

FINDING *Solutions*
TO THE CHALLENGES OF ALASKA



D E N A L I C O M M I S S I O N A N N U A L R E P O R T 2 0 0 6



FINDING *Solutions* ALASKA IS TRULY A FRONTIER STATE

Alaskans are proud to live in America's "Last Frontier." Almost 40% of Alaska's population living in over 200 communities are not connected to the rest of the state by a road or ferry network. The majority of these villages are comprised of Alaska Natives, whose ancestors lived in the same region for thousands of years. Over twice the size of Texas, Alaska's vast territory has approximately one person per square mile. If New York City had the same population density, Manhattan would have only 22 people! Given the enormous distances between Alaska's far flung settlements and its larger cities of Anchorage, Fairbanks, and Juneau, the viability of rural Alaska depends largely upon how innovative government can be to partner together to provide the underpinnings of basic community infrastructure and public services.

Photo: Three young women and child in Savoonga, Alaska. From the Alaska State Library, Alaska Department of Health & Social Services Collection. Circa 1960.

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*Cover photo:
Aerial view of Kivalina village,
located in Northwest Alaska
on the Chukchi Sea.
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PURPOSE OF THE DENALI COMMISSION

- 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.

VISION

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

MISSION

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



Inset photo: A small bush plane returns to Anchorage with Mt. McKinley and Denali National Park in the background.

This report features photos of Alaska and its people over the last century. These historic images dramatically illustrate both past and ongoing challenges of developing infrastructure systems in a state known for harsh climates, extreme terrain, and difficult access to most communities. The special challenges inherent in living in this magnificent place bring about the best in people, and help foster a strong sense of resourcefulness, shared values and community spirit.



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ALASKA IS A GEOGRAPHIC MARVEL

ALASKA HAS:

- 656,425 square miles; twice the size of Texas
- 6,640 miles of coastline; longer than all the other states combined
- More than 3 million lakes larger than 20 acres in size
- An estimated 100,000 glaciers which cover almost 5% of the state
- 80% of all the active volcanos in the U.S.
- 39 mountain ranges, containing 17 of the 20 highest peaks in the U.S.

Alaska's terrain of vast wilderness creates natural barriers to transportation. Most cities and villages in the state are accessible only by sea or air, including Juneau, the state capital. For most rural Alaskans, use of airplane, seaplane, ferry, snowmachine, ATV and dogsled is still a necessary part of life. The use of snowmachines for ground transportation, has eventually begun to replace the traditional use of dogsleds.

Photo: People with cargo in front of Wien Consolidated Airlines airplane. From the Anchorage Museum of History & Art Wien Collection. Circa 1960s.



MAP of ALASKA

Showing highways, the railroad system, major rivers, ANCSA regions and all Denali Commission project locations since inception.

LAND OWNERSHIP IN ALASKA IS UNIQUE

Individual Alaskans own less than 1% of the land, the federal government owns 60%, the state 28% and Alaska Native corporations 12%.

Alaska Native Claims Settlement Act (ANCSA) – Passed in 1971 by Congress, this act returned 44 million acres of land to Alaska Native corporations and provided compensation for lands in national parks, military reserves, etc. that could not be returned. ANCSA established the following 13 regional corporations and over 200 village corporations. Unlike the “Lower 48” states, Alaska has only one Indian Reservation.

- Ahtna Incorporated
- Aleut Corporation
- Arctic Slope Regional Corporation
- Bering Straits Native Corporation
- Bristol Bay Native Corporation
- Calista Corporation
- Chugach Alaska Corporation
- CIRI
- Doyon, Limited
- Koniag, Incorporated
- NANA Regional Corporation
- Sealaska Corporation
- The 13th Regional Corporation





BEAUFORT SEA

ARCTIC CIRCLE

CANADA

GULF OF ALASKA

DIXON ENTRANCE



Project LIST FOR FY2006

Below is a list of Fiscal Year 2006 projects and programs funded by the Denali Commission

ENERGY PROJECTS\$ 57,840,895

Akiachak Rural Power System Upgrade (RPSU) final design/construction
 Akiak RPSU Phase I Conceptual Design Report (CDR)
 Akutan phase I CDR
 Alakanuk Bulk Fuel Upgrade (BFU) final design
 Alakanuk BFU final design
 Atka RPSU construction completion
 Brevig Mission BFU construction completion
 Buckland RPSU construction completion
 Cheformak RPSU construction completion
 Chevak Power Plant CDR & Business Operating Plan (BOP)
 Chignik Bay RPSU final design
 Chitina RPSU final design
 Cordova Eyak power plant restoration
 Cordova Humpback Creek hydroelectric
 Craig wood-fired boiler
 Dillingham RPSU
 Diomedea RPSU construction
 Emmonak BFU final design
 Emmonak RPSU final design
 Emmonak - Alakanuk intertie final design
 Fire Island Wind feasibility study continuation
 Gambell BFU
 Gambell wind generation
 Gambell RPSU
 Gustavus RPSU construction
 Gustavus Falls Creek hydroelectric construction
 Holy Cross BFU CDR & BOP
 Holy Cross RPSU CDR
 Hoonah BFU CDR and small scale retrofit at powerhouse
 Hoonah RPSU conceptual design
 Hooper Bay BFU CDR
 Hooper Bay partial wind construction
 Huslia BFU construction
 Iguiugig RPSU Phase I CDR
 Kasigluk BFU and wind generation (amalgamated project) partial completion
 Kasigluk BFU construction completion
 Kasigluk wind generation
 Kasigluk - Nunapitchuk intertie
 Kenai Agrium Blue Sky coal gasification study
 King Cove hydro power final design
 King Cove BFU construction
 King Cove RPSU construction
 Kwethluk RPSU phase I CDR
 Manokotak RPSU construction completion
 Mekoryuk BFU construction
 Mekoryuk wind final design and siting
 Mekoryuk RPSU final design
 New Stuyahok BFU final design
 New Stuyahok wind design geotechnical
 Nightmute BFU/RPSU/wind generation (amalgamated project) construction completion
 Nightmute BFU construction completion
 Nome RPSU relocation
 Nunapitchuk amalgamated project construction completion
 Pelican BFU construction
 Pelican RPSU/hydro power construction
 Pilot Station wind assessment
 Port Lions BFU final design/construction
 Quinhagak BFU/RPSU/wind generation (amalgamated project) final design
 Ruby BFU final design
 Savoonga wind project construction completion
 Seldovia BFU construction
 Shageluk BFU CDR & BOP
 Shageluk power plant CDR
 Shaktoolik BFU CDR & BOP completion

St. Mary's wind assessment
 St. Michael - Stebbins intertie design
 St. Michael distribution to power plant design
 Statewide Alaska Energy Authority energy cost reduction RFP
 Togiak distribution and RPSU design
 Toksook Bay BFU/RPSU/wind generation (amalgamated project) construction completion
 Toksook Bay BFU construction completion
 Toksook Bay wind generation
 Toksook - Nightmute intertie
 Unalakleet BFU construction
 Unalakleet RPSU/wind phase I CDR
 Upper/Lower Kalsgak BFU construction completion
 Yakutat RPSU final design

HEALTH PROJECTS\$ 37,319,040

Akhiok clinic design
 Aleknagik clinic construction
 Ambler clinic design and construction
 Southcentral Foundation statewide behavioral health facility
 Alaska State Hospital and Nursing Home Association electronic health record project
 Atka telepharmacy equipment purchase
 Barrow hospital design
 Chistochina telepharmacy equipment purchase
 Craig clinic design
 Eagle clinic design
 Ekwok clinic design
 Fairbanks youth health facility
 Gakona clinic design
 Juneau youth psychiatric facility
 Ketchikan general hospital ultrasound equipment purchase
 Ketchikan general hospital renovation
 Kiana clinic design and construction
 Kipnuk clinic construction
 Kobuk clinic construction
 Kobuk clinic construction
 Kodiak Island Healthcare Foundation CT scanner purchase
 Koliganek clinic construction
 Kwethluk clinic construction
 Levelock clinic design
 Mentasta Lake telepharmacy equipment purchase
 Nikolai telepharmacy equipment purchase
 Nikolski telepharmacy equipment purchase
 Ninilchik telepharmacy equipment purchase
 Noatak clinic design and construction
 Nome hospital design
 Nondalton clinic construction
 Old Harbor clinic construction
 St. George telepharmacy equipment purchase
 Shungnak clinic design and construction
 Sitka radiology equipment purchase
 Skagway clinic design
 Soldotna community health center construction
 Takotna telepharmacy equipment purchase & installation
 Twin Hills clinic construction
 Tyonek telepharmacy equipment purchase
 Unalaska telepharmacy equipment purchase

TRANSPORTATION PROJECTS\$ 8,873,909

Cantwell community roads rehabilitation and surfacing
 Circle/Circle City main road rehabilitation and surfacing
 Coffman Cove road paving
 Eagle/Eagle Village main road rehabilitation and surfacing
 Elfin Cove boardwalk improvements
 Emmonak community road improvements
 Fort Yukon road reconstruction and surfacing
 Gulkana road improvements

Pelican boardwalk reconstruction
 Port Alexander boardwalk improvements
 Selawik Skin Street/barge landing road reconstruction
 Tanana main road rehabilitation and surfacing
 Togiak main road rehabilitation
 Y-K Delta winter trail markings

