



Denali Commission

Fiscal Year 2014 Budget Justification

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Denali Commission Budget Justification 2014.

Anchorage, AK, April 2013

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As Submitted by the Federal Co-Chair

April 2013

SECTION 1

- ▶ A Message from the Federal Co-Chair1
- ▶ Denali Commission Overview3

SECTION 2

- ▶ Summary of Performance9
- ▶ Financial Performance Overview.....10
- ▶ Program Summaries, Achievements, Funding & Strategies11
 - Energy
 - Transportation
 - Health
 - Training
 - Sustainable Priorities for Alaska Rural Communities (SPARC) Program
 - Water and Sanitation Energy Efficiency Program
 - Potential Fiscal Year 2014 Investments

SECTION 3

- ▶ Information & Program Evaluation.....41

SECTION 4

- ▶ Analysis of Resources.....46

SECTION 5

- ▶ Agency Restructuring & Work Process Design.....49

SECTION 6

- ▶ Ensuring Information is Publically Available.....53





Section 1

- ◆ A Message from the Federal Co-Chair
- ◆ Denali Commission Overview



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A Message from the Federal Co-Chair

April 10, 2013

I am pleased to present the Denali Commission's detailed budget request for Fiscal Year 2014. The Denali Commission (Commission) requests \$14 million for developing basic infrastructure leading to sustainable communities in rural Alaska. Significant changes confront the Commission as it continues moving forward in its second decade. The Commission, however, remains committed to the overarching goal of improving the lives of some of our country's poorest residents in isolated rural Alaskan villages.

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 Alaska 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 has been, for a number of years, proactively responding to reduced annual appropriations – from a high of \$150 million eight years ago to less than \$15 million projected in Fiscal Year 2014. In the last four years the staff has been cut in half due to attrition, with job duties being absorbed into current positions. Office space has also been reduced accordingly. We have been mindful though that the existing grant portfolio requires sufficient staff to manage the still active Commission investments in rural Alaska projects. While trying to find a staffing balance between active grants and reduced appropriations, we have also been looking to the agency's future. Programmatically, the foremost question is what are the Commission's future investments (given an annual program budget less than \$15 million) while still having a meaningful impact in rural Alaska communities.

One role stands out – sustaining, maintaining and protecting the billions of dollars of existing infrastructure in rural Alaska. Roofs, boiler/heating systems, pumps, power generation, and all manner of building systems have “design” lives that are less than a typical building structure. In other words, the building structure may last for 50 years, but the internal workings of the buildings often need to be replaced once or twice during the useful life of the building.

A second complementary role also stands before all funders of rural Alaska infrastructure. That is working with local building owners to find solutions to address the high cost of electricity and heating. In the past ten years the cost of energy in rural Alaska has increased three-fold and this one issue is the foremost sustainability challenge for many rural villages.

Until recently the Commission has made construction of vital infrastructure projects a priority. However, with federal funds declining the Commission in, Fiscal Year 2014, will be shifting



**Federal Co-Chair
Joel Neimeyer**



Message from the Federal Co-Chair (continued)

investments to provide capital funding and technical assistance for more modest renovation projects to lower energy costs and sustain building systems. The Commission must focus on how we can assist local communities to maintain their existing infrastructure.

In addition to successful program delivery, the Commission seeks to make continuous improvements of its administrative and operational services. The Commission utilizes 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.

Please see the table below that enumerates the budgeted line items for Fiscal Year 2014 in accordance with our requested \$14 million.

FY 2014 Budget Request	Discretionary	Trans-Alaska Pipeline Liability	Total
<i>10 Personnel Compensation and Benefits</i>	1,500,000	330,750	\$1,830,750
<i>20 Contractual Services and Supplies</i>	1,800,000		\$1,800,000
<i>30 Acquisition of Assets</i>			
<i>40 Grants and Reimbursable Agreements</i>	4,085,000	6,284,250	\$10,369,250
Total	\$7,385,000	\$6,615,000	\$14,000,000

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 request for Fiscal Year 2013 was \$330,720. The amount in this 2014 budget justification requested for the Office of Inspector General is \$292,653. The amount of funding for training for Fiscal Year 2014 is \$5,000, as well as \$737 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



Denali Commission Overview

In 1998, national attention was focused on the immense infrastructure and economic challenges faced by rural Alaskan communities by the passage of the Denali Commission Act (full text available at http://www.denali.gov/images/denali_commission_act_of_1998.pdf). The Act became law on October 21, 1998 (Title III of Public Law 105-277, 42 USC 3121) thus establishing the Denali Commission (Commission).

The 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 and innovative ways to make a lasting difference.

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.

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 develop basic public infrastructure and enhance the quality of life in Alaska's communities.



Denali Commission Overview (continued)

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

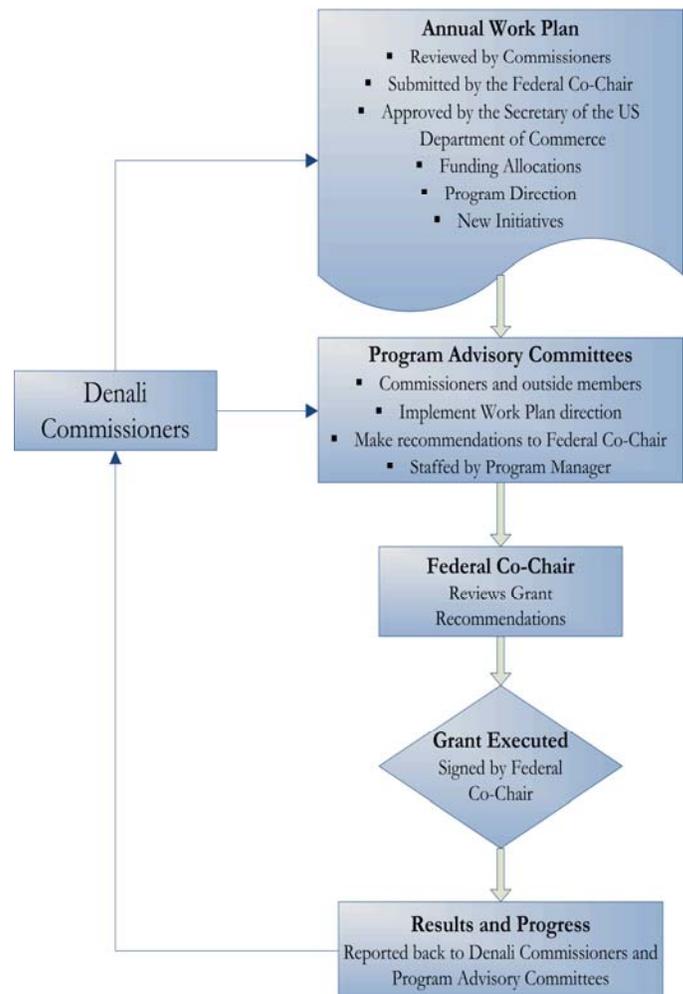
- ▶ Federal Co-Chair appointed by the U.S. Secretary of Commerce (*Joel Neimeyer*)
- ▶ The Governor of Alaska, who serves as the State Co-Chair* (*Susan Bell*)
- ▶ Executive President of the Alaska American Federation of Labor and Congress of Industrial Organizations (*Vince Beltrami*)
- ▶ President of the Alaska Federation of Natives (*Julie Kitka*)
- ▶ President of the Alaska Municipal League (*Kathie Wasserman*)
- ▶ President of the Associated General Contractors of Alaska (*John MacKinnon*)
- ▶ President of the University of Alaska (*Patrick K. Gamble*)

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.

For Fiscal Year 2014, The Commission will develop and issue a two part annual work plan. Additional discussion is provided in section five—Agency Restructuring and Work Process Design.

