to section 329 of the Department of Transportation and Related Agencies Act, 1999 (section 101(g) of division A of this Act) shall be available without further appropriation and until expended. The Commission, in consultation with the Commandant of the Coast Guard, shall develop a plan to provide for the repair or replacement of bulk fuel storage tanks in Alaska that are not in compliance with applicable—⁷

(1) Federal law, including the Oil Pollution Act of 1990 (104 Stat. 484); or

(2) State law

(c) Demonstration Health Projects- In order to demonstrate the value of adequate health facilities and services to the economic development of the region, the Secretary of Health and Human Services is authorized to make grants to the Denali Commission to plan, construct, and equip demonstration health, nutrition, and child care projects, including hospitals, health care clinics, and mental health facilities (including drug and alcohol treatment centers) in accordance with the Work Plan referred to under section 304 of Title III – Denali Commission of Division C – Other Matters of Public Law 105-277. No grant for construction or equipment of a demonstration project shall exceed 50 percentum of such costs, unless the project is located in a severely economically distressed community, as identified in the Work Plan referred to under section 304 of Title III – Denali Commission of Division C – Other Matters of Public Law 105-277, in which case no grant shall exceed 80 percentum of such costs. To carry out this section, there is authorized to be appropriated such sums as may be necessary.⁸

SEC. 308. EXEMPTION FROM FEDERAL ADVISORY COMMITTEE ACT.

The Federal Advisory Committee Act shall not apply to the Commission.

SEC. 309. DENALI ACCESS SYSTEM PROGRAM.⁹

(a) ESTABLISHMENT OF THE DENALI ACCESS SYSTEM PROGRAM.—Not later than 3 months after the date of enactment of the SAFETEA–LU, the Secretary of Transportation shall establish a program to pay the costs of planning, designing, engineering, and constructing road and other surface transportation infrastructure identified for the Denali access system program under this section.

(b) DENALI ACCESS SYSTEM PROGRAM ADVISORY COMMITTEE.—

(1) ESTABLISHMENT.—Not later than 3 months after the date of enactment of the SAFETEA–LU, the Denali Commission shall establish a Denali Access System Program Advisory Committee (referred to in this section as the ‘advisory committee’).

(2) MEMBERSHIP.—The advisory committee shall be composed of nine members to be appointed by the Governor of the State of Alaska as follows:

(A) The chairman of the Denali Commission.

⁷ PL 106-31, SEC. 105, 1999

⁸ PL 106-113, SEC 701, 1999

⁹ PL 109-59-Aug. 10, 2005 119 STAT. 1517



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(B) Four members who represent existing regional native corporations, native nonprofit entities, or tribal governments, including one member who is a civil engineer.

(C) Four members who represent rural Alaska regions or villages, including one member who is a civil engineer.

(3) TERMS.—

(A) IN GENERAL.—Except for the chairman of the Commission who shall remain a member of the advisory committee, members shall be appointed to serve a term of 4 years.

(B) INITIAL MEMBERS.—Except for the chairman of the Commission, of the 8 initial 11 members appointed to the advisory committee, 2 shall be appointed for a term of 1 year, 2 shall be appointed for a term of 2 years, 2 shall be appointed for a term of 3 years, and 2 shall be appointed for a term of 4 years. All subsequent appointments shall be for 4 years.

(4) RESPONSIBILITIES.—The advisory committee shall be responsible for the following activities:

(A) Advising the Commission on the surface transportation needs of Alaska Native villages and rural communities, including projects for the construction of essential access routes within remote Alaska Native villages and rural communities and for the construction of roads and facilities necessary to connect isolated rural communities to a road system.

(B) Advising the Commission on considerations for coordinated transportation planning among the Alaska Native villages, Alaska rural villages, the State of Alaska, and other government entities.

(C) Establishing a list of transportation priorities for Alaska Native village and rural community transportation projects on an annual basis, including funding recommendations.

(D) Facilitate the Commission's work on transportation projects involving more than one region.