ECONOMIC DEVELOPMENT PROJECTS\$ 600,000

Alaska Marketplace
 Mini-Grant Program
 Coffman Cove feasibility study & design of boat storage & repair
 Coffman Cove, Petersburg, Wrangell, Prince of Whales Island Alaska's Rainforest Islands regional marketing
 Elfin Cove comprehensive planning project
 Fort Yukon economic development plan
 Koyuk, St. Michaels, Shaktoolik, Stebbins, Unalakleet elder assisted living facility feasibility study
 Kwethluk multi-purpose facility business plan - feasibility study
 Newtok Takikchak conceptual community layout plan
 Noatak feasibility study & strategic plan for Noatak multi-purpose facility
 Pelican tee float design/engineering plan
 Scammon Bay laundromat equipment purchase
 Talkeetna, Trapper Creek community/arts center

TRAINING PROGRAMS\$ 6,530,832

Alaska Department of Labor: Denali Training Fund
 Statewide: Alaska Native Tribal Health Consortium
 Water Operator Training
 Aniak Heavy Equipment Operator Training
 Statewide: Rural Alaska Fuel Services
 HAZWOPER Training
 Statewide: Yuut Eitnaurviat Construction
 Trades Training
 North Pacific Rim Housing Authority:
 Construction Trades Training
 Statewide: Alaska Energy Authority: Energy Utility Operations and Management Training
 Statewide: Alaska Vocational Technical Center Bulk Fuel and Power Plant Operator Training
 Alaska Department of Labor: Job Training for Youth
 Alaska Works Partnership: Registered Apprenticeship Training
 Associated General Contractors: NCCER Curriculum and Skill Assessments
 Cape Fox Heritage Foundation: technology training initiative
 First Alaskans Institute: Alaska Native leadership initiative
 University of Alaska: allied health training programs

COMMUNITY FACILITIES\$ 7,303,353

Alaska Public Broadcasting, Inc.
 Teacher housing projects
 Akiachak teacher housing
 Akiak teacher housing
 Brevig Mission teacher housing
 Buckland teacher housing
 Buckland teacher housing
 New Stuyahok teacher housing
 Noorvik teacher housing
 Sand Point teacher housing
 Unalakleet teacher housing
 Bethel solid waste equipment purchase
 Gustavus solid waste equipment purchase
 Pitkas Point solid waste equipment purchase
 St Mary's solid waste equipment purchase



FINDING *Solutions*

ALASKA'S CHALLENGES ARE DIVERSE

For decades Congress recognized the need for effective and flexible teamwork among local, state, tribal and federal agencies in addressing the extraordinary challenges in Alaska. To acknowledge the massive scope of work, the Commission was named "Denali," the Athabascan Indian word for North America's tallest peak (Mt. McKinley), which rises to 20,320 feet. Today, Denali National Park and Preserve is enjoyed by thousands of visitors annually who marvel at the glaciated landscape, vast tundra, and diversity of wildlife including grizzly bears, caribou, wolves, Dall sheep, wolverine and moose. Most visitors never see Alaska's remote communities firsthand.

Photo: View of Mount McKinley in Denali National Park. From the Anchorage Museum of History & Art Ickes Collection. Photo by Ray B. Dame. 1938.

DEAR FRIENDS *of* THE DENALI COMMISSION



**Denali Commission
Federal Co-Chair**
George J. Cannelos

We are proud to bring you our 2006 Annual Report highlighting the Denali Commission's achievements this past year. In these pages, we'll take you on a historic journey to illustrate both past and ongoing challenges of developing infrastructure systems for America's most remote communities.

During fiscal year 2006, we received over \$130 million in federal funds, and leveraged these dollars to develop basic infrastructure in over 100 Alaska communities. We made important progress, thanks to our dedicated staff and extraordinary program partners. We have taken time to listen, learn, and improve our programs to address major systemic issues facing rural Alaska. Here are several examples:

Rural Energy Crisis – With our program partners, we invested over \$50 million toward replacing aging bulk fuel storage tank systems and upgrading rural power plants, and simultaneously pushed ahead with wind generation, hydro, geothermal, and biomass energy projects.

Rural health care – In addition to constructing several essential village primary care clinics, we funded major design initiatives for needed replacement hospitals in Nome and Barrow.

Rural transportation – We launched this new program in less than a year. Communities will see improvements in health and safety, local circulation, waterfront improvements and connections to each other and the state highway system.



Creation OF THE COMMISSION

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

The Denali Commission is an innovative federal-state partnership designed to provide 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 mandated that all parties involved partner together to find new and innovative solutions to the unique infrastructure and economic development challenges of America's most remote communities.

This approach gives the Denali Commission its unique scope and breadth of services.



Inset photo: View of Mt. McKinley and Denali National Park.

Government Coordination – Federal dollars are precious. We worked hard to work smart – to coordinate the efforts of federal, state, local, and private efforts to make capital dollars go farther for the benefit of everyone concerned.

Pre-Development Program – We combined forces with the Rasmuson Foundation, the Alaska Mental Health Trust Authority and the Foraker Group to provide communities and organizations the technical assistance needed to better plan for capital projects and basic infrastructure.

Public accountability – We are underway with our first full-scale program evaluation,

examining our first eight years of service, and gathering important customer feedback.

This November we welcomed Alaska's new Governor and new State Co-Chair of the Denali Commission, Sarah Palin. We look forward to strengthening the federal-state partnership that lies at the heart of the Denali Commission. We also welcome the new Executive Director of the Alaska Municipal League to the Commission, Kathie Wasserman.

I've had the privilege of working with people in communities all across the Last Frontier. Alaskans share a common vision of resourcefulness, love of family and the land, and a

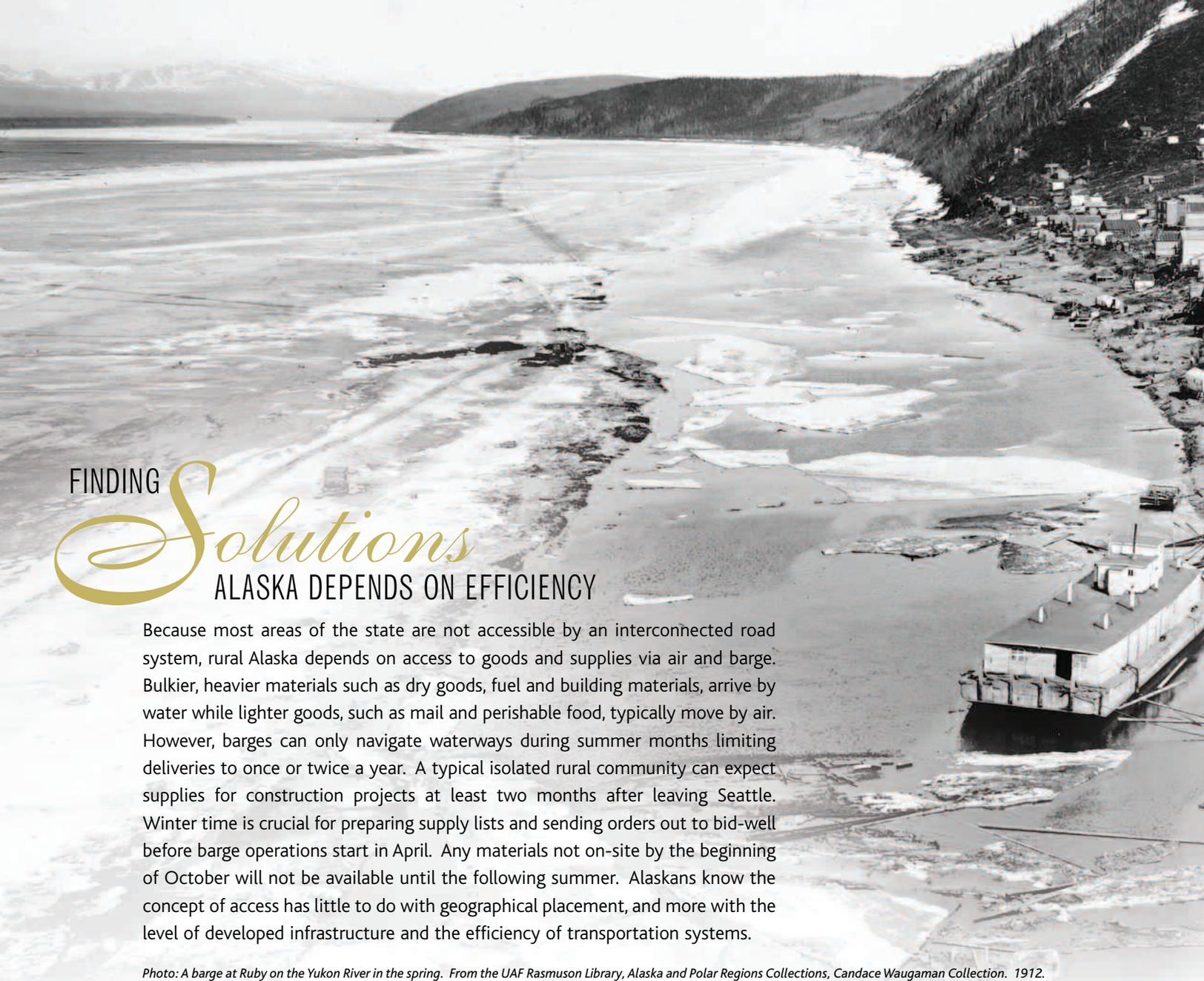
desire to help shape the American dream. They have many lessons to share about what it means to live on the edge of the frontier in the 21st century.