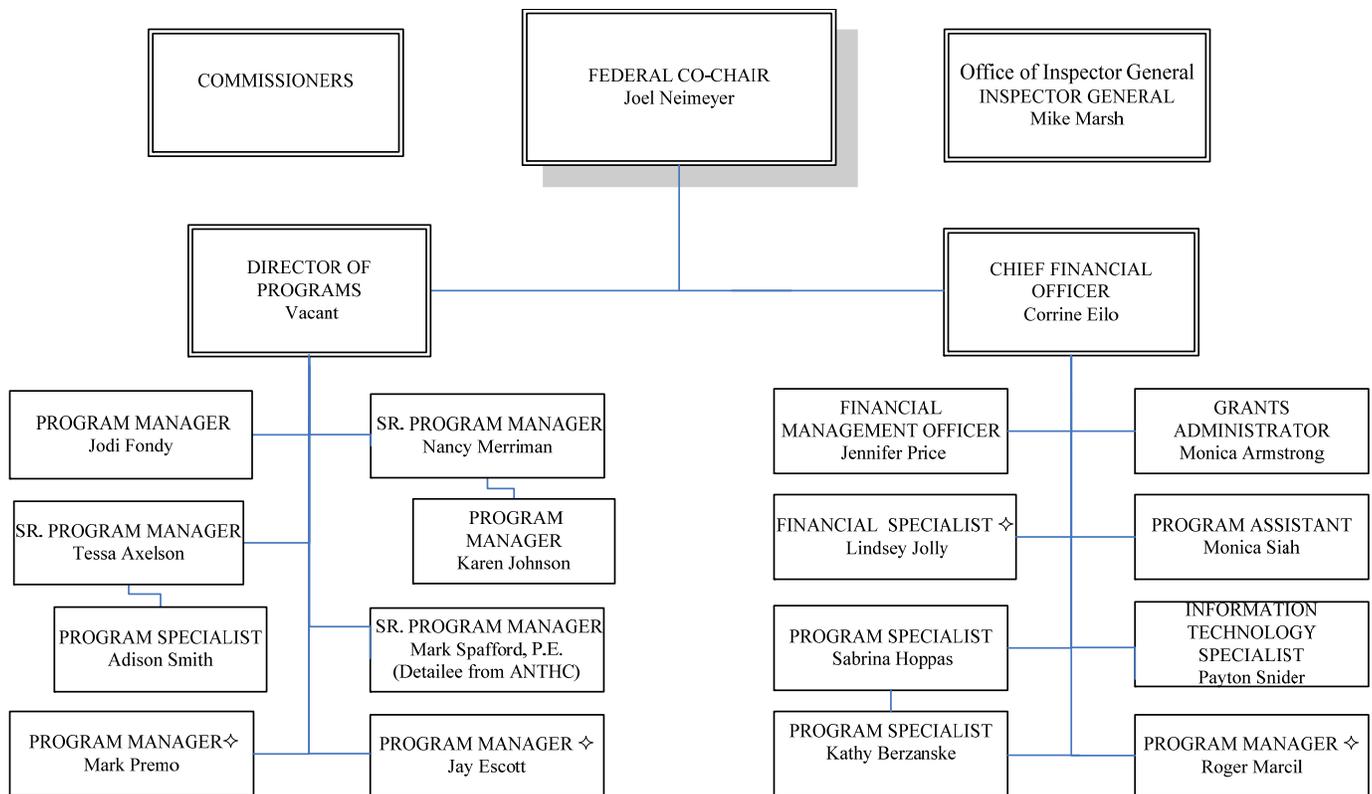
*The Governor has delegated this authority to the Commissioner of the Alaska Department of Commerce, Community and Economic Development (DCCED).

Denali Commission Decision Making Process



Denali Commission Overview (continued)

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. In Fiscal Year 2013, staffing reductions occurred at the Commission. Through attrition, four positions were vacated: Senior Program Manager, Program Assistant, Program Support Assistant and an Administrative Clerk. The following chart illustrates the Commission’s Fiscal Year 2013 organizational structure.



◇ These four individuals are employed with the Commission in a part-time capacity



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Section 2

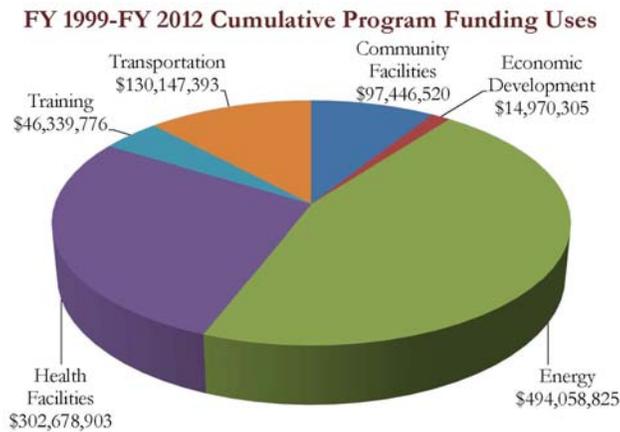
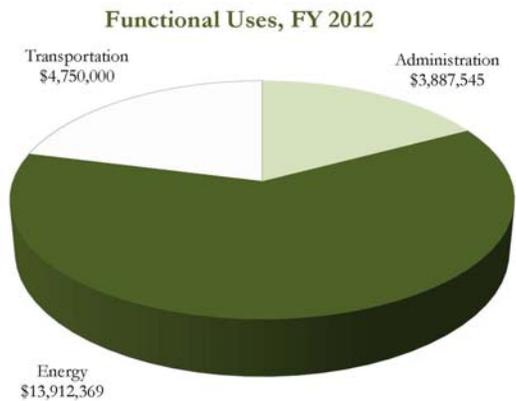
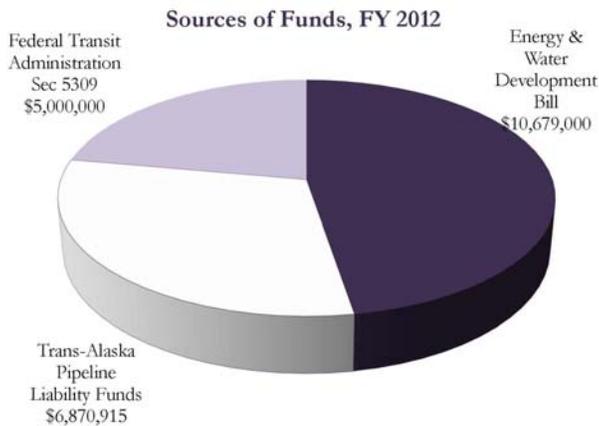
- ◆ Summary of Performance
- ◆ Financial Performance Overview
- ◆ Program Summaries, Achievements, Funding and Strategies:
 - Energy
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 - Water and Sanitation Energy Efficiency Program



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Summary of Performance



FUNCTIONAL USES OF FISCAL YEAR 2012 BUDGETARY RESOURCES

The Fiscal Year 2012 Commission budgetary authority primarily funded and administered the following program and functional areas:

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

Transportation Program

- ▶ Roads
- ▶ Waterfront Project

Administration

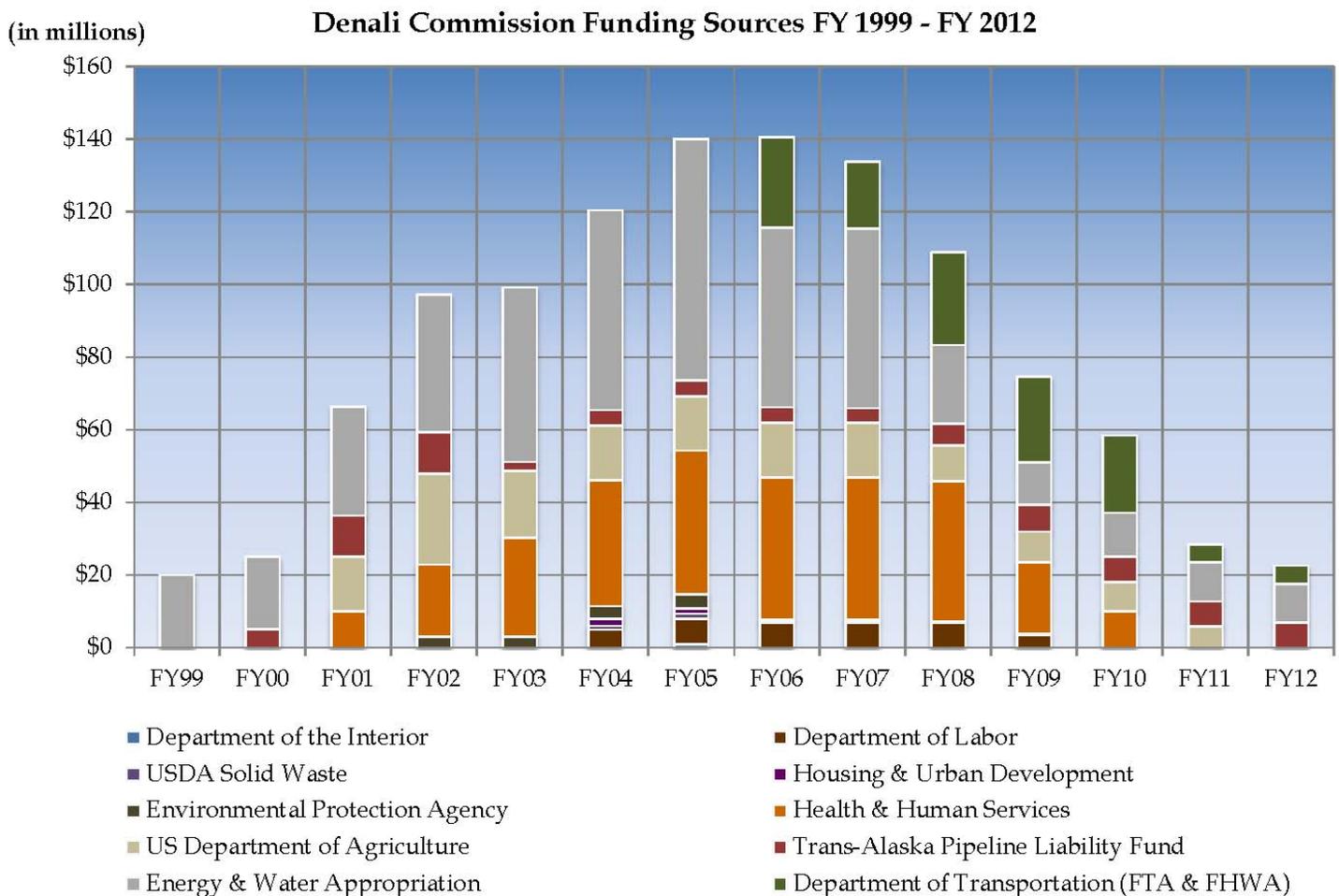
- ▶ Salaries and contracts
- ▶ Initiatives toward sustainable rural communities and accountability goal areas



Financial Performance Overview

As of September 30, 2012 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 available at www.denali.gov/finance#audit).

Sources of Funds



Energy Program

Program Summaries, Achievements, Funding & Strategies

PROJECTS FUNDED:

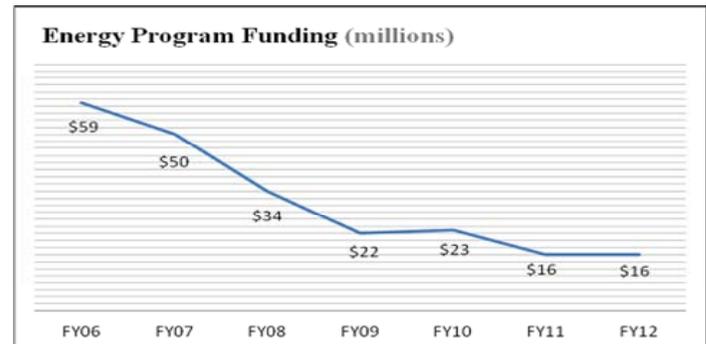
- ⇒ *Bulk Fuel Storage*
- ⇒ *Community Power Generation and Rural Power System Upgrades*
- ⇒ *Energy Cost Reduction Projects*
- ⇒ *Renewable, Alternative, and Emerging Energy Technologies*
- ⇒ *Power Line Interties*

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 that are "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 via barge service during the summer, 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 energy program (RPSU, BFU and intertie) projects are identified by energy program partners and reviewed and selected by Commission staff. The program is dynamic: priorities fluctuate throughout the year based on design decisions, due diligence and investment policy considerations, site availability, and the timing of funding decisions.

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 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's universe of need reflects 111 bulk fuel facility upgrades and 64 rural power system upgrades that



Energy Program

have been completed. The bulk fuel universe indicates over 50 communities are still in need of this basic infrastructure and the rural power system upgrade remaining universe includes approximately 56 communities. 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. An intertie can remove the need for a new power plant, and reduce fuel storage requirements in one or more of the intertie communities. A renewable project can also be proposed in conjunction with a deficiency list project to reduce the dependence on diesel fuel and the fuel storage requirements. Therefore, the legacy program may also include these types of energy infrastructure.

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 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, 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. In Fiscal Year 2012, the Commission accomplished:

- ✓ *The completion of 3 bulk fuel facilities, 4 rural power system upgrades, a transmission intertie between two communities, energy audits in 18 communities, energy efficiency upgrades in 14 communities, and 6 emerging energy technology projects.*
- ✓ *Funding for 3 bulk fuel facilities, 1 rural power system upgrade and equipment procurement and foundation preparation for a second power system, a rural power system design, and the Strategic Technical Assistance Response Team initiative in partnership with the U.S. Department of Energy.*
- ✓ *An annual update to the comprehensive universe of need report for bulk fuel facilities and rural power system upgrade universe, which provides current, reliable resources to the Denali Commission and partners for future projects.*

To date, the Commission has dedicated more than \$490 million to energy projects – 46% of the Denali Commission's resources over the past thirteen 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 February 2012 to discuss the Fiscal Year 2012 draft work plan, universe of need and project updates, and policy review.



Energy Program

Energy Advisory Committee Members:

- John MacKinnon (Chair), *Denali Commissioner, Associated General Contractors of Alaska*
- Vince Beltrami *Denali Commissioner, Alaska AFL-CIO*
- Dr. Brian Hirsch, *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*

FISCAL YEAR 2014 ENERGY PROGRAM GOALS:

In Fiscal Year 2014, the Energy Program will continue to participate in the development of legacy projects such as bulk fuel storage facilities, rural power system upgrades, interties, and alternative energy technologies. In addition, the program plans to focus on sustaining existing infrastructure in rural communities by improving energy efficiency and operations of high energy consumers such as community sanitation systems and schools. These improvements will reduce the amount of diesel needed and lower the costs of operations which will directly impact costs to residents.

The Commission is awaiting an opinion from the Government Accountability Office (GAO) on the use of the Trans Alaska Pipeline Liability Fund (TAPL) interest funds for projects other than bulk fuel tank replacement projects such as mooring points for safer delivery of fuel to community bulk fuel tanks, energy audits, and energy efficiency improvements to reduce diesel consumption.

The scope with which we can accomplish these initiatives is directly associated with the outcome of the pending GAO opinion.

PROGRAM PARTNERS:

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

FISCAL YEAR 2012 PROJECT HIGHLIGHTS

SMALL SCALE WIND TURBINE ARCTIC FIELD TESTING

One of 16 projects selected under the Emerging Energy Technology Fund will test the suitability of a small scale turbine in remote northwest Alaska. The physical size and power out of the 25kW turbine is desirable for rural communities by reducing shipping costs, eliminating the need for mobilizing large cranes for installation and maintenance, and increased versatility in regard to turbine siting and use of the power to provide both electricity or heat.



Energy Program

HOONAH RURAL POWER SYSTEM UPGRADE

The Commission, in partnership with the State of Alaska, Alaska Energy Authority (AEA), funded a new power plant in Hoonah, Alaska. The community of nearly 800 residents is located on Chichagof Island in Southeast Alaska. The new power plant was brought online in April 2012 and includes four generators totaling 3,100 kW, a control panel with automatic switchgear to ensure the most efficient combination of generation is used, and exhaust silencers. In addition, a heat recovery system was installed to deliver heat recovered from the generators to the school, fire hall, senior center, and health clinic. It is anticipated that the heat recovery system will offset approximately 57,000 gallons of space heating diesel annually.

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 \$8.00 to \$9.00 per gallon in rural communities, the energy crisis in rural Alaska is a critical focus of the Commission.