(5) FACA EXEMPTION.—The provisions of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the advisory committee.

(c) ALLOCATION OF FUNDS.—

(1) IN GENERAL.—The Secretary shall allocate funding authorized and made available for the Denali access system program to the Commission to carry out this section.

(2) DISTRIBUTION OF FUNDING.—In distributing funds for surface transportation projects funded under the program, the Commission shall consult the list of transportation priorities developed by the advisory committee.

(d) PREFERENCE TO ALASKA MATERIALS AND PRODUCTS.—To construct a project under this section, the Commission shall encourage, to the maximum extent practicable, the use of employees and businesses that are residents of Alaska.

(e) DESIGN STANDARDS.—Each project carried out under this section shall use technology and design standards determined by the Commission to be appropriate given the location and the functionality of the project.

(f) MAINTENANCE.—Funding for a construction project under this section may include an additional amount equal to not more than 10 percent of the total cost of construction, to be retained for future maintenance of the project. All such retained funds shall be dedicated for maintenance of the project and may not be used for other purposes.



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(g) LEAD AGENCY DESIGNATION.—For purposes of projects carried out under this section, the Commission shall be designated as the lead agency for purposes of accepting Federal funds and for purposes of carrying out this project.

(h) NON-FEDERAL SHARE.—Notwithstanding any other provision of law, funds made available to carry out this section may be used to meet the non-Federal share of the cost of projects under title 23, United States Code.

(i) SURFACE TRANSPORTATION PROGRAM TRANSFERABILITY.—

(1) TRANSFERABILITY.—In any fiscal year, up to 15 percent of the amounts made available to the State of Alaska for surface transportation by section 133 of title 23, United States Code, may be transferred to the Denali access system program.

(2) NO EFFECT ON SET-ASIDE.—Paragraph (2) of section 133(d), United States Code, shall not apply to funds transferred under paragraph (1).

(j) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There is authorized to be appropriated out of the Highway Trust Fund (other than the Mass Transit Account) to carry out this section \$15,000,000 for each of fiscal years 2006 through 2009.

(2) APPLICABILITY OF TITLE 23.—Funds made available to carry out this section shall be available for obligation in the same manner as if such funds were apportioned under chapter 1 of title 23, United States Code; except that such funds shall not be transferable and shall remain available until expended, and the Federal share of the cost of any project carried out using such funds shall be determined in accordance with section 120(b).

“(C) \$5,000,000 shall be available for each of fiscal years 2006 through 2009 for payments to the Denali Commission under the terms of section 307 (e) [Clarification: 309(e)] of the Denali Commission Act of 1998 (42 U.S.C. 3121 note) for docks, waterfront development projects, and related transportation infrastructure.

SEC. 310. AUTHORIZATION OF APPROPRIATIONS.¹⁰

(a) In General.—There are authorized to be appropriated to the Commission to carry out the duties of the Commission consistent with the purposes of this title and pursuant to the work plan approved under section 4 under this Act, \$20,000,000 for fiscal year 1999, and such sums as may be necessary for fiscal years 2000, 2001, 2002, and 2003

(b) Availability.—Any sums appropriated under the authorization contained in this section shall remain available until expended.

SECTION 310 (no title provided)¹¹

(a) The Federal Co-chairman of the Denali Commission shall appoint an Economic Development Committee to be chaired by the president of the Alaska Federation of Natives which shall include the Commissioner of community and Economic Affairs for the State of Alaska, a representative of the Alaska Bankers Association, the chairman of the Alaska Permanent Fund, a representative

¹⁰ This was originally SECTION 309 when the Act was first passed in 1998. The SAFETEA-LU Act of 2005 renumbered this to SECTION 310.

¹¹ This section number was designated in the PL 108-199, SEC. 112, 2004. It now duplicates the numbering designated in the SAFETEA-LU Act above.



Appendix A: Denali Commission Act of 1998

from the Alaska Chamber of Commerce, and a representative from each region. Of the regional representatives, at least two each shall be from Native regional corporations, Native non-profit corporations, tribes, and borough governments.