Together, we look forward to even greater synergy, innovation, and creative initiatives in 2007. Please let me know your thoughts and ideas.

Sincerely,



George J. Canelos
Federal Co-Chair



FINDING *Solutions* ALASKA DEPENDS ON EFFICIENCY

Because most areas of the state are not accessible by an interconnected road system, rural Alaska depends on access to goods and supplies via air and barge. Bulkier, heavier materials such as dry goods, fuel and building materials, arrive by water while lighter goods, such as mail and perishable food, typically move by air. However, barges can only navigate waterways during summer months limiting deliveries to once or twice a year. A typical isolated rural community can expect supplies for construction projects at least two months after leaving Seattle. Winter time is crucial for preparing supply lists and sending orders out to bid-well before barge operations start in April. Any materials not on-site by the beginning of October will not be available until the following summer. Alaskans know the concept of access has little to do with geographical placement, and more with the level of developed infrastructure and the efficiency of transportation systems.

Photo: A barge at Ruby on the Yukon River in the spring. From the UAF Rasmuson Library, Alaska and Polar Regions Collections, Candace Waugaman Collection. 1912.

DEAR ALASKANS



**Denali Commission
State Co-Chair**
Sarah Palin

The state of Alaska has enjoyed a unique and productive partnership with the Denali Commission for eight years now. I look forward to broadening that partnership and strengthening our joint efforts through this unique state-federal relationship; with it we can leverage dollars and streamline efforts for rural Alaska.

Thanks to the hard work of Senator Ted Stevens and the congressional delegation, who helped create this innovative arm of government for Alaska, we have produced many successes in rural Alaska providing energy infrastructure, health facilities, training, transportation and economic development producing phenomenal results for our state.

I look forward to working with the Denali Commission and developing new ideas for our future efforts. Working together we will find solutions that address the many needs of our rural communities and we will leverage our dollars and streamline our efforts. The Denali Commission's collaborative spirit has been a welcome and much needed approach to breaking down barriers to making things happen in rural Alaska. In my travels throughout our state, I have seen first hand some of the results of the Denali Commission's work and I look forward to partnering on future projects that will bring jobs and training to Alaskans, and provide the much needed basic infra-



Commission VALUES

CATALYST FOR POSITIVE CHANGE

The Commission will be an organization through which agencies of government, including tribal governments, may collaborate, guided by the people of Alaska, to aggressively do the right things in the right ways.

RESPECT FOR PEOPLE AND CULTURES

The Commission will be guided by the people of Alaska in seeking to preserve the principles of self-determination, respect for diversity, and consideration of the rights of individuals.

INCLUSIVE

The Commission will provide the opportunity for all interested parties to participate in decision-making and will carefully reflect their input in the design, selection, and implementation of programs and projects.

SUSTAINABILITY

The Commission will promote programs and projects that meet the current needs of communities and provide for the anticipated needs of future generations.

ACCOUNTABILITY

The Commission will set measurable standards of effectiveness and efficiency for both internal and external activities. Priority will be generally given to projects with substantial cost sharing.



Inset photo: Barge delivering construction equipment and materials on one of Alaska's major river systems.

Photo below: From windows to cranes, all materials for this new teacher housing in Hooper Bay had to be delivered by barge.

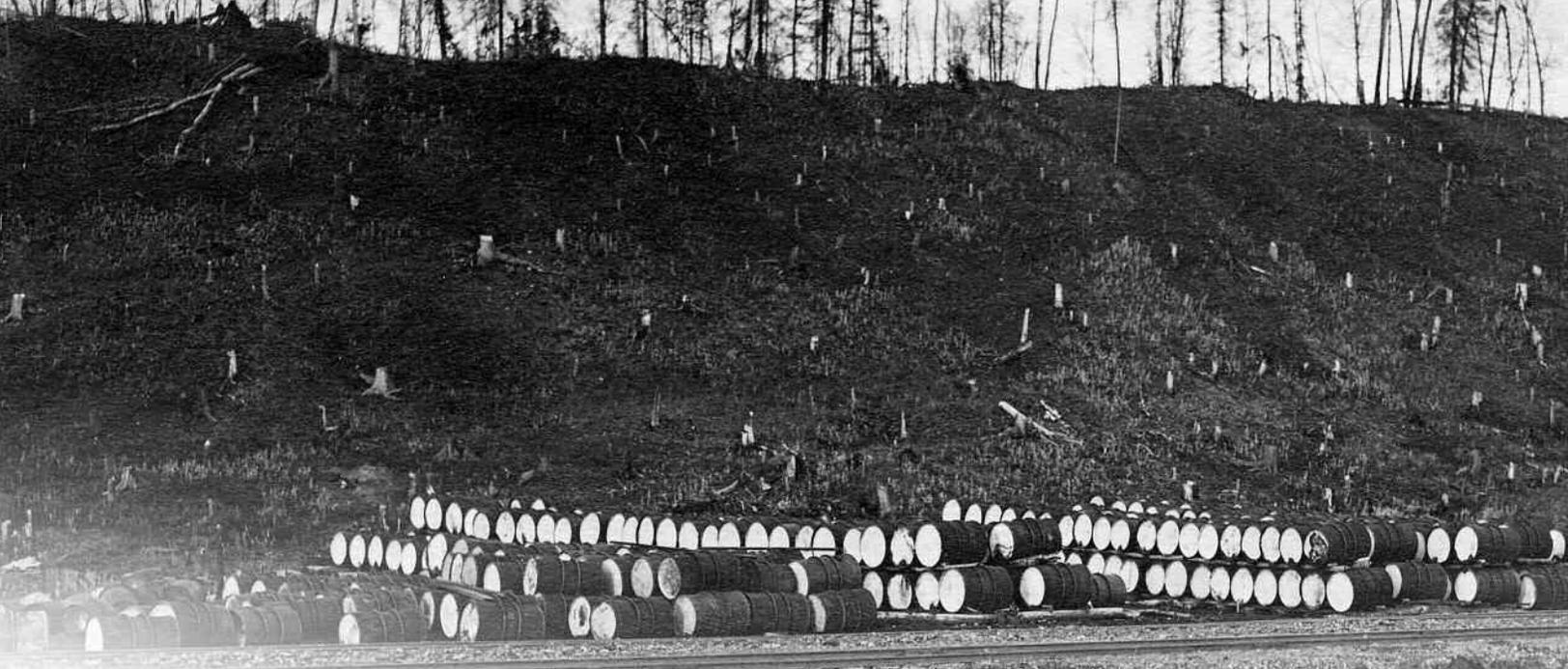
structure for all of Alaska's communities.

This year's annual report theme: Finding Solutions to the Challenges of Alaska, provides us with some wonderful reflections of the pioneer spirit that made this state what it is today. By working together, I am confident we can realize the vision and mission of the Denali Commission and make a better Frontier for all Alaskans.

Sincerely,

Governor Sarah Palin
State Co-Chair



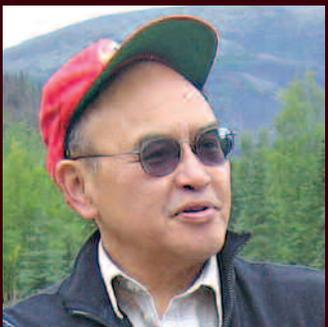


FINDING *Solutions* POWERING OUR RURAL COMMUNITIES

In most rural Alaska communities electricity is expensive, unreliable, and almost solely dependent on diesel-powered generation to produce power. Obtaining bulk fuel is limited to one or two annual shipments via barge from the U.S. mainland, and storing enough fuel to last a community for 12 months can be daunting. These communities also face critical threats to health and environment from non-code compliant bulk fuel storage facilities. Deteriorating and leaking fuel tanks, some that are 50-60 years old, create serious environmental hazards. With increasing construction of schools and basic public infrastructure in rural communities, energy consumption has been growing at a higher rate than in the rest of Alaska. The Commission is aggressively pursuing renewable energy power generation, including hydro, wind turbines, geothermal and biomass. Each renewable power source offsets the need for expensive diesel technology, reducing costs over time and improving environmental and health conditions. Providing reliable, affordable energy is a fundamental building block to ensure Alaska's communities are sustainable over the long-term.

Photo: View of railway oil yards in Anchorage. From the Anchorage Museum of History & Art Alaska Engineering Commission Collection. 1916.

FOCUSING *on* CRUCIAL NEEDS



**Alaska Energy Authority
Deputy Director**
Mike Harper

The Alaska Energy Authority (AEA) use to finish an average of two projects a year with a budget of \$2-\$3 million. Since Congress passed the Denali Commission Act in 1998, the number of rural energy projects the state program completes annually has more than quadrupled. Mike Harper, AEA deputy director of rural energy, said these days the program averages 8 to 12 projects a year with a total budget of \$20-\$30 million per season.

Since a state inventory in the 1990s identified 170 villages with leaking fuel storage tanks, Harper said AEA has built

code-compliant bulk fuel tank farms in about half of the villages on its list. So far the Denali Commission has partnered with AEA to tackle about 65 projects on the bulk fuel list and another 30 projects on the power plant side.