MEANS AND STRATEGIES:

The Energy Program is led by one 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, specifically emerging energy technologies, and encouraging state and private investment in innovation toward improving the 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 turbines for electric generation, seawater heat-pumps, wind-diesel grid stability components, thermal solar panels, wood pellet boiler systems, and more.



Energy Program**FISCAL YEAR 2012 PROJECTS**

Title / Project Description	2012 Energy Funds
Nunam Iqua Bulk Fuel Upgrade Construction	\$2,700,000
Perryville Bulk Fuel Upgrade Construction	\$1,653,500
Shismaref Bulk Fuel Upgrade Construction	\$2,517,778
St. George Rural Power System Upgrade Design and Construction	\$2,100,000
Alakanuk/Emmonak Power Plant Bulk Fuel Upgrade Pad and Procurement	\$3,925,200
Holy Cross Bulk Fuel Upgrade Business Plan	\$20,000
St. Mary's Rural Power System Upgrade Design	\$250,000
TOTAL	\$13,166,478
*Not inclusive of administrative fees to program partners	



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Transportation Program

PROJECTS FUNDED:

- ⇒ *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 & Mooring Points*

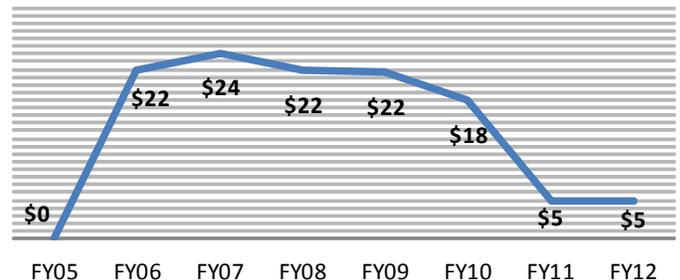
PROGRAM OVERVIEW:

On August 10, 2005, Congress passed H.R. 3 - Safe, Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) into law. SAFETEA-LU provides the Denali Commission's transportation program with approximately \$25 million annually for Fiscal Years 2005 through 2009. The funds were divided between the roads component of the program (\$15 million) and the waterfront development component of the program (\$10 million). The program focuses on providing access and resources to communities while improving health, safety, and efficiencies for local water and surface transportation.

SAFETEA-LU required the Commission form the 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 providing broad program guidance and for reviewing

Program Summaries, Achievements, Funding & Strategies

Transportation Program Funding (millions)



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

SAFETEA-LU expired in 2009, but the Commission continued to receive funding for the program beyond Fiscal Year 2009 as a result of annual continuing resolutions. In June of 2012, Congress passed a two-year transportation bill that did not include authorization or funding for the Commission's transportation program.

Although the program has not been reauthorized, Commission staff will continue to administer the program and manage a current portfolio of 46 active road and waterfront projects.

ROADS PROGRAM:

The road program has targeted basic road improvement needs. It also looks at opportunities to connect rural communities to one another and the State highway



Transportation Program

system, and opportunities to enhance rural economic development. Such projects include:

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

WATERFRONT DEVELOPMENT PROGRAM:

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

- 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 program has developed successful design and construction partnerships with the U.S. Federal Highway Administration (FHWA), Bureau of Indian Affairs (BIA), 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 ongoing guidance from the FHWA Alaska Division.

PROGRAM OUTCOMES:

The program has focused attention on leveraging additional partner and agency funding for high priority transportation projects. For the period Fiscal Year 2006-Fiscal Year 2012, \$120 million in funding for the transportation program, leveraged almost \$400 million in additional funding for projects. 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 date the Commission has a total of 207 projects in the following categories:

- ☑ *66 Road Projects Completed*
- ☑ *95 Waterfront Development Projects Completed*
- ☑ *46 Road and Waterfront Development Projects in the Planning, Design or Construction Phase*



Transportation Program

FISCAL YEAR 2012 PROJECT HIGHLIGHT

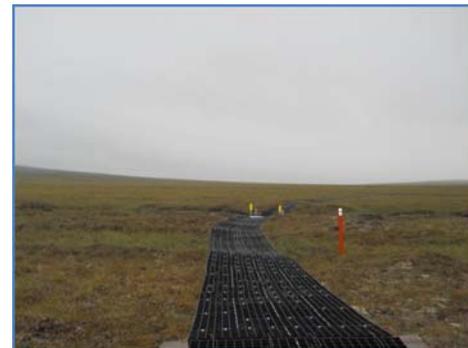
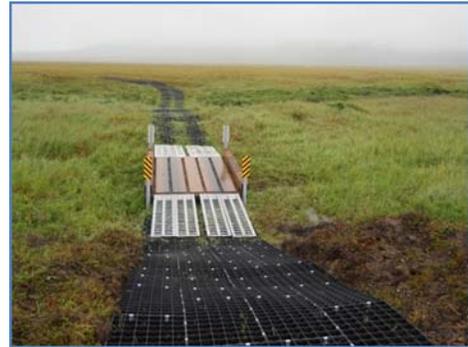
TUNUNAK/TOKSOOK BAY ALL TERRAIN VEHICLE (ATV) TRAIL

In Fiscal Year 2012, the Transportation Program's work to promote community sustainability included design and construction of about 6 miles of ATV trail between Tununak and Toksook Bay. Tununak and Toksook Bay are located in a small bay on the northeast coast of Nelson Island, 115 miles northwest of Bethel and 519 miles northwest of Anchorage. Toksook Bay lies approximately 8 miles northwest of Tununak. This area has been inhabited and utilized by Yupik Eskimos for thousands of years. In Fiscal Year 2010 the Tununak project was selected through a competitive process for funding of the design and construction phase. Commission funds were matched with State of Alaska funds, and the project was managed by the Western Lands Highway Division.

The project consisted of placing open-cell geo-block-system trail across the tundra between the villages of Tununak and Toksook Bay, placing three prefabricated steel/timber bridges and 10 prefabricated timber bridges. This project was rated highly in the competitive funding process because of the long-term positive effects it would have on the life, safety and quality of life for the region.

The Tununak/Toksook Bay ATV Trail Project benefits include improved vehicular and pedestrian safety, and improved health and quality of life through providing both communities with access to public service, including access to family, healthcare and the airport. As a result of using an innovative technology (open-cell geo block), the community can easily maintain the trail which helps re-

duce maintenance costs and protects the tundra which is used for subsistence.



To date, the Commission has dedicated over \$130million to transportation projects – 12% of the Denali Commission's resources over the past thirteen years.

TRANSPORTATION ADVISORY COMMITTEE:

Road and waterfront development projects are selected by the program's TAC following an extensive public application process. TAC members, appointed by the Governor of Alaska and led by the Commission's Federal Co-Chair, are rural Alaska leaders with expertise in transportation development. In addition to project selection work, the TAC advises 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.



Transportation Program

The TAC met two times in Fiscal Year 2012. The key outcome from this group included:

1. The selection of 55 road and waterfront development projects totaling approximately \$30 million in funding requests. Due to the program not being re-authorized; only 29 of the 55 projects totaling \$11,312,471 received funding.
2. A recommendation to the Commission to prioritize barge landing and mooring point projects within the waterfront development program. The TAC recommended staff continue to fund this initiative based off the universe of need list. The Commission currently has a universe of need list including barge landing and mooring point improvement projects totaling approximately \$9,850,000. The projects mentioned above have completed designs and are ready for construction.

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 2013 TRANSPORTATION PROGRAM GOALS:

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

- ▶ *Mooring Points*
- ▶ *Barge Landings*

The highest volume of cargo delivered to Alaska's rural communities is fuel. Barges are used to deliver fuel and freight in a majority of Alaska's rural communities which are not connected to the highway system. One of the contributing factors relating to the high cost of fuel in Alaska rural communities is the cost of delivery, which can be exacerbated by difficult landing conditions and multiple stops occasionally required to deliver fuel to a single community. In some communities, barge operators take huge risks to make a delivery. In communities exposed to severe weather, or where the landing sites are unconsolidated beach materials and/or rapidly changing ocean/river conditions, barge operators will land when and where practical, holding firm through tug maneuvering. When barges hold firm through tug maneuvering a shoal is created by the power of the engine running. This shoal creates an extreme safety hazard for all boat users in the area. If barges cannot access a beach in front of a fuel header, fuel barges anchor offshore and float a hose to shore to deliver fuel. Floating hoses to the shore increases operational risks such as environmental risks associated with potential spills and worker safety risks.