(b) The Economic Development Committee is authorized to consider and approve applications from Regional Advisory Committees for grants and loans to promote economic development and promote private sector investment to reduce poverty in economically distressed rural villages. The Economic Development Committee may make mini-grants to individuals applicants and may issue loans under such terms and conditions as it determines.

(c) The State Co-Chairman of the Denali Commission shall appoint a Regional Advisory Committee for each region which may include representatives from local, borough, and tribal governments, the Alaska Native non-profit corporation operating in the region, local Chambers of Commerce, and representatives of the private sector. Each Regional Advisory Committee shall develop a regional economic development plan for consideration by the Economic Development Committee.

(d) The Economic Development Committee, in consultation with the First Alaskans Institute, may develop rural development performance measures linking economic growth to poverty reduction to measure the success of its program which may include economic, educational, social, and cultural indicators. The performance measures will be tested in one region for two years and evaluated by the University of Alaska before being deployed statewide. Thereafter performance in each region shall be evaluated using the performance measures, and the Economic Development Committee shall not fund projects which do not demonstrate success.

(e) Within the amounts made available annually to the Denali commission for training, the Commission may make a grant to the First Alaskans Foundation upon submittal of an acceptable work plan to assist Alaska Natives and other rural residents in acquiring the skills and training necessary to participate fully in private sector business and economic and development opportunities through fellowships, scholarships, internships, public service programs, and other leadership initiatives.

(f) The Committee shall sponsor a statewide economic development summit in consultation with the World Bank to evaluate the best practices for economic development worldwide and how they can be incorporated into regional economic development plans.

(g) There is authorized to be appropriated such sums as may be necessary to the following agencies which shall be transferred to the Denali commission as a direct lump sum payment to implement this section:

- (1) Department of commerce, Economic Development Administration
- (2) Department of Housing and Urban Development
- (3) Department of the Interior, Bureau of Indian Affairs
- (4) Department of Agriculture, Rural Development Administration, and
- (5) Small Business Administration

Note: The following “open meetings” language is incorporated into the Commission’s energy program authorizations within the *Energy Policy Act of 2005*, PL 109-190, SEC 356. The Act does not specify its insertion into the enabling legislation.



Appendix A: Denali Commission Act of 1998

(c) OPEN MEETINGS-

(1) IN GENERAL- Except as provided in paragraph (2), a meeting of the Commission shall be open to the public if--

(A) the Commission members take action on behalf of the Commission; or

(B) the deliberations of the Commission determine, or result in the joint conduct or disposition of, official Commission business.

(2) EXCEPTIONS- Paragraph (1) shall not apply to any portion of a Commission meeting for which the Commission, in public session, votes to close the meeting for the reasons described in paragraph (2), (4), (5), or (6) of subsection (c) of section 552b of title 5, United States Code.

(3) PUBLIC NOTICE-

(A) IN GENERAL- At least 1 week before a meeting of the Commission, the Commission shall make a public announcement of the meeting that describes--

(i) the time, place, and subject matter of the meeting;

(ii) whether the meeting is to be open or closed to the public; and

(iii) the name and telephone number of an appropriate person to respond to requests for information about the meeting.

(B) ADDITIONAL NOTICE- The Commission shall make a public announcement of any change to the information made available under subparagraph (A) at the earliest practicable time.

(4) MINUTES- The Commission shall keep, and make available to the public, a transcript, electronic recording, or minutes from each Commission meeting, except for portions of the meeting closed under paragraph (2).