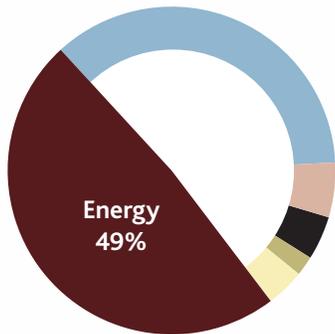
Harper said meeting rural Alaska's critical infrastructure needs couldn't happen without the Commission. "It would be impossible to get where we are without the Commission's guidance and peacemaking between private agencies and groups," he said. "They've been able to bring the focus to very crucial needs, such as the energy program."

Energy PROGRAM

Recognizing the critical role energy plays in the quality of life and economic development of Alaska's communities, the Denali Commission has made energy its primary infrastructure theme since 1999. In partnership with the State of Alaska and other energy organizations, great strides are being made to develop safe and reliable energy infrastructure in Alaska while minimizing expenses.

The energy program primarily funds design and construction of replacement bulk fuel storage facilities, upgrades to community power generation and distribution systems, and some energy cost reduction projects. The Commission works with the Alaska Energy Authority (AEA), Alaska Village Electric Cooperative (AVEC), and other partners to meet rural communities' fuel storage and power generation needs. Since its inception, the Commission has provided over \$300 million in support of energy projects.

FY 2006 FUNDING USES



Energy
\$57,840,895

Includes:
Bulk-Fuel Storage
Community Power Generation
Distribution Systems Upgrades
Energy Cost Reduction Projects
Renewable and Alternative Energy Projects
Power Line Interties



Inset photo: Wind tower, bulk fuel and power plant in Toksook Bay, located in Western Alaska on the Bering Sea.

Factors like the tricky logistics of getting equipment, materials and a workforce to rural sites result in rural construction costs that are about triple urban building costs. The day-to-day operating costs of a new building in rural Alaska also will be 3 to 4 times more, Harper said. "Energy costs take a bigger bite out of rural budgets," he said. "Even with the Power Cost Equalization program, rural Alaskans pay 3 to 4 times more per kilowatt-hour than their Anchorage counterparts."

Harper gave an example of one village where more than one big two-story house

is sitting empty because families in the community can't afford the heating and electric bills. "We want to focus on sustainable development," he said. "We need healthy communities throughout the state of Alaska."

To reduce the amount of diesel consumed, Harper said the Commission has funded wind farms in communities like Selawik, Toksook Bay and Kasigluk. The projects have reduced the amount of diesel consumed by an average of 7% - 10%. On a windy day in Toksook Bay, Harper said wind power replaces as much as half of the diesel used. The Commission and its partners are

investing in other types of renewable energy as well, like the geo-thermal power used at Chena Hot Springs.

"Partnering with the Denali Commission makes the ripples go farther."



FINDING *Solutions* ALASKANS NEED ACCESSIBLE HEALTHCARE

From the smallest villages to the larger regional centers; cost, availability, access, and staffing are some of the healthcare issues that raise many concerns for Alaskans. When health crisis arise, Alaska's challenges make providing quality healthcare daunting. Historically, qualified medical personnel have visited rural communities to ensure all Alaskans receive safe and reliable health services. However, roving health providers are not a solution for emergencies, required hospital care, or the daily medical needs of a community. Typically, rural community health facilities are aging and inadequate, physicians and other providers need to be recruited, and technology needs to be upgraded to meet the needs of a growing elderly population. Because rural Alaska health problems are multi-dimensional, dynamic solutions are necessary. In addition to funding for new facilities and training, the Commission strongly supports telemedicine, which is now among the best in the world. With telemedicine, health aides in the villages connect directly with physicians in urban centers to view images, improve diagnosis of injuries, dispense drugs, transmit X-rays and EKG's, provide care and reduce the need for patients to travel.

Photo: Traveling health clinic in Juneau. From the Alaska State Library, Alaska Department of Health & Social Services Collection. Circa 1950s.

NEW CLINIC IMPROVES QUALITY *of* LIFE



Mayor of Sand Point, Alaska
Glen Gardner

Opened in the summer of 2006, the Sand Point primary care facility has changed the way residents meet their health needs.

Sand Point Mayor Glen Gardner said the community began meeting in October 2002 to craft a plan for the new health facility.

He said the new 10,253-square-foot clinic would not have been possible without a \$3.3 million grant from the Denali Commission. The \$6.6 million project includes dedicated dental and behavioral health space.

"They've been so helpful in making this project happen quicker," Gardner said of

having the Commission as a partner. "They've been great to work with."

But what does it really mean to the community of Sand Point?

The new clinic consolidates services that were spread out in buildings all over town, he said.

"Behavioral health was in the city building," Gardner said. "It's so much easier for people who need any kind of services."

The clinic's two mid-level technicians, two community health aides and new community care technician also have new technology in the building to diagnose and

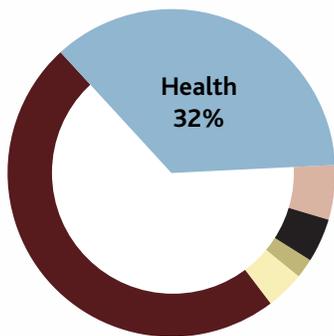


Health PROGRAM

In one of its earliest decisions, the Denali Commission designated rural health care as a top priority for Commission support and is continuing its work to provide safe and appropriate infrastructure which will improve health care delivery for all Alaskans. The Commission originally identified rural primary health care needs in some 288 communities, and has now completed clinics in over 65 of these remote communities.

Through its health facilities program, and in partnership with the U.S. Department of Health and Human Services, Alaska Native Tribal Health Consortium, the Alaska Department of Health and Social Services, USDA-Rural Development, Housing and Urban Development, the Rasmuson Foundation, Indian Health Service, and the Alaska Mental Health Trust Authority, the Commission is working to ensure all Alaskans receive access to safe and reliable health care. This program funds planning, design, construction, and equipment purchases for primary care clinic infrastructure across the state, as well as repair and renovation projects. The program is guided by a Health Steering Committee that provides policy advice.

FY 2006 FUNDING USES



Health
\$37,319,040

- Includes:
- Primary Care Facilities
 - Behavioral Health Facilities
 - Domestic Violence Facilities
 - Elder Supportive and Assisted Living Facilities



Inset photo: Allied health training student.

treat illnesses.

The new facility is linked directly to computers at the Alaska Native Medical Center campus via telemedicine technology.

In its first few months of operation, Gardner said the clinic already has saved a couple of residents from emergency medical flights to Anchorage.

"Using telemedicine, we were able to treat the illnesses in the building," he said.

Gardner said eliminating the need for just these two emergency flights saved the community about \$30,000.

"This is a project that wouldn't have

happened without all of the entities in the area coming together," he said. "Doing this project together really strengthened those relationships."

Now the city, tribe, borough and state are working together to complete road projects with the Denali Commission.

"We've made many projects happen just on the basis that we've been able to pull all of the entities in the community together to make it happen," Gardner said.



Photo: New health clinic in Sand Point.



FINDING *Solutions*
ALASKA'S TERRAIN DEFINES TRANSPORTATION

Because of its vast geographic expanse and young age as a state, Alaska continues to require significant resources for transportation improvements. Due to the challenges of terrain and ground conditions, many rural communities use boardwalks in lieu of roads. This is evident where growth has occurred on wet and soggy tundra, along beaches and tidelands, coastal dunes or where there is a lack of flat land. Boardwalks are necessary for pedestrians or sometimes vehicles to access facilities and utility structures. They serve as an essential component of the transportation system within the community. Before there was funding for improvements and better materials, a much narrower, lower, and less extensive system of boardwalks and materials served communities. Today, 10-foot wide, heavy-duty boardwalks are common in communities throughout rural Alaska. Usually the width is wide enough for two all-terrain vehicles to pass and many have ramps leading up to the boardwalk for snowmachine cross-overs.

Photo: Building a boardwalk in St. Michael from salvaged lumber. From the Anchorage Museum of History & Art Ickes Collection. Photo by Ray B. Dame. 1938.

A TIMELINE *of* PROGRESS SINCE 1998

1998	1999	2000	2001	2002
<p>The Denali Commission Act Passes An act passed in Congress sponsored by Alaska's U.S. Senator Ted Stevens, which creates an innovative approach to addressing the infrastructure and economic challenges in rural Alaska.</p>	<p>Update to Bulk Fuel Needs Assessment Working with the state of Alaska, the Commission updates an assessment of statewide bulk fuel needs, and determines the level of need for new bulk fuel facilities.</p>	<p>Memorandum of Understanding (MOU) 16 state and federal agencies sign a MOU with the Commission outlining roles and coordinating the efforts of government agencies in rural Alaska.</p>	<p>The Denali Training Fund is Created This fund is created to provide job training for Commission and other public infrastructure projects across Alaska.</p>	<p>Cost Containment Policy Implemented The Commission implements this policy to ensure projects will be built at reasonable cost to the federal government. The policy sets initial benchmarks for dollars spent per gallon of storage in bulk fuel facilities, as well as dollars spent per kilowatt of power generated in power plants.</p>
	<p>Rural Energy Needs Addressed The Commission begins to address the bulk fuel and energy crisis in rural Alaska communities by partnering with state, federal and private organizations to build code-compliant bulk fuel facilities.</p>	<p>Health Care Facility Needs Assessment The Commission conducts a statewide survey to identify primary care facility needs in 288 rural Alaska communities, at an estimated cost of \$253 million. The Commission begins building facilities to meet these needs. The U.S. Department of Health and Human Services, through the Health Resources Services Administration (HRSA), provides funding support for the program.</p>	<p>Power Needs Assessment The Commission conducts a statewide power system needs assessment to identify power system upgrade needs in 168 rural Alaska communities. The Commission begins upgrading power systems to meet these needs.</p>	<p>Washeteria Program Approved The Commission begins building washeterias in rural Alaska.</p>
			<p>Sustainability Resolution Adopted This resolution, adopted by the Commission, requires communities to meet specific sustainability requirements before projects are funded.</p>	

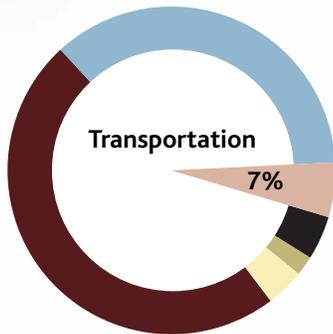


Transportation PROGRAM

The Denali Commission's newest program, transportation, has two primary elements: roads and waterfront development. The road program primarily targets the need for basic road improvements in rural Alaska. It also looks at opportunities to connect rural communities to one another and the state highway system, and for opportunities to enhance rural economic development. The waterfront development program is designed to address port, harbor and other waterfront needs for rural communities.