These risks drive up the costs of fuel/freight delivery for a community.

An Alaska Barge Landing System Design Study was funded by the Commission in partnership with the USACE in 2010 to evaluate the possibility of reducing the cost of fuel and increasing safety upon delivery. The two-phased study identified potential barge landing improvement project needs in communities throughout Alaska. The study evaluated 202 communities located on



Transportation Program

coastal lands and rivers across the state. Phase I evaluated Northern, Western, Southwestern and Southcentral Alaska, while Phase II evaluated Southeast, Southwest and Southcentral Alaska.

Of the 202 communities evaluated, 136 communities were identified as having barge landing improvement needs and placed on a priority list. Design and construction have been completed for 10 communities. Another 20 communities have completed designs and are pending construction funding. A balance of 106 communities from the original list remains to be investigated, designed and/or constructed. The program may undertake an updated USACE barge landing assessment for the next group of communities that were not prioritized in the first round.

The table on page 22 includes a list of mooring point and barge landing improvement projects that have completed designs historically funded by the Commission and the State of Alaska. The projects listed are ready for construction pending funding.

The State of Alaska has identified up to \$6 million in State general funds to the Denali Commission. The Commissioners are considering applying up to \$4.4 million in State funds to the mooring point and barge landing improvement projects.

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

MEANS AND STRATEGIES:

The program is led by a Senior Program Manager and a Deputy Program Manager and is additionally supported by a Contractor who is directed by the Senior Program Manager.

To continue success in developing the program, the TAC will meet at least twice a year. Key outcomes from this group in Fiscal Year 2012 include: the selection of 55 road and waterfront development projects totaling approximately \$30 million in funding requests. Due to the program not being reauthorized; only 29 of the 55 projects totaling \$11,312,471 received funding; a recommendation to the Commission to prioritize barge landing and mooring point projects within the waterfront development program. The TAC recommended staff continue to fund this initiative based off the universe of need list.

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 were also priorities.



Transportation Program

Denali Commission FY13-FY14 Waterfront Transportation Projects - Universe of Need			
Community	Phase	Project	Funding Amount Needed
Priority Mooring Point Projects - Phases 1-4 - Planning/Design/Construction			
Chefornak	Planning/Design	Phase 1 & 2	
New Stuyahok	Planning/Design	Phase 1 & 2	
Nunapitchuk	Planning/Design	Phase 1 & 2	
Toksook Bay	Planning/Design	Phase 1 & 2	
Chignik	Planning/Design	Phase 1 & 2	
Hoonah	Planning/Design	Phase 1 & 2	
Hyder	Planning/Design	Phase 1 & 2	
Levelock	Planning/Design	Phase 1 & 2	
Manokotak	Planning/Design	Phase 1 & 2	
Old Harbor	Planning/Design	Phase 1 & 2	
Pelican	Planning/Design	Phase 1 & 2	
		Planning/Design Estimate	\$250,000
Akiachak	Construction	PH3 Moorings	
Goodnews Bay	Construction	PH3 Moorings	
Kongiganak	Construction	PH3 Moorings	
Upper Kalskag	Construction	PH3 Moorings	
McGrath	Construction	PH3 Moorings	
		Constructiton Estimate	\$1,300,000
Buckland	Construction	PH4 Moorings	
Fort Yukon	Construction	PH4 Moorings	
Galena	Construction	PH4 Moorings	
Kiana	Construction	PH4 Moorings	
Noorvik	Construction	PH4 Moorings	
Nulato	Construction	PH4 Moorings	
Stevens Village	Construction	PH4 Moorings	
Tanana	Construction	PH4 Moorings	
		Construction Estimate	\$2,600,000
Total Funding Needed for Mooring Points			\$4,150,000
Barge Landing Improvement Projects			
Eek	Construction	Construction Estimate \$1.7M	
Nondalton	Construction	Construction Estimate \$2.0M	
Lower Kalskag	Construction	Design completed July 2011. PH3 Moorings CO Estimate \$2.0M	
Total Funding Needed for Barge Landing Improvement Projects			\$5,700,000
Grand Total Funding Needed for Waterfront Projects			\$9,850,000



Health Facilities Program

Program Summaries, Achievements, Funding & Strategies

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 of 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 “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 expanded to include other initiatives like domestic violence facilities, elder housing, primary care in hospitals, emergency medical services equipment and hospital designs.

The Commission determined early on that the agency could improve the status of health infrastructure in the state through investing in the renovation, repair and replacement of rural health facilities. In 13 years, the Health Facilities Program in conjunction with the US

Department of Health and Human Services has contributed to 132 primary care clinics, 20 elder supportive housing facilities, 49 primary care in hospitals projects and 20 behavioral health facilities. Currently, 10 clinics are in the construction phase and 9 are in the planning or design state.

With federal health infrastructure funds declining, the Commission’s Health Facilities Program has shifted to providing more technical assistance to rural Alaskan communities in the development of capital project and business planning efforts for health facilities.

Commission partners have worked hard to complete projects under budget. Some examples where these savings have helped other communities are:

Shismaref Clinic Renovation and Expansion project was funded with re-programmed savings from other projects. It has been funded for several months and actual construction will begin soon.

Venetie Clinic – was recently funded with re-programmed funds; construction will begin soon.

Clinics in Koyukuk and Chevak will also be funded with re-programmed funds later this summer or fall.

RURAL ALASKA CLINIC ENERGY EFFICIENCY

As federal infrastructure investments, in the form of new or renovated rural Alaska health clinics through the Denali Commission, approach \$300 million, the agency is compelled to shift its attention to the long term sustainability of those facilities. A building's expected lifespan



Health Facilities Program

in Alaska is shortened by extreme weather, permafrost, inconsistent energy sources, and varying levels of standards of operations and maintenance. During Fiscal Year 2013, the Commission will be assessing its ability to mitigate some of the shortened lifespan by examining ways to improve the energy efficiency and operations of the clinics statewide.

In this endeavor, the Commission will work with Program Partners to prioritize rural clinics to assess through energy audits. Concrete energy efficiency measures will be identified and prioritized and the top measures will be implemented.



Training Program

Program Summaries, Achievements, Funding & Strategies

PROJECTS FUNDED:

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

PROGRAM OVERVIEW:

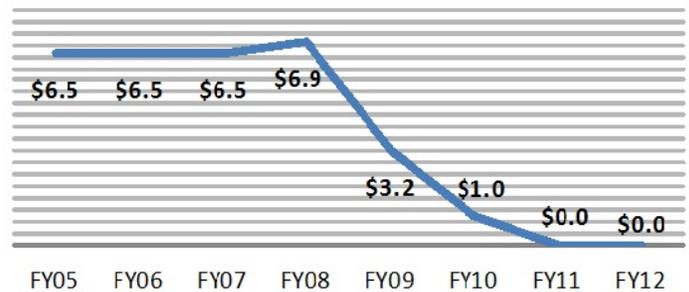
The Training Program was established by the Commission in 1999 as a stand-alone program to provide training and employment opportunities to rural residents that supported the construction, maintenance and operation of Denali Commission investments.

The Training Program prioritizes training projects that create jobs and employment opportunities, leverage funds from other sources and demonstrate regional planning and coordination. Training Program funds are dedicated to training activities that are directly related to student costs such as instruction, books, tools, tuition, lodging and transportation.

The Denali Commission selects major program partners for Training that have the capacity to provide training and education and carry-out the goals and objectives of the Commission. Through competitive opportunities facilitated through these major partners, other organizations are engaged to conduct specific training projects.

Funding for the Training Program has traditionally come from two sources – the Commission’s Energy and Water base appropriation and the U.S. Department of Labor (USDOL). Fiscal Year 2011, was the first year since the program’s inception that a direct budget was not allo-

Training Program Funding (millions)



cated to the Training Program. Absent new funding, Training Program activities are limited to projects with program partners that have prior year funds available on existing grants.