2011 Budget Justification

Other Accompanying Information
Appendix B:
Partnerships in Government Coordination



Partnerships in Government Coordination

Commissioner Partnerships

- Alaska Federation of Natives, Julie Kitka
- Alaska Municipal League, Kathie Wasserman
- American Federation of Labor and Congress of Industrial Organizations, Vince Beltrami
- Associated General Contractors of Alaska, John MacKinnon
- Office of the Governor, Office of Management and Budget, Karen Rehfeld
- University of Alaska, Karen Perdue

Federal Partnerships

- Office of the Federal Coordinator, Alaska Natural Gas Transportation Projects
- U.S. Army Corps of Engineers
- U.S. Department of Agriculture: Rural Development, Alaska Office; Forest Service, Region 10; Farm Service Agency; Natural Resources Conservation Service
- U.S. Department of Commerce:
- Economic Development Administration, Western Region;
- National Oceanic and Atmospheric Administration;
- U.S. Commercial Service, Alaska Export Assistance Center
- U.S. Department of Defense, Alaska Division (ALCOM)
- U.S. Department of Health and Human Services: Indian Health Service, Alaska Region
- U.S. Department of Homeland Security: Coast Guard, Alaska Region
- U.S. Department of Housing and Urban Development
- U.S. Department of Interior:

Office of the Secretary

Bureau of Indian Affairs, Alaska Office;

Bureau of Land Management; National Park Service; Fish and Wildlife Service;

U.S. Geological Survey and Minerals Management Service

- U.S. Environmental Protection Agency, Alaska Operations Office
- U.S. Social Security Administration
- U.S. Department of Transportation: Federal Aviation Administration; Federal Highway Administration; Federal Highway Administration Western Federal Lands Highway Division
- U.S. Department of Treasury: Internal Revenue Service

State Partnerships

- Department of Administration
- Department of Commerce, Community and Economic Development
Alaska Energy Authority
- Department of Corrections
- Department of Education and Early Development
- Department of Environmental Conservation
- Department of Fish & Game
- Department of Health and Social Services
- Department of Labor and Workforce Development
- Department of Law
- Department of Military and Veterans Affairs
- Department of Natural Resources
- Department of Public Safety
- Department of Revenue
Alaska Housing Finance Corporation



Partnerships in Government Coordination

- Alaska Mental Health Trust Authority
- Department of Transportation and Public Facilities

Other Partnerships

- Alaska Growth Capital
- Alaska Native Tribal Health Consortium
- Alaska Public Broadcasting, INC.
- Alaska Regional For-Profit Corporations
- Alaska Regional Health Boards
- Alaska Regional Housing Authorities
- Alaska Regional Nonprofit Corporations
- Alaska Village Electric Cooperative
- Alaska Village Initiatives
- Association Village Council Presidents
- Cape Fox Heritage Foundation
- Community Development Quota Groups (CDQ)*
 - Aleutian Pribilof Island Community Development Association (6 communities)
 - Bristol Bay Economic Development Corporation (17 communities)
 - Central Bering Sea Fishmen’s Association (One community)
 - Coastal Villages Region Fund (20 communities)
 - Norton Sound Economic Development Corporation (15 communities)
 - Yukon Delta Fisheries Development Association (6 communities)
- First Alaskans Institute
- Murdock Charitable Trust
- National Association of Development Organizations
- National Rural Health Association
- Paul G. Allen Foundation
- Philanthropy Northwest
- Rasmuson Foundation

- Rural Alaska Community Action Program, INC.
- Southwest Alaska Municipal Conference -Economic Development
- Yukon Kuskowim Health Corporation

**The Community Development Quota Program began in December of 1992 with the goal of promoting fisheries related economic development in western Alaska. The program is a federal fisheries program that involves eligible communities who have formed six regional organizations, referred to as CDQ groups. There are 65 communities within a fifty-mile radius of the Bering Sea coastline who participate in the program.*



Partnerships in Government Coordination



2012 Budget Justification

Other Accompanying Information
Appendix C:
Denali Commission Policies



Denali Commission Policies

Since its inception in 1998 the Denali Commission (Commission) has developed a number of policies intended to guide federal funds investment in the most efficient, effective and prudent manner possible, while at the same time maximizing the benefit to Alaskan communities and residents in the areas of infrastructure development, economic development and training and workforce development. These policies have been adopted through various methods including: passage via resolution or motion. To-date the Commission has adopted the following policies, which appear in more detailed form below:

- Investment Guidance
- Sustainability
- Community Planning
- Open Door
- Private Enterprise
- Competitive Bid
- Cost Containment

INVESTMENT GUIDANCE

The Denali Commission (Commission) is committed to accelerating the building of sustainable infrastructure in rural Alaska to enhance the health and safety of rural residents and to provide the underpinnings for economic opportunity. Commission investments are directed by federal law, by the Commission's Annual Work Plan. Infrastructure needs of rural Alaska are enormous compared to available funding, thus, it is imperative that each dollar be invested in a way that will maximize the sustainable long term benefits to Alaskans.