The Denali Commission approved the first generation of road and waterfront development projects in this program in May 2006. A Transportation Advisory Committee (TAC) made up of rural Alaska leaders with experience in transportation development is a key statutory feature of the program, and a key element in the program's success. The TAC guides the program and recommends projects to the Denali Commission for approval.

FY 2006 FUNDING USES



Transportation
\$8,873,909

Includes:
Local Roads and Boardwalks
Waterfront Development
Community Connection/Roads



Inset photo: A four-wheeler in operation on the boardwalk in Tuntutuliak, located in western Alaska.

2003

MOU Commitment is Renewed

33 state and federal agencies sign an MOU renewing a commitment to coordinate the efforts of government agencies in rural Alaska.

Multi-Use Facilities Program Begins

The Commission begins building multi-use facilities in rural Alaska.

Private Enterprise Policy Adopted

The Commission adopts a policy to ensure federal funding does not interfere or compete with private enterprise.

2004

Additional Programs Approved

The Denali Commission receives Congressional direction to expand on existing programs and build teacher housing, elder supportive housing, domestic violence facilities, and solid waste facilities in rural Alaska.

Investment Policy Adopted

The Commission adopts a policy to ensure all federal dollars are maximized to meet the needs of rural Alaska and projects are sustainable.

2005

Energy Policy Act Passes

An act authorizing up to \$55 million annually to address Alaska's future energy needs until 2015.

Community Plan Requirement

As a commitment to sustainable development, the Commission requires that projects applying for funding be part of a community plan.

Transportation Reauthorization Bill

The passing of this bill authorizes up to \$100 million for roads, docks, harbors, and related infrastructure in rural Alaska for four years.

New Leadership for the Commission

Secretary of Commerce Carlos Gutierrez appoints Mr. George J. Canelos to serve as the new Federal Co-Chair.

2006

Study Initiated to Aid the Commission in Strategic Planning

After a national solicitation, the McDowell Group was selected to conduct an independent review and analysis of performance, impacts and outcomes of the Denali Commission's programs and policies since inception. This comprehensive study will aid the Commission in strategic planning and provide direction for future program development.

Transportation Advisory Committee Created

A committee, made up of rural Alaska leaders with experience in transportation, guides the Commission's Transportation Program and recommends projects to the Commission for approval.

New Commissioners

Sarah Palin, Alaska's first woman Governor, joins the Commission as the State Co-Chair. Also new to the Commission is Kathie Wasserman, the new Executive Director of the Alaska Municipal League, replacing Kevin Ritchie who served since the inception of the Commission.



FINDING *Solutions* AN ECONOMY BASED ON NATURAL RESOURCES

Since its earliest days as a territory of the United States, Alaska has contributed to the economy of America, largely through oil production, tourism, fishing, timber, mining and government. Although tremendous wealth has been produced from gold, copper, fur, fish and oil, unemployment in rural Alaska communities consistently exceeds 50%. Many rural Alaska communities struggle to reconcile traditional subsistence lifestyles with the demands of modern American culture and its cash economy. For Alaska to compete in the global marketplace, innovation and entrepreneurship have become critical to business success. When there are opportunities for new businesses to start and existing businesses to grow, there are more jobs available providing economics that benefit individuals, families and all Alaska communities. Economic growth allows residents to live and work in their region, offers a long-term solution to poverty and unemployment, and a demand for new and enhanced services that improve the quality of life.

Photo: Tents and prospectors at the foot of the Chilkoot Pass trail. From the Alaska State Library Winter and Pond Collection. 1897.

COMMUNITY MAPPING *is* A PLANNING TOOL

Seven years ago when Marv Smith started as Lake and Peninsula Borough Community Development Coordinator, the maps he had to work with were horribly out-of-date.

When reviewing plats or construction projects for approval "you just had to close your eyes and visualize what you were attempting to approve," Smith said. "It was almost impossible for us to figure out how to plat stuff from those old maps."

Starting in 2002, Smith devoted hundreds of hours lining up 20 financial grant partners that contributed the roughly \$700,000 to map the borough's 19 communities, plus a

major road corridor leading into the borough.

The Lake and Peninsula Borough is one of 11 mapping projects statewide that are part of the Initiative for Accelerated Infrastructure Development.

The goal of the initiative is to create new maps for communities in Alaska with out-dated or non-existing community maps.

Before the mapping project was complete in the Lake and Peninsula Borough, Smith said he relied on a hodgepodge of maps from different offices, or spent project resources to create one-time specific maps.

"Every time a community needed a map,

the state or borough needing the map would hire a local mapping contractor to fly over and make an aerial photo of the area," he said. "The borough and state agencies were paying over and over again for the same maps."

Alaska Department of Commerce, the Denali Commission's program partner in delivering this program, is working with interested regions that have the ability to provide the required one-to-one funding match.

Communities with a population under 1,500 that are not located in a borough with mapping capability are eligible.

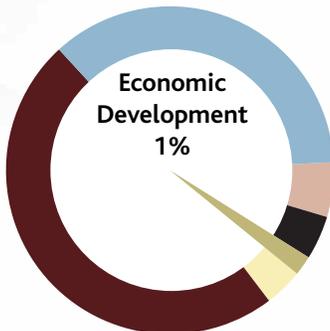
Smith said the borough invested about

Economic DEVELOPMENT PROGRAM

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

The Commission's economic development program supports the development of community profile maps upon which community planning and public infrastructure development can be funded. The program also supports the mini-grant program, which communities can use for community planning, and for feasibility studies, engineering, design, and implementation of projects that support economic development.

F Y 2 0 0 6 F U N D I N G U S E S



Economic Development
\$600,000

Includes:
Mini-grants
Business Financial Assistance
Business Technical Assistance
Community Mapping



Inset photo: The Alaska Marketplace statewide competition generates new economic opportunities in rural Alaska.

\$75,000 in mapping the 19 communities plus the many hours of his and other borough staff time was part of the match to make the project successful. On its own, he said, the borough might have been able to afford to map one or two communities at a cost of \$30,000 to \$50,000 each. That would not have been fair to those communities not mapped so they decided to seek additional funding to map all the communities within the borough.

"Denali Commission's funding is what pushed it over the top and enabled the partners to reach their goal," Smith said

of the Commission's \$220,120 financial assistance award.

"Now when the Department of Transportation or the Bureau of Indian Affairs is working on a road project, they use the same maps," Smith said. Communities also are using the maps to plan community land use for the next 20 years, he said.

"We use them every day," Smith said. "Without a doubt, it's the best planning tool our villages could have for the next 25-30 years."

The maps are based on aerial images with surveyor's information about property

lines super-imposed right over the photo, Smith said. The maps also show elevation lines, flood zones, erosion zones and more.

He said the borough also has taken the additional step of converting the mapping information into a Geographical Information System. This process was also accomplished with grant funding and borough match.

"The planning commission is far more confident in what they are approving when they review construction projects and plats," Smith said.

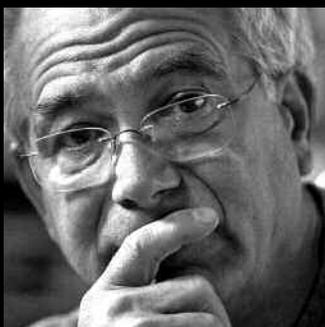


FINDING *Solutions* DEVELOPING A SKILLED WORKFORCE

Population increases in rural Alaska call for greater dependence on and need for improved infrastructure systems. As construction for new and improved facilities and utility projects are being planned, the issue of long-term maintenance and operations plans of those facilities are of primary concern to the community. Training local residents to meet these needs is a priority for the Denali Commission. Over the past century, contractors from outside the region would come to the site, bring their own trained employees, do the work and leave. To achieve sustainability, recruiting and maintaining qualified, local, skilled labor is essential for long-term solutions. Education is the cornerstone for improving the quality of life in all communities as it equips individuals with the tools necessary to become more economically viable. The goal to develop healthy, sustainable projects requires training local residents with the necessary skills to properly maintain, and manage infrastructure facilities and be responsible for ongoing operation activities.

Photo: A mining class held inside an old mill building. From the UAF Rasmuson Library, Alaska and Polar Regions Collections. Circa 1930s.