PROGRAM OUTCOMES:

The Denali Commission places job training at the center of its comprehensive plan for economic growth in Alaska. Over the last decade, the Commission has made significant strides in assisting rural communities to build competent and qualified workforces in a variety of industries, including health care, construction trades, facility operations and maintenance, and administrative fields.

Program partners reported the following training outcomes in the program for Fiscal Year 2012:

- ☑ *Alaska Department of Labor: 107 individuals completed training courses or received certificates in construction and maintenance and operation of Denali Commission projects.*
- ☑ *Alaska Works Partnership: 186 individuals completed and received certificates in Building Maintenance Repair, 117 individuals completed and received certificates in*



Training Program

Weatherization, and 34 individuals were placed in construction apprenticeships.

- ☑ *The University of Alaska: 231 students completed coursework in Community Health Aide, Dental Assisting, Medical Office/Health Care Reimbursement, and Medical Lab.*
- ☑ *Construction Education Foundation: 85 students obtained certificates in Construction Education.*

Commission staff continuously work to improve 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 migrating from rural areas to urban areas to escape the high cost of living in rural Alaska where fuel can run over \$8 per gallon. Commission staff are working with statewide and regional entities to create training initiatives that are linked to jobs that target energy efficiency and energy conservation. These initiatives not only help lower the cost of living in many rural communities, but also help to create hundreds of new jobs.

Acquiring particular kinds of professional occupational endorsements is a challenge for rural residents. With Commission funding, the University of Alaska has 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 care for their families and jobs, while at the same time, earning essential occupation endorsements.

To date, the Commission has dedicated more than \$46 million to training efforts – 4% of the Denali Commission resources over the past thirteen years.

TRAINING ADVISORY COMMITTEE

The Training Advisory Committee (TrAC) is a high level planning group that provides guidance and recommendations to Commission staff, leadership, and Commissioners on policy and strategic planning for the 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*;
- Bernice Joseph, *University of Alaska*

FISCAL YEAR 2014 TRAINING PROGRAM

GOALS:

For over 30 years, Federal and State entities have invested billions of dollars into rural Alaska infrastructure to ensure the health, safety and welfare of rural Alaskans. Roads, health clinics, schools, power generation systems, water and sewer systems, airports, communication facilities, renewable energy technologies, ports, community and commercial buildings, washeterias*, homes and permanent structures of many types are now in place. Consequently, when new infrastructure is built, new technol-

*A Washeteria is a community facility ranging from 1500-2000 square feet which contains washers, dryers, showers, and toilets. These facilities are typically constructed in communities that do not have residential hook ups to water and sewer.



Training Program

ogy comes with it and at times the local workers or incumbent facility technicians are not properly trained on how to maintain the new building systems. Thus, some rural Alaska infrastructure investments are not being maintained properly and/or are being operated in ways that unnecessarily increase the operational costs.

Since January 2012, the Commission has facilitated a monthly working group to address these operation and maintenance concerns - the Rural Alaska Maintenance Partnership (RAMP). The RAMP members are funders, building owners, maintenance providers who believe that an inadvertent lack of maintenance of rural facilities has occurred, and remains in effect, due to a lack of training, communication and coordination.

RAMP members believe that through collaboration, rural facility maintenance can be provided more efficiently. The RAMP program aims to protect state and federal investments by: 1) improving building energy efficiencies, 2) reducing operational costs to owners, 3) design coordination to synchronize building systems, and 4) building local capacity and create more local jobs. To do this, RAMP has identified two specific goal areas, managed by two separate subcommittees. The first goal area is economic development to create business opportunities in each of the five climate regions of Alaska. The second goal area is workforce development to build capacity locally so jobs are transitioned from itinerant workers (trained technicians not from the local community) to local workers thus reducing operation costs of travel and per diem.

RAMPs mission statement: *To create a self-sustaining facility and operations maintenance system that develops the capacity of rural Alaskans to operate and maintain their infrastructure in a*

manner that protects and enhances the health, safety and sustainability of rural communities and their residents.

The following are estimated fiscal needs in Fiscal Year 2014 (to be funded by the RAMP program partners):

PROGRAM PARTNERS

Estimated Need	Description
\$200,000	To complete a statewide feasibility study
\$250,000	To complete five regional business plans at \$50,000 each
\$1,000,000	To help regional training centers build and develop industry partners and sustainable facility maintenance programs

- 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



Training Program

www.dol.gov

MEANS AND STRATEGIES:

The Training Program is led by one Program Manager. Management of training projects is carried out by the Program Manager utilizing program partners to oversee project management functions. The Commission's Training Program has been engaged in 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 continue to be explored to strengthen the competency and qualifications of the workforce in rural Alaska.



Sustainable Priorities for Alaska Rural Communities (SPARC) Program

PROPOSED TYPES OF SERVICES AND PROJECTS

The SPARC Program at Denali Commission expects to contribute to the overall sustainability of a select number of rural Alaska communities each year. Services to the communities may include:

- ▶ Project conceptualization, framing and planning;
- ▶ Assistance with securing and coordinating funding;
- ▶ Technical assistance in developing project management-type skills, tailored to the community's and project's needs; and,
- ▶ Comprehensive approach to infrastructure improvement projects in the villages.

Additionally, the following types of services could be offered as part of the SPARC program activities in a community:

- ▶ Community infrastructure assessment and consultation: How does this one infrastructure improvement project fit in to the rest of the community's plans? Are there synergies that can be captured at this juncture?
- ▶ Evaluation: Pre- and Post-project (skills, abilities—capacity).
- ▶ Community and Social Engagement: This optional component proposes to address the informal and/or future leaders in the community, in order to both share with them the learning experience, and learn from them about their own communities.

PROGRAM OVERVIEW:

As the geography and cultures of peoples varies widely across the state of Alaska, so do the needs and capacities of rural Alaska villages, cities and communities. After 13 years of awarding mostly “transactional” grants that resulted in the construction of numerous bulk fuel tanks, generators, interties, roads, docks, and clinics, the Commission has experienced a significant decline in federal budget authority for its historical programs. However, the agency continues to receive requests from rural Alaska communities for technical assistance in planning and executing their respective infrastructure improvement projects.

Communities' infrastructure needs run the gamut from basic sanitation systems to more cost effective energy solutions. Layered on the bricks-and-mortar needs are the less visible needs reflecting gaps in local knowledge and leadership capacity for navigating project development, business planning and fundraising. Both the infrastructure and capacity issues form the backdrop of community sustainability.

Rural Alaska communities are challenged these days by dwindling supplies of capital grant monies and aging, failing infrastructure and high costs of energy. Many village populations are declining as residents immigrate to locations with more and reliable resources for family health, education, and economic stability.

Sustainability of any particular village is not guaranteed, but experience points to several “legs of the stool” that must be present for a community to survive. These required components include: affordable, reliable energy;



Sustainable Priorities for Alaska Rural Communities (SPARC) Program

safe and affordable housing; a quality education system; an accessible and capable health system; a safe and sanitary environment; a functioning local government, community infrastructure management capabilities, and a healthy economy. The SPARC Program aims to strengthen communities through technical assistance with infrastructure development and enhancing the leadership capacity of local residents.

PROGRAM OUTCOMES:

Strengthen the skills of rural Alaska community leaders to better be enabled to manage these types of infrastructure improvement tasks, or to wisely procure the services of a consultant to do so.

SPARC PROGRAM ELIGIBILITY:

Any rural Alaska entity with ownership of infrastructure assets project may be eligible. Projects can be singular in nature (stand-alone), projects that create system-wide changes (for example, a project which affects how villages across Alaska deal with energy efficiency improvements); or, innovative legacy impact concepts (for example, the establishment of a new financing model for large infrastructure projects). Selected projects shall demonstrate a high level of community ownership and engagement, and shall have a dedicated, committed 'Champion'.