Factors which will influence investment decisions:

Imminent environmental threats

Facilities will be placed so as to be protected from imminent environmental threats such as flooding and erosion. Long term investments generally will not be made in areas that are subject to imminent environmental threats.

Priority to be placed on needs of existing communities

The Commission will give priority to the critical infrastructure needs of existing communities before considering proposals to create new communities unless there is relocation of an existing community.

Regional support

The Commission recognizes that borough, tribal and local government involvement increases the probability that basic infrastructure and services provided with Denali Commission funds will be sustained over the long term. The



Denali Commission Policies

Commission also recognizes that other regional organizations share both responsibility and capacity to contribute to sustainability. Consistency with regionally approved plans is a factor lending strength to investing in a particular project. The Commission shall give priority consideration to projects that have regional support and demonstrate regional planning and coordination. In general, the Commission will require regional planning documentation before providing funding for projects. Consideration will be given to the unique geographic boundaries, regional organizations and project requirements. The Commission may prioritize regional and/or multi-community projects.

Proximity/access to existing services and/or facilities

In determining the need for a new facility, a careful evaluation of existing access to services or facilities will be performed. Where the needs of two or more communities in close proximity to one another can be adequately and more cost effectively served by a single facility, that option will be selected over separate facilities for each community. Investments will be made where critical unmet needs are demonstrated. In general, the Commission will not fund projects for like facilities in communities within a twenty mile distance of one another, and accessible by year-round road service.

Renovation versus new construction

Where existing facilities can be renovated or expanded to adequately meet community needs at significantly lower life-cycle costs than new construction, that option will be favored.

Population trends

Infrastructure will be sized to meet needs that can reasonably be projected over the design life of the project. If population is increasing, appropriate excess capacity will be provided to accommodate growth. Decreasing population may result in a smaller facility than the current population would dictate. The Commission will require additional documentation of community and project sustainability in communities that have any of the following characteristics: populations less than 100 year round residents, significant (20% or greater) population fluctuations (either decrease or increase), and projected or actual closure of State of Alaska school facilities.

Affordability

The Commission will evaluate proponents' capacities to afford the life-cycle costs associated with sustaining proposed services and/or facilities, either through user fees, industry support, government transfer payments or grants from private entities.

Unit cost

Unit cost of construction varies widely across the state for a number of reasons including the technology employed



Denali Commission Policies

and/or designs utilized. High unit cost tends to work counter to project sustainability. Some of the variables impacting unit cost (project location, soil conditions, etc.) are not controllable, but many others are. The Commission will make every reasonable effort to control unit cost to ensure that the most appropriate technology and designs are applied. However, in cases where the Commission deems unit costs too high, the Commission reserves the right to pursue alternative construction and design methodology, including, but not limited to, all of the following: re-design, value engineering, alternative size, relocating or sitting and revision of the construction budget.

Good faith

The long term sustainability of Commission investments is highly dependent on the good faith of the recipients of those investments. In evaluating potential investments the Commission will give priority to advocates who have historically demonstrated good faith in making and keeping financial commitments. Previous demonstrations of bad faith, particularly with previous state or federal investments or failure to pay taxes, may preclude additional investments.