COMMISSION *provides* STRATEGIC ACCOUNTABILITY



Alyeska Pipeline Service Company
Sr. Corporate Adviser
Perry Eaton

Triage may be the most crucial role the Denali Commission performs in addressing rural Alaska's infrastructure and economic challenges, according to Perry Eaton, a board member of Koniag Inc., one of the 13 ANCSA Native corporations, and Senior Corporate Adviser with Alyeska Pipeline Service Company.

"Before the Denali Commission's existence, there was no universal way to measure need and order projects based on merit or need. The money was coming from so many agencies and directions there was no strategic accountability," Eaton said. The

uniform funding principals that the Commission has set will be its lasting legacy," Eaton said. "It's demonstrated that strategic accountability is the only way to approach community sustainability."

Eaton said he expects the Commission will see new scrutiny and fewer dollars in the future. "If we are going to successfully deal with this new federalism, one of the sharpest tools we have is the Denali Commission," he said. "It's maybe the most perfectly postured institution for moving forward."

Born in Kodiak, Eaton grew up working on his father's fishing boat. He led the

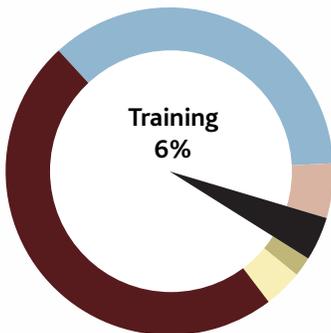


Training PROGRAM

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

Funds are currently allocated to the following training programs: The Denali Training Fund, managed by the state of Alaska Department of Labor, builds sustainability into construction projects by helping local residents learn to operate and maintain facilities after they are constructed; The Alaska Works Partnership (AWP) provides apprenticeship-based training in construction careers; The University of Alaska Allied Health Training offers opportunities for rural residents to earn a degree in health careers; First Alaskans Institute supports internships and fellowship opportunities for Alaska Natives; the Associated General Contractors (AGC) of Alaska provides nationally recognized skills assessments for rural residents.

FY 2006 FUNDING USES



Training
\$6,530,832

Includes:
Health Professions
Construction Trades
Infrastructure Operations
and Maintenance



Inset photo: Students receive training on heavy equipment and commercial vehicles in order to be employed on a Denali Commission construction project.

statewide rural development company, Community Enterprise Development Corporation (CEDC) for 17 years and served as the President and Chief Executive Officer for the Alaska Native Heritage Center before joining Alyeska.

"I know from my experience with CEDC that money itself is not the answer," Eaton said of the state agency. "You need access to money, but you have to have leadership. The Denali Commission maximizes the federal impact and it creates realistic expectations by tempering the classic experience of 'Just because I'm here, I'm entitled,'" he said.

Communities seeking funding for infrastructure projects must answer questions like "Who are your partners?" And "How does this fit into a community plan?"

"Without a model like the Denali Commission, it really turns into a free-for-all," he said.

Since inception, the Commission has spent nearly \$11.4 million on projects in the Koniag region of Alaska. "Because of the accountability it requires, I'm certain the \$11 million was much better spent with greater impact and achieved better results having come through the Denali Commission,"

Eaton said. "The Commission's model of great leadership and good governance is the right tool at the right time for Alaska's rural communities."

FINDING *Solutions*

LACK OF ADEQUATE INFRASTRUCTURE

In most of the United States, water is piped into homes. Many Alaska communities lack indoor plumbing and the drinking water/waste disposal systems mirror those of developing nations. Currently, many residents in rural communities haul water to their homes by hand from watering points or community washeterias. A washeteria is a centrally located building where potable water and laundry facilities are available, also an important facility for maintaining sanitary conditions and preventing disease. Frequently large trash cans are used in homes to store water for domestic uses such as drinking, hand washing and all other household needs. These systems of water haul and storage are not only burdensome to residents but their improper use can contribute to disease transmission. Where there are no piped sewage facilities, many rural communities are served by rudimentary systems such as a "honey bucket." This is a bucket which is placed in a discrete area of the home, office, or clinic, and used as a toilet. When the bucket is filled, it is carried by hand to a bunker, tundra pond, landfill, or dumped where most convenient. It is then returned to the building to be used as a toilet again. Given these conditions, the opportunity for contamination and the passage of communicable diseases is very high.



Photo: A small boy empties a garbage bucket at the waterfront in Sitka. From the Anchorage Museum of History & Art Ickes Collection. Photo by Ray B. Dame. 1938.

2006 FIRE *of* HOOPER BAY



Hooper Bay Community

On August 3, 2006 the community of Hooper Bay suffered a devastating fire. Hooper Bay is a Yup'ik Eskimo sub-regional community of approximately 1,100 people located 535 miles west of Anchorage on the coast of western Alaska. The fire burned approximately 15 acres, consuming 35 structures and burned within 300 feet of the community's bulk fuel storage tanks. The fire destroyed or severely damaged critical community facilities such as the existing elementary and high school, existing teacher housing units, the local store, and 12 homes; leaving some 65 individuals homeless.

Hooper Bay residents immediately joined with local, regional, state, federal and philanthropic organizations to begin to rebuild and relocate and house families who lost everything in the fire. The Denali Commission was one of many organizations with projects planned or underway in Hooper Bay when the fire occurred. Projects completed or under development included new teacher housing units, a new sub-regional clinic, and bulk fuel storage tanks.

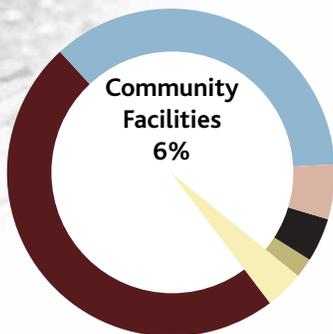
While the fire was devastating it presented an incredible opportunity for the Commission and its partners to respond

Community FACILITIES

Community facilities are an integral part of daily life, economic development and the health and welfare of Alaskan communities. As the cost of heating fuel and operations and maintenance of older, less efficient structures continue to rise, community members have partnered with one another, local entities and regional stakeholders to plan, design, equip and construct facilities that serve varied community needs, and allow for the sustainable and cost effective delivery of services within one facility.

The Denali Commission has engaged in funding a wide array of these critical facilities such as multi-use buildings; washeterias; teacher housing units; and funding for solid waste projects. In many communities facilities such as a washeteria, which provides bathing/shower and washer/dryer service to residents, or community centers, which may include tribal offices, municipal offices, social service offices, itinerant housing and community meeting space, serve as the community gathering center. Tribal meetings, community activities, and sporting events are just a few of the important functions that may take place in such facilities.

F Y 2 0 0 6 F U N D I N G U S E S



Community Facilities \$7,303,353

- Includes:
- Multi-Use Facilities
- Public Broadcasting
- Teacher Housing
- Washeterias
- Solid Waste



Inset photo: The new multi-use facility in Sleetmute houses programs such as alcohol detox, Indian Child Welfare, public works and more.

and escalate the timeline of project completions. For example, in the case of teacher housing, the local school district had identified a long-term need for 34 teacher housing units. 18 units were available in Hooper Bay, and the Commission had approved construction funding for another 16 units. 8 units were destroyed in the fire. Materials for the Commission-funded units were already on site in the community and the school district and contractor worked together to accelerate the construction schedule so the new units were completed by the end of November 2006. This

acceleration was important as it coincided with the opening of the new school, completion of installation and construction of pre-fabricated homes, and return of teachers and displaced residents to Hooper Bay. Additionally, Village Safe Water (VSW), the agency which installs water and sewer systems across Alaska, was also able to accelerate their schedule for installation of water and sewer in the school. The school district conducted weekly community meetings to keep residents informed of the progress on both the school and teacher housing units.



Photo: New teacher housing units in Hooper Bay.



FINDING *Solutions* COASTAL COMMUNITIES IN CRISIS

Alaska's coastline extends for 6,640 miles, a distance greater than that of all the other states combined. Coastal communities are primary centers of commerce and vital links to interior communities and sustain 85% of Alaska's population. On average, portions of Alaska's coastline are eroding at a rate of 8 feet per year, generating a growing call for expert assistance from the communities troubled by coastal erosion and shoreline development issues related to expanding population and commercial development. Information and funding are vital to addressing coastal access needs, erosion problems, public safety and water quality concerns.

Photo: Waterfront of St. Michael inundated by tsunami waves. From the Alaska State Library, Robert N. DeArmond Collection. 1913.

PARTNERS *in the* "GOOD IDEA BUSINESS"



Rasmuson Foundation
President/CEO
Diane Kaplan

Think of the Denali Commission as a lever. What the Rasmuson Foundation can accomplish increases when it partners with the Denali Commission, said Diane Kaplan, President/CEO of the private foundation and recipient of 2006 Alaska Federation of Natives' Denali Award.

"The Denali Commission leverages our funds to greater impact," Kaplan said. Since all Commission grants require matching funds from other sources, every project is completed with its own unique palette of partners. "Partnering sends the message that we expect communities to work

collaboratively, too," Kaplan said. "Together we can help make good projects happen that might be beyond the means of any one of us individually."