Priority will be given to those communities that:

- Do not have a property tax base;
- Demonstrate a high level of administrative and/or public works capacity need;
- Have a viable project (funding is either in place or anticipated);

- Can leverage more than one funding source;
- Provides a platform for the Commission to model partnership, innovation, leveraging, policy development;
- Provides a forum for other communities to learn from;
- Demonstrate a conscious thoughtful and comprehensive approach to community planning; and,
- Reflect community consensus on this particular project.

FISCAL YEAR 2014 SPARC PROGRAM GOALS:

In the coming fiscal year, program staff will continue to document the significant infrastructure needs across rural Alaska. These areas have included:

- Project Facilitation;
- Interagency Coordination of various types of infrastructure projects in a community and region;
- Regulatory Advocacy and Permitting;
- Federal/State Property Transfer Investigation;
- Grant Application Assistance, Preparation and funding advocacy; and,
- Project Management (contract document development assistance, design and construction assistance).

The highest demand for technical assistance and project funding identified by SPARC program activities has been in the area of reducing the overall cost to operate and maintain existing infrastructure in rural Alaska. This has included water and sanitation systems, rural school district buildings and housing. SPARC will contribute technical assistance and funding towards the planning, design and construction of infrastructure improvements related



Sustainable Priorities for Alaska Rural Communities (SPARC) Program

to the improvement of existing and new rural Alaska infrastructure. SPARC will also continue to foster inter-agency coordination (specifically, planning and scheduling) for the various types of infrastructure projects that are occurring in a particular community and/or region.

The table below shows estimated fiscal needs in Fiscal Year 2014 (to be funded by the Commission):

PROGRAM PARTNERS:

SPARC program potential partners could include any agency with ties to rural Alaska. This will include State and Federal Agencies, Local Economic Development Corporations as well as Regional Tribal Non-Profit and Profit Organizations.

MEANS AND STRATEGIES:

The SPARC program is led by a Commission Program Manager. In the effort to identify gaps in service and infrastructure needs in rural Alaska and in continuing to develop the SPARC program, the Commission Program Manager will continue to identify on-going agency partner projects and develop community contacts to better coordinate and develop them.

Estimated need	Description
\$300,000	The Foraker Group Pre-Development Program – an existing partnership with the Alaska Mental Health Trust Authority, the Rasmuson Foundation, and the Mat-Su Health Foundation to address new buildings
\$300,000	Strategic Technical Assistance Response Team – an existing partnership with the US Department of Energy to address village energy needs
\$400,000	“One-off” technical assistance projects with local communities to provide support in developing new infrastructure, or addressing problems with existing infrastructure



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Water and Sanitation Energy Efficiency Program

PROPOSED TYPES OF PROJECTS TO BE FUNDED:

- ⇒ *Water Treatment Plant/Washeteria Building Weatherization*
- ⇒ *Heating and Ventilation Control Improvements*
- ⇒ *Energy Efficient Lighting Upgrades*
- ⇒ *Renewable Energy Technology Deployment and Project Development Assistance*
- ⇒ *Construction of Heat Recovery System*
- ⇒ *Building Commissioning and Re-Commissioning*

PROGRAM OVERVIEW:

Water and sanitation facilities in rural Alaska represent one of three core infrastructure types that utilize the majority of energy resources in a community (housing and schools represent the other two main energy demands in a community). In recent past, a Commission program partner (the Alaska Native Tribal Health Consortium [ANTHC]) completed energy audits of over 40 water and sanitation systems throughout rural Alaska and identified potential energy efficiency measures and improvements in each. Potential energy savings of approximately \$700,000 per year were identified with a one-time capital investment of approximately \$1.275M as a result of this effort. In short, the results of the energy audits completed to date, indicate that for each \$1 spent on energy retrofits, rural communities and the State of Alaska will realize savings of approximately 50 cents annually.

It is also estimated that there are upwards of 40 other water and sanitation systems throughout rural Alaska that could realize savings with similar investments. Currently,

there is no source of funding dedicated to providing for energy efficiency improvements (planning, pre-construction and construction activities are included in this) in rural Alaska for water and sanitation systems.

PROGRAM OUTCOMES:

The program would provide a source of funding for energy efficiency improvements in water and sanitation systems throughout rural Alaska. Providing a source of funding for water and sanitation system energy efficiency projects has the potential to save rural Alaska communities and the State of Alaska hundreds of thousands of dollars a year according to the work completed to date by ANTHC. A direct benefit of the reduced cost of operating and maintaining water and sanitation systems in rural Alaska is increased access to clean water for residents which will improve their health and safety and community sustainability.

WATER AND SANITATION ENERGY EFFICIENCY PROGRAM PROJECT SELECTION:

Communities to receive energy efficiency improvements will be prioritized based on several factors. These factors may include the following:

- ▶ *On-going or planned water and sanitation construction in the community;*
- ▶ *Circulating community Water Main Systems; and,*
- ▶ *Capital Investment and Expected Energy Savings.*

Because of the existing sanitation facilities construction funding prioritization system, the Commission will work with partners such as ANTHC to prioritize communities



Water and Sanitation Energy Efficiency Program

that will receive energy audits as well as physical improvements, as part of this program. This will allow for synergies to occur with funded facilities construction projects (economies of scale, logistics, etc.) and thereby reduce the ultimate cost of the energy efficiency project.

FISCAL YEAR 2014 WATER AND SANITATION ENERGY EFFICIENCY PROGRAM GOALS:

The goals for Fiscal Year 2014 will be to develop a program with stakeholders for the reduction of energy costs in water and sanitation systems in rural Alaska communities. The program framework would include how to utilize existing program partner sanitation funding priorities and integrate energy efficiency improvement projects into these existing priority lists. The table below outlines a demonstration five-year program to provide energy efficiency improvements to approximately 70 community circulating water systems. In some communities, water is heated and circulated to prevent freezing water mains.

Although the table shows service first to communities with circulating water systems (due to their high energy needs), it is likely that other sanitation energy efficiency improvements would be in order for conventional water and sewer systems. Program details would be further refined as the Commission and our program partners step forward in developing solutions to high energy costs for rural sanitation. As noted in the table, there have been approximately 25 sanitation energy audits recently completed by the ANTHC, and these have served to provide preliminary guidance on developing a sanitation energy efficiency program.

Proposed 5-year program to address energy efficiency needs for 70 circulating water systems						
	Energy audits	Cost (avg. \$15K/audit)	Construction	Cost (Avg. \$75K/project)	Outcome measures	Cost (Avg. \$1K/project)
2012/13	25 completed with DOE \$	0	0	0	0	0
2014	20	\$300K	20	\$1.5M	0	0
2015	15	\$225K	20	\$1.5M	20	\$20K
2016	10	\$150K	20	\$1.5M	20	\$20K
2017	0	0	10	\$750K	20	\$20K
2018	0	0	0	0	10	\$10K
Subtotals	70	\$675K	70	\$5.25M	70	\$70K
Total cost	\$5,995,000					



Water and Sanitation Energy Efficiency Program

PROGRAM PARTNERS:

- Alaska Native Tribal Health Consortium
www.anthc.org
- State of Alaska Village Safe Water Program
www.dec.state.ak.us/water/vsw/index.htm
- Community Development Quota Organizations
www.wacda.org
- Indian Health Service
www.ihs.gov
- U.S. Environmental Protection Agency
www.epa.gov
- Regional Tribal Non-Profit Organizations

MEANS AND STRATEGIES:

The water and sanitation energy efficiency program will be led by a subject matter expert and the Commission's Energy Program Manager. Commission staff will also continue to develop and record the universe of need list that will serve to assist with identifying funding needs and priorities.



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Potential Fiscal Year 2014 Investments

The table on page 37 summarizes the possible Commission investments in Fiscal Year 2014. As discussed in other sections of this document, the Commission will undertake a new approach in considering capital and non-capital investments. Commissioners will consider two parts of the statutorily required annual work plan. The first part (Part “A”) will be for typical capital construction projects, and the second part (Part “B”) will consider non-capital investments that may in time, through due diligence and relationship-building with prospective program partners, identify future capital investments in subsequent fiscal years.