Match Funding

The Commission will give priority to projects that have cost share match from the following sources: the State of Alaska, other federal government agencies and other (to include local, tribal, corporate, philanthropic, etc.) in addition to Commission funding for a project. Local sources of match may include, but are not limited to, the following: land valuation, equipment, right of way, etc. In some cases, the Commission shall require a cost share match contribution from one or all of the sources listed above prior to approving funding. This requirement does not apply to the statutory cost share match identified for the health facilities program. Projects which provide a variety of match funding from multiple sources shall be viewed more favorably than those that do not.

Implementation

The Commission will consider all available information regarding each of the factors identified above and any other relevant information in making investment decisions. In cases where sustainability of an investment is questionable, the Commission, either directly or through its Partners, will work with project proponents to attempt to find workable solutions. It will be incumbent on requestors to provide pertinent information that is not otherwise available and to actively engage in the effort to develop workable solutions. Solutions may involve smaller scale or mobile facilities and may include multi-community or regional management approaches. If no workable sustainable solution is apparent, the Commission or its Partners may suggest alternative means to access critical services.



Denali Commission Policies

SUSTAINABILITY POLICY

For the purposes of Denali Commission funded infrastructure projects, sustainability is defined as the ability of a recipient or applicant to demonstrate the capacity, both administratively and financially, to provide for the long-term operation and maintenance (typically a 30 year life cycle) of a facility. This demonstration may include such factors as maintenance costs, fuel/heating costs, staffing/personnel costs, insurance as applicable, bonding, cost escalation factors, etc. Further, sustainability includes all costs associated with management, operation and maintenance, renewal and replacement necessary to maintain a given level of service.

The Sustainability Policy indicates that because the Commission, through its enabling legislation, is charged with ensuring that all infrastructure projects demonstrate sustainability prior to Commission funding projects must provide documentation of their ability to meet the definition above. In most Commission programs this is achieved through the business plan process. However, applicants may also be asked to revise business plans, or application documents as their projects progress through the different phases of project development.

The Commission recognizes that the high cost of infrastructure makes it infeasible for the total costs of all services in all communities to be borne by local users; however, to the extent feasible, user rates should include all costs necessary to achieve sustainability.

All practical steps should be taken, including simplification of projects, standardization of infrastructure, combining of facilities, regionalization of management structures, bulk purchases of fuels, training and development of management personnel and other actions that reduce the cost of sustainable infrastructure.

To the greatest extent possible the Commission will encourage and advocate for other project funders and program partners to participate in the earliest phases of project development and the application process.

The Commission recognizes the importance of the business planning process, however, also understands that the business plan presents a “snapshot” of a project and a community at a particular point in time. To that end, the Commission shall require documentation related to sustainability over the course of a project’s various phases (planning, design, and construction), and shall reserve the ability to alter project funding and design and construction specifications pursuant to documentation review.

The Commission will use as many existing community planning and sustainability indicators as possible in project selection including, but not limited to, the following: Rural Utility Business Advisor (RUBA) documentation and analysis, regional and local community planning documents, and infrastructure prioritization lists.



Denali Commission Policies

COMMUNITY PLANNING POLICY

The Commission recognizes the importance of a community plan in the community development process. The plan demonstrates the community's goals and ability to focus on future initiatives.

The plan should be the community's starting point for any outside agency or business considering work in a community. Title 29 of the Alaska Statutes states that boroughs and first class cities established under state law shall be responsible for land use planning. In communities outside organized boroughs (and not first class cities), the task for identifying who is responsible for community planning falls to local leadership including recognized tribes in a community.

The Commission requires communities to provide a copy of their current community plan when submitting funding requests. The reason for this request is two-fold: 1) the plan provides a current economic, social, and infrastructure summary of a community and 2) the plan provides a prioritized list of projects for which the community is seeking funding assistance. The plan also explains how the community intends to sustain its existing infrastructure as well as any additional infrastructure. In general, any infrastructure projects identified for funding from the Commission should also appear as a prioritized infrastructure goal, or initiative in the community plan submitted by the applicant community.

Community plans submitted to the Commission are retained in the project file, and are also provided to the State of Alaska, Department of Commerce, Community and Economic Development to be added to the online database of community plans.