After several years of planning, the Commission, the Rasmuson Foundation and the Alaska Mental Health Trust Authority partnered to launch the Pre-Development program. Through this program, the Commission can work with partners and evaluate potential projects, provide technical assistance for potential projects and ensure organizations requesting funding meet: demonstrated need, are consistent with local

Government COORDINATION

The Denali Commission is charged with the special role of increasing the effectiveness of government programs by acting as a catalyst to coordinate the many federal and state programs that serve Alaska. The Commission led the way by committing state and federal agencies to this effort in jointly signing a Memorandum of Understanding (MOU). This MOU outlines the role of agencies in coordinating resources and efforts in areas such as community planning, sustainability, information technology and data sharing and coordination of pre-construction activities. This MOU served as the basis for the creation of several multi-agency work groups and cooperative projects that have served to increase the agencies' collective effectiveness. The MOU was amended in 2003 with increased participation from both the state and federal partners.

The Pre-Development pool, another effort, was established in response to concerns with the viability of capital project proposals presented to the Denali Commission and funding partners. In partnership with the Rasmuson Foundation, Alaska's largest private foundation; and the Alaska Mental Health Trust Authority, a state agency, the Denali Commission has funded the work of the Pre-Development pool housed at the Foraker Group, and in July 2006 signed a MOU with these entities.

Pre-Development provides assistance to the Denali Commission and partners by working with potential grantees on a statewide basis producing stronger and more sustainable project proposals. It also eliminates redundancy by bringing major funders to the table.



Inset photo: Government coordination meeting hosted by the Commission regarding the City of Buckland water and sewage system project.

planning, demonstrate collaboration, are sustainable and have realistic facilities and budgets. The successful completion of the pre-development process gives the Commission and other funders confidence that a contribution to phases of the proposed project is money well invested. "The program helps the funding community become familiar with projects at the earliest possible stage," Kaplan said. "In the past, vital steps were taken before funding partners were involved."

While the original intent of the Congressional Act may have been to require state and federal agencies to work together,

she said leadership at the Commission has extended that spirit of partnering to include private funders. "It's unusual in the United States to find state, quasi-federal and private funders working together," Kaplan said. "While partnering can take more time, it creates more opportunity." So far, it's just the three partner organizations that are using the pre-development program but the intent is that other funders will join in and take advantage of the opportunity, Kaplan said.

Rasmuson Foundation gives about \$25 million in grants annually. Without the Denali Commission as a partner, Kaplan said

the kinds of projects that get funded would be different. "In a lot of cases, there would not be health clinics without the Denali Commission," she said. "There would be fewer total funding opportunities for communities."

"Sometimes we find out about good ideas from the Denali Commission and we're in the good idea business."



FINDING *Solutions* DEMAND FOR THE BEST CONSTRUCTION PRACTICES

The earth's most active seismic feature, the circum-Pacific seismic belt, lies beneath Alaska, where more earthquakes occur than in the other 49 states combined. Alaska has as many as 4,000 earthquake at various depths detected each year. The Good Friday earthquake in 1964, was the most powerful earthquake in North American history. This magnitude 9.2 earthquake was centered off the coast of Southcentral Alaska and lasted more than four minutes. The powerful earthquake caused ocean floor shifts creating large tsunamis up to 220 ft in height, which resulted in many of the deaths and the destruction of towns. Most areas in Southcentral Alaska, especially the major ports, were heavily hit by a combination of seismic damage, tsunamis, and/or fire. New and improved infrastructure consists of systems and assets so vital to Alaskans that their incapacity could harm physical security, economic security, or public health. Infrastructure is often geographically concentrated, and best construction practices are necessary to keep it from being vulnerable to events like natural disasters.

Photo: Railroad ties along Turnagain Arm following the '64 earthquake. From the UAF Rasmuson Library, Alaska and Polar Regions Collections, Alaska Earthquake Archives.

MEET *the* COMMISSIONERS

Unlike any other state, the Denali Commission Act requires that seven leading Alaskan policymakers form a team as the Denali Commission. Commissioners meet at least twice a year to develop and monitor annual work plans that guide the Commission's activities. Commissioners draw upon community-based comprehensive plans as well as comments from individuals, organizations, partners and staff 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.



GEORGE CANNELOS
Federal Co-Chair,
Denali Commission



GOVERNOR SARAH PALIN
State Co-Chair,
Denali Commission



GARY BROOKS
Representative,
Alaska State AFL-CIO

Guiding PRINCIPLES

- The Denali Commission will give priority to funding needs that are most clearly a federal responsibility.
- Denali Commission funds may supplement existing funding, but will not replace existing local, state, federal government or private funding.
- Denali Commission funds will not be used to create unfair competition with private enterprise.
- Projects must be sustainable.
- The Denali Commission will generally not select individual projects for funding nor manage individual projects, but will work through existing state, federal or other appropriate organizations to accomplish its mission.
- Projects in economically distressed communities will have priority for Denali Commission assistance.
- Projects should be compatible with local cultures and values.
- Projects that provide substantial health and safety benefit, and/or enhance traditional community values will generally receive priority over those that provide narrower benefits.
- Projects should have broad public involvement and support. Evidence of support might include endorsement by affected local government councils (municipal, tribal, etc.), participation by local governments in planning and overseeing work, and local cost sharing on an "ability to pay" basis.
- Priority will be generally given to projects with substantial cost sharing.
- Priority will generally be given to projects with a demonstrated commitment to local hire.



RICHARD CATTANACH
Executive Director,
Associated General
Contractors of Alaska



MARK HAMILTON
President,
University of Alaska



JULIE KITKA
President,
Alaska Federation of Natives



KATHIE WASSERMAN
Executive Director,
Alaska Municipal League

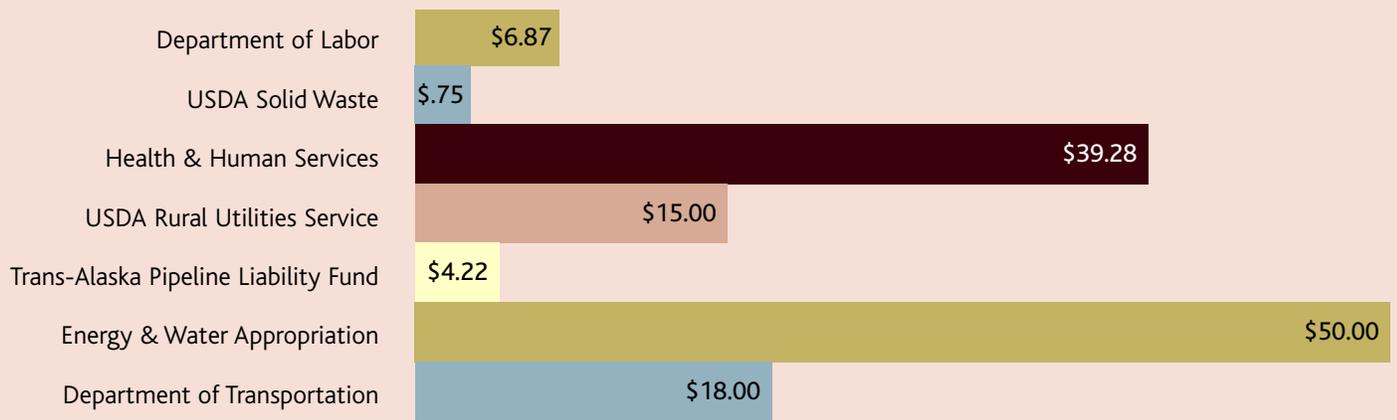


FINDING *Solutions* ALASKA'S VARIABLE CLIMATE

Perishable goods were once stored in innovative shed-like buildings on stilts called "caches." Now, with energy more available, electrical power generation and heating make up over 95% of a community's fuel demand. Residents statewide have been challenged with storage of food and fuel in Alaska's variable climate. Southeastern coasts are very wet and mild, the northern region experiences very cold, dry weather, while southwest Alaska experiences wind gusts up to 100+ miles per hour. The Interior of Alaska is best described as extreme with temperatures in the summer reaching over 100° F, while in the winter, the high temperature can stay below 0° F for several days. The unique climate of Alaska has always necessitated unique construction for infrastructure facilities in remote areas.

Photo: Raised log cache. From the Alaska State Library, Harry T. Becker Collection. Circa 1950s.

FISCAL YEAR 2006 FEDERAL SOURCES *of* FUNDING (IN MILLIONS)



TOTAL \$134 MILLION

Fiscal Year 2006

During Fiscal Year 2006, the Denali Commission continued to focus on rural energy and rural health care needs as its top infrastructure priorities, obligating more than half of the total FY2006 funding received by the agency to these critical programs. Additional investments were made in the program areas of transportation, job training, economic development, elder and teacher housing, solid waste, and other basic infrastructure.

The Commission's financial audit, conducted by M.D. Oppenheim and Company, resulted in an unqualified opinion about the adequacy of the financial statements. To maintain an unqualified opinion, the Commission follows financial management guidelines; meets all applicable requirements of OMB Circular A-123; and takes proactive steps to ensure the integrity of its operations and financial management.

In addition to the FY 2006 financial project information contained in this report, current information can be found on the Denali Commission website at www.denali.gov.