For Fiscal Year 2014, it is expected that all of the Trans-Alaska Pipeline Liability Fund investments will be for capital construction of bulk fuel tank farms – the Commission’s historic use of these funds. There is a pending US Government Accountability Office request that may allow the Commission to invest in projects that reduce the demand for diesel fuel in rural Alaska villages. However, even with an opinion that would allow the Commission to fund more than bulk fuel farms, it is unlikely that the Commission can adequately complete appropriate due diligence for alternative TAPL investments in Fiscal Year 2014.

For the Commission’s Fiscal Year 2014 discretionary budget, Commissioners will have the opportunity to consider investing all of the available funds into capital construction projects, or use a portion of the funds to develop and complete the due diligence necessary for proposed new programming to address the high cost of energy in rural Alaska and sustaining, maintaining and protecting existing infrastructure. It is expected that Commissioners will have most of Fiscal Year 2014 to consider a number of alternative Part “B” investments, and near the end of Fiscal Year 2014, if they have determined that the Part “B” investments are not yet fully vetted, these funds can be applied to Part “A” capital construction projects. Listed in the table below are five example Part “B” investments (i.e. Pre-development program, START program, village technical assistance, sanitation energy efficiency program and the RAMP program) that Commission staff and program partners have already developed or are in the process of developing. Commissioners may elect to fund these programs at the levels listed in the table, or at different funding levels or not at all based upon public input as outlined in the Denali Commission Act for the annual work plan process.



Potential Fiscal Year 2014 Investments

FY2014 Discretionary Budget	Description	Estimated Amount
	Personnel Compensation and Benefits	\$1,500,000
	Contractual Services and Supplies (BPD contract, office space, etc.)	\$1,800,000
	Part "A" investments (capital construction such as bulk fuel farms, power plants, etc.)	\$2,585,000
	Part "B" investments	
	Pre-development program	\$300,000
	START program	\$300,000
	"One-off" village technical assistance and capacity building projects	\$400,000
	Sanitation energy efficiency program	\$250,000
	RAMP program	\$250,000
	Subtotal, Discretionary budget	\$7,385,000
FY2014 Trans-Alaska Pipeline Liability Fund	Personnel Compensation and Benefits	\$330,750
	Part "A" investments (capital construction such as bulk fuel farms, power plants, etc.)	\$6,284,250
	Subtotal, TAPL budget	\$6,615,000
	Total, FY2014 Denali Commission budget	\$14,000,000



Section 3

- ◆ Information and Program Evaluation



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Information and Program Evaluation

The Commission will continue to undertake program evaluation efforts in Fiscal Year 2014, 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. The Commission has worked aggressively to plan, design, equip and construct or renovate health facilities in underserved communities throughout Alaska. Similarly, the Commission and its partners have developed a needs list for bulk fuel tank farms and rural power system upgrades across Alaska. The Commission will continue to make updates to both programs. Specifically, the Health Facilities program will continue to analyze the communities that remain throughout the state with unmet needs. Moreover, staff will evaluate the benefit that has been provided in the areas of cost reduction, improved access to health care and quality of health care services to rural communities that have received new or renovated primary care clinics with Commission funding.

In Fiscal Year 2014 the Commission will continue to evaluate all programs based on program progression and project outputs. However, in light of the current climate of austerity, tight limits on discretionary spending, and the President's challenge to federal agencies to live within their means, the Commission will be issuing its own challenge in Fiscal Year 2014 to program staff and advisory board members. The Commission will be asking those staff and board members to consider how their respective programs can do more with less. Furthermore, the Commission as a whole will be examining how it may better leverage resources with other program and funding partners and perhaps most importantly, how it can better demonstrate programmatic outcome accomplishments.



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Section 4

- ◆ Analysis of Resources



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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 Fiscal Year 2012, 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 Business Board 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 Denali Commission’s on-line project database (www.denali.gov\dcpdb) continues to be a transparent tool through which the Commission communicates 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. Ultimately, 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.

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. In Fiscal Year 2014, the Commission will convert to Concur Travel Solutions in accordance with the newly issued GSA contract.



Analysis of Resources

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 uncommon flexibilities in hiring qualified personnel. This has allowed the Commission to continue to be agile and nimble, proactively responding to Alaska's needs and new federal 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 the contractor's knowledge and experience in achieving the Government's goals. The Denali Commission has competitively procured goods and services over the past several 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 Administrative Resource Center in Parkersburg, West Virginia, which has a procurement branch staffed with highly educated and qualified Contracting professionals.



Section 5

- ◆ Agency Restructuring & Work Process Design



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Agency Restructuring and Work Process Design

Agency Restructuring

Agency restructuring has been underway for the past four years as annual appropriations have been reduced. Effectively, the Commission has cut staff in half through normal attrition and not backfilling the positions. It is expected that this staffing pattern will continue while being mindful that the agency must continue managing a portfolio of existing grants, as well as complete necessary due diligence for future investments.

With the assistance of the US Office of Personnel Management the Commission, in the past year, has identified a new personnel model. Historically, the Commission hired staff to manage specific programs and these individuals then became subject matter experts in the field. With significant funding, this personnel staffing approach was appropriate. However, with significantly reduced funding the days of employing full-time subject matter experts is over. Commission staff will become “generalists” who understand the nuances of how the Federal Government does business (i.e. Federal contracting, grant making, budgeting, travel, etc.). As needed, the Commission will hire subject matter experts for a short duration intermittent position, or will contract for these services. The subject matter experts will provide advice and guidance to Commission staff as needed and then the agency and the subject matter expert will part ways once their professional skills are no longer needed.

Work Process Design

The most significant work process design change for the Commission centers on the statutorily required annual work plan, which outlines the Commission investments for the fiscal year in question. Historically, the annual work plan included a list of capital investments and some non-capital investments. With a change of investment strategy to focus on sustaining, maintaining, and protecting existing infrastructure it is appropriate to reflect this change in the work plan process. The Commission will issue two parts to an annual work plan. “Part A” will be the typical infrastructure that the Commission has invested in the past. This would include bulk fuel farms, power generation systems, etc.

As we transition to new investments to address the high cost of energy and sustaining existing infrastructure, there will be a need for appropriate due diligence and strategic planning for the future work of the Commission. We have found that new programs that include pre-construction activities and studies that will help inform future capital investments attract significant attention. These non-capital investments would be “Part B” of the annual work plan and would be discussed over the course of the fiscal year in question.

In Section two of this Fiscal Year 2014 budget justification document three examples of the future work of the Commission have been described: 1) Sustainable Priorities for Alaska Rural Communities Program, 2) sanitation energy efficiency, and 3) Rural Alaska Maintenance Partnership. It is likely that all three programs would require some preliminary funding to further define the proposed program. With this preliminary funding the Commission would be able to explore other funding sources, business modeling, project prioritization methodologies, and agents to carry out the proposed work. Furthermore, additional due diligence in developing a universe of need and a list of prioritized capital funding would be needed.



Agency Restructuring and Work Process Design

It is expected that a capital project prioritization list would be developed from programs in “Part B” of the annual work plan non-capital investments. In time these prioritization lists will be used for future “Part A” annual work plan capital investments. With the agency restructuring of employing subject matter experts it is expected that the Commission will carry out appropriate program due diligence on “Part B” non-capital investments with support and guidance from subject matter experts. When programs mature to “Part A” capital investments, Commission staff (i.e. generalists) will then guide the program development.



Section 6

- ◆ Ensuring Information is Publically Available



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Ensuring Information is Publically Available

Commission results can be found in our Performance Accountability Report (PAR). The PAR includes three sections: the Annual Financial Report, the Annual Performance Report and the Summary of Performance and Financial Information Report. Within the PAR program, the Commission has for several years participated in the PAR Pilot program sponsored by the Office of Management and Budget. This pilot program, with a multipart report, allows for a more meaningful, reader-friendly format for the general public.

The Commission's project database is an integrated, online management reporting and tracking tool for Commission projects. The Project Database is used to manage the electronic reporting of award data by recipients, and is also available to the general public to view every award and project funded by the Commission. This database provides all project information, and encourages public viewing and sharing of information particularly through the reports module function. The Project Database also enables Commission staff to manage projects through the use of milestones and retrieve "at-a-glance data" of major project criteria including: the scope, award, theme, schedule, budget and reporting.



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