The Commission recognizes that successful project development is directly correlated to community planning. The Commission will make every effort to evaluate the benefits and potential costs of project investments against other community projects and initiatives, so that a holistic picture of community capacity and project development is utilized to make funding determinations. The Commission will rely largely on application and community planning detail to document this analysis, but may also utilize site visits and other sources of information.

OPEN DOOR POLICY

The Commission requires that any funded infrastructure project be available to all potential users. This requirement may be documented in varying forms in Commission programs (for example, commitment to the open door policy is a component of the clinic business plan process).

PRIVATE ENTERPRISE POLICY

In general, the Commission will support private enterprise where it is functioning or can function efficiently and adequately to meet the needs of all members of the local community. Where private enterprise is inadequate or non-



Denali Commission Policies

existent to achieve this purpose, consideration must be given to providing these services through other means. The Commission will not support the replacement of new structures for a publicly funded service to compete with services delivered by private enterprise as long as those services are:

- Accessible to all members of a community including temporary members;
- Reasonably priced when compared to comparable communities;
- Predictably available and sustainable for the long term.

All proposals for new or upgraded infrastructure facilities to be funded with Denali Commission funds shall be evaluated on the basis of public benefits resulting from the project. A proposal for funding may be approved where the facility is or will be owned, operated, and/or maintained by private entities only if there is found to be a direct and substantial public benefit from the project.

Facilities funded in whole or in part by the Denali Commission may not be sold, leased, sub-leased, or interest otherwise assigned without the express approval of the Denali Commission or its successor agency. In any event, the facility shall continue to provide the originally intended public benefit until such time as that public need no longer exists or until the serviceable life of the facility has expired.

Funding decisions must take into account existing private enterprise in the community. Funding should not generally be used to create new or additional competition with existing private enterprise in the community. However in cases where an unregulated monopolistic or other wise inefficient condition exist in which current services are not available at fair and reasonable rates the Commission, after appropriate consultation, may consider funding projects that would contribute to more competitive rates.

Provisions Specific to Health Care: The Commission seeks to support health care facilities in a manner which improves access to quality, affordable health services, be it by a private entity or a publicly funded one. The Denali Commission does not seek to create or enhance competition in an inefficient market. In this scenario, an inefficient market is one that cannot support two mutually exclusive health care providers. Given the economic fragility of rural health care systems, Denali Commission funding for health care facilities will be deployed in a manner which encourages a cooperative and collaborative arrangement for the health benefit of the community in question, and improves the sustainability of the overall care delivery system for that population. Denali Commission health facility funding supports systems that ensure access to care for everyone regardless of ability to pay. It is expected that a system that is exclusively private in rural Alaska will not be able to meet that criteria. Thus, some integration of public and private provider entities will likely be required in areas where any private provider system currently exists.

Provisions Specific to Bulk Fuel Storage: The development of any bulk fuel storage consolidation project funded in whole or



Denali Commission Policies

in part by Denali Commission funds will consult with all retail fuel suppliers within a community in the course of developing the project's conceptual design to ensure that their interests are understood and, to the extent feasible, dealt with in the course of conceptual design.

The existing market share balance among retail fuel suppliers within a community may be significantly altered as a result of a Denali Commission funding only if all of the affected retail fuel suppliers currently operating in the community agree to it or if such alteration is deemed necessary to facilitate competitive conditions in the community. For each type of fuel, the existing market share for a retail fuel supplier is defined as the supplier's existing in-service storage capacity as a percentage of the total gallons of existing in-service storage capacity for all retail fuel suppliers in the community.

Where multiple retail fuel suppliers are involved in a project, comparable levels of investment in project costs (based on market share) will be sought from each participating retail fuel supplier in the community, whether public or private.

Denali Commission funds may be used to upgrade or replace fuel storage facilities owned by private sector retail fuel suppliers if there is determined to be significant public benefit. However, to ensure that long term project benefits flow through to the public, such new or improved fuel storage and dispensing facilities will generally be owned by a local government entity which may lease the facilities to the private sector fuel supplier at a nominal cost or contract with the private sector fuel supplier for facility operation. The term of such lease or contract will be for the life of the assets, and is not transferable as an asset of the leaseholder without express written approval of the Denali Commission or its successor agency.