FY06 FUNDING SOURCES

Energy & Water Development Bill	\$	50,000,000
Rescission (withdrawal of a percentage of funds across all agencies in government)	\$	(507,500)
Trans-Alaska Pipeline Liability Funds (TAPL)	\$	4,227,258
USDA Rural Utility Service Funds	\$	15,000,000
Health & Human Services Funds	\$	39,283,200
Department of Labor Funds	\$	6,874,560
USDA Solid Waste Funds	\$	750,000
Department of Transportation (Obligating Authority)	\$	18,074,700

TOTAL FUNDING	\$	133,702,218
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FY06 FUNDING USES

Obligated Funds		
Program Obligated Liabilities		
Energy & Water Development Bill	\$	47,025,000
Trans-Alaska Pipeline Liability Trust Fund (TAPL)	\$	4,015,895
USDA Rural Utility Service Funds	\$	14,400,000
Health & Human Services Funds	\$	37,319,040
Department of Labor Funds	\$	6,530,832
USDA Solid Waste Funds	\$	303,353
Department of Transportation (Obligating Authority)	\$	8,873,909
Total Program Obligated Funds	\$	118,468,029
Administrative Funds		
Operating Funds	\$	4,629,937
Program Supplemental Projects	\$	1,905,174
Total Administrative Obligated Funds	\$	6,535,111
Committed Funds		
Program Funds	\$	8,699,078
Administrative Funds	\$	—
Total Committed Funds	\$	8,699,078

TOTAL OBLIGATED AND COMMITTED FUNDS	\$	133,702,218
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FINDING *Solutions* DECISIONS TODAY DETERMINE TOMORROW

Alaskans take pride in the beauty and bounty of their state. Sustainability, one of the Denali Commission's five core values, is about respecting and responding to the needs of today's generation without compromising future generations' ability to meet their own needs. It is about people, their long-term economic well-being and their environment. From addressing fuel storage needs to creating accessible healthcare; empowering people through skills development to improving transportation systems, the Denali Commission is a catalyst for sustainable development and contributes lasting benefits to rural communities and Alaska's next generation.

Photo: Happy children in the back of a pick-up truck. From the UAF Rasmuson Library, Alaska and Polar Regions Collections, Alfred R. Ketzler Collection. Circa 1960s.

DENALI COMMISSION STAFF

The Commission is staffed by a small number of professionals, 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.

NELSON ANGAPAK, SR.
AFN/ANCSA CEO Liaison

JOEY AUSEL
Grants Administrator

KATHY BERZANSKE
Senior Program Assistant

VALERIE BOYD
Operations Administrator

GEORGE CANNELOS
Federal Co-Chair

LINDSEY CIPRIANO
Finance Specialist

DENALI DANIELS
Health Program Manager

CORRINE EILO
Director of Administration

JAMILIA GEORGE
Representative to the State Co-Chair

JANET HALL
RurAL CAP Liaison

KRAG JOHNSEN
Chief Operating Officer

GENE KANE
Special Projects Coordinator
USDA Rural Development Liaison

SHARON GUENTHER LIND
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Model FOR GOVERNMENT

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The Denali Commission is committed to finding cost-effective, innovative solutions, and being accountable by making information available to the public. Utilizing the Internet and electronic media to share information has been recognized as a model for government innovation and transparency.

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*Inset photo: The Denali Commission staff.
(Not pictured: Nelson Angapak, Sr., Joey Ausel,
Mike Marsh, Nancy Merriman, and Carla Tuttle)*

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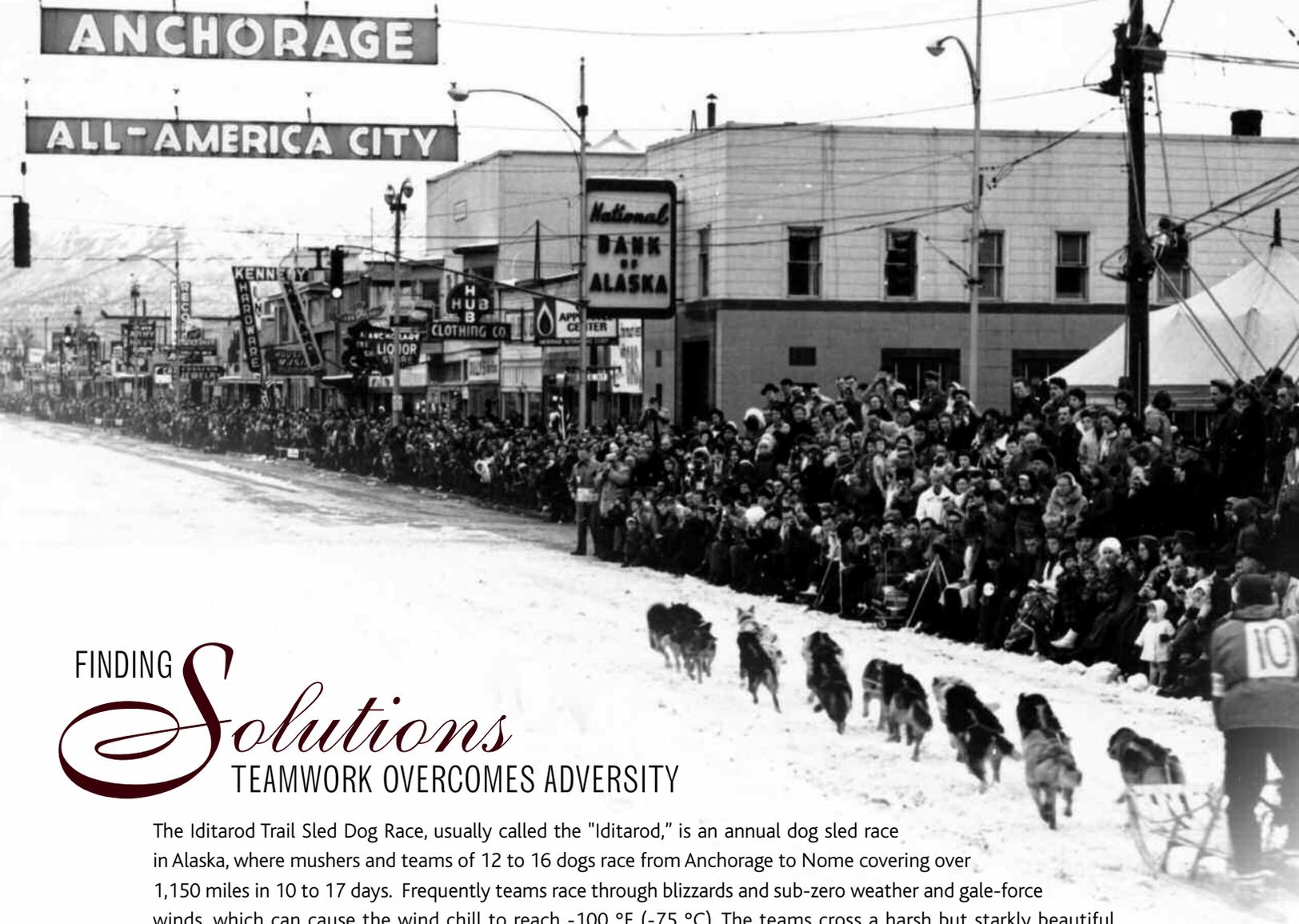
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Procurement Administrator



FINDING *Solutions*

TEAMWORK OVERCOMES ADVERSITY

The Iditarod Trail Sled Dog Race, usually called the "Iditarod," is an annual dog sled race in Alaska, where mushers and teams of 12 to 16 dogs race from Anchorage to Nome covering over 1,150 miles in 10 to 17 days. Frequently teams race through blizzards and sub-zero weather and gale-force winds, which can cause the wind chill to reach -100 °F (-75 °C). The teams cross a harsh but starkly beautiful landscape, through tundra and spruce forests, over hills and mountain passes, and across rivers. Dog mushing teaches courage, innovation, survival and endurance but most of all teamwork. Like all endeavors in Alaska, the message here is clear - the value of teamwork requires partnering together with the determination to overcome adversity.

Photo: Racing down Fourth Avenue during the Fur Rendezvous Sled Dog Race in Anchorage. From the Anchorage Museum of History & Art General Photo Collection. Circa 1960s.

OUR PROGRAM PARTNERS INCLUDE

FEDERAL

Federal Highway Administration,
Western Federal Lands Highway Division

USDA, Forest Service

USDA Rural Development

U.S. Department of Commerce,
Economic Development Administration

U.S. Department of Health and Human Services

U.S. Department of Health and Human Services,
Indian Health Service

U.S. Department of Interior, Bureau of Indian Affairs

U.S. Department of Labor

STATE

Alaska Department of Commerce,
Community and Economic Development

Alaska Department of Environmental Conservation

Alaska Department of Health and Social Services

Alaska Department of Labor and Workforce Development

Alaska Department of Public Safety

Alaska Department of Transportation and Public Facilities

Alaska Energy Authority

Alaska Housing Finance Corporation



Common ALASKA TERMS

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 down river.

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 sewage or running water. Buckets are emptied manually.

Lower 48 - Alaskans refer to the continental United States as the Lower 48.

Multi-Use Facility - A facility used to consolidate essential community services including 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. Permafrost can cause construction problems as the ground shifts during the summer months.

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 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. For some Bush communities in Alaska, this could be the only resource for clean water.

Alaska Mental Health Trust Authority

Alaska State Legislature

University of Alaska

OTHER

Alaska Federation of Natives

Alaska Growth Capital

Alaska Municipal League

Alaska Native Tribal Health Consortium

Alaska Public Broadcasting, Inc.

Alaska Regional Health Boards

Alaska Regional Non-Profit Corporations

Alaska Regional Housing Authorities

Alaska Village Electric Cooperative

ANCSA Regional Corporations

Associated General Contractors of Alaska

First Alaskans Institute

Rasmuson Foundation

Rural Alaska Community Action Program, Inc.



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