COMPETITIVE BID POLICY

Any infrastructure project funded by the Denali Commission with a total project cost (to include the planning, design and construction phases) of \$3 million or greater shall be competitively bid. A waiver to this policy may be granted if an applicant demonstrates that it is in the best economic, cultural or social interest of a community or region to not competitively bid a project. The waiver request must document the benefit to the federal government (in the form of cost savings, job creation, etc.) and the community and/or region of not utilizing a competitive bid process. Key considerations for reviewing the waiver request will include cost, local preference, career training, opportunities for local hire, and local economic impact.

In general, and to the greatest extent possible the Commission shall encourage the use of community and regional hire for construction projects.



Denali Commission Policies

COST CONTAINMENT POLICY

The Denali Commission is committed to both internal and external cost containment for all of its programs. All Commission projects are to be sustainable and that requires examining projects on a life-cycle cost basis in the context of the community's long-term development plan. The trade-offs between initial costs of construction and long-term operating and maintenance costs must seek to minimize the true life cycle costs of the project.

The Commission requires cost effective designs, need specific designs, competitive procurement, effective project management, and maximization of cost benefit via project selection.

The Commission shall evaluate all infrastructure facilities (excluding transportation) against the benchmarks which are produced under contract on an annual basis. Commission program partners shall be required to produce cost estimate detail and project budgets in accordance with the annual benchmarks, and shall be required to justify any budget requests that are not in keeping with the benchmark figures.

POLICY APPEALS PROCESS

Appeals to any of these policies should be sent to the Denali Commission Federal Co-Chair, and the State Co-Chair, in writing.



Denali Commission Policies



2012 Budget Justification

Other Accompanying Information
Appendix D:
Commonly Used Terms



Commonly Used Terms

ANCSA

The Alaska Native Claims Settlement Act passed in 1971 and was the largest land claims settlement in U.S. history, transferring land title to Alaska Native Corporations.

ATV

All terrain vehicle or four-wheeler, a common form of transportation in rural Alaska.

Break Up

The spring melting season when rivers thaw and begin to flow again, carrying huge chunks of ice downriver.

Bulk Fuel Storage Facility

Facilities used to store 6-to-13 months supply of diesel fuel required to meet the power generation and home heating needs for rural Alaska communities.

The Bush

Rural Alaska communities, typically not on the road system.

Bush Pilot

Pilots of aircraft who provide transportation to bush communities and isolated destinations.

Four Wheeler

An all-terrain vehicle used as a primary mode of transportation in rural Alaska.

Honey Bucket

A bucket used as a toilet in homes without sewer or running water. Buckets are emptied manually.

The Last Frontier

Because of its rugged splendor, Alaska is commonly referred to as The Last Frontier.

Lower 48

Alaskans refer to the contiguous 48 states as the Lower 48.

Multi-Use Facility

A facility that consolidates essential community services such as health clinics, fire departments, washeterias, and jails.

Northern Lights

Magnetic particles from the sun hitting the earth's atmosphere which are visible for more than half the year. Also called Aurora Borealis.

Permafrost

Ground that is permanently frozen year round in Arctic regions.

Snowmachine

A small vehicle with ski-like runners in front and tank-like treads, ridden by straddling a seat and used for driving in or traveling on snow. Also called a snowmobile.

Subsistence

The hunting, fishing, and gathering activities which traditionally constitute the economic base of life for rural Alaska.

Termination Dust

The first snowfall on the mountains signaling the end of the summer season.

Tundra

An area where tree growth is hindered by permafrost, low temperatures and short growing seasons. Typically the surface is boggy due to a high water table.

Washeteria

A small, public facility serving as the local watering point where people can obtain treated drinking water. Washeterias are also locations for laundry, showers and flushable toilets.



