



Denali Commission
Annual Performance Report (APR)
Fiscal Year 2014

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Annual Performance Report (APR)



Introduction

In compliance with the Government Performance and Results Act of 1993 (GPRA) the Denali Commission (Commission) respectfully submits this Annual Performance Report to Congress describing actual program results for fiscal year 2014 (FY 2014). Contained within this report are measures and outcomes of program activities during the past fiscal year.

The Denali Commission employs performance data in the development of the agency's annual Work Plan. The Work Plan document sets forth the funding priorities of the Commission on a fiscal year basis. Performance data informs this process as Denali Commissioners review the execution and outcomes of the prior year's program activities. The three major goal areas for FY 2014 were used to evaluate performance:

- ▶ One: Modernize and develop stronger and sustainable infrastructure in rural Alaska
- ▶ Two: Promote the sustainability of rural Alaska communities
- ▶ Three: Fortify accountability policies and procedures



Fiscal Year 2014 Budgetary Resources and Functional Uses

BUDGETARY RESOURCES

The FY 2014 Work Plan was developed based on the appropriations approved by Congress for FY 2014. Several federal funding sources have historically comprised the Commission’s annual budget, including the Energy & Water Appropriation, US Department of Agriculture-Rural Utility Service (USDA-RUS), US Department of Health and Human Services -Health Resources and Services Administration (HRSA), US Department of Labor (DOL), Federal Highways Administration (FWHA), Federal Transit Authority (FTA), and interest from the Trans-Alaska Pipeline Liability Fund (TAPL). The respective amounts of these federal funds received each year are depicted in the bar chart on page 8 of this document.

The Commission’s FY 2014 budget authority included federal funds transfers from TAPL.

In FY 2014 no project specific direction was provided in any appropriations to the Commission. The Energy and Water Appropriations (commonly referred to as Commission “Base” funding) are no-year funds eligible for use in all programs.

While the Base funds may be applied to any Commission program area, all other appropriations and transfers are restricted. Where restrictions apply, the funds may be used only for specific program purposes.

A comprehensive description of the FY 2014 Budgetary Resources and Financial Status of the Commission is presented in the Agency Financial Report, previously submitted to the Office of Management and Budget (OMB) in November 2014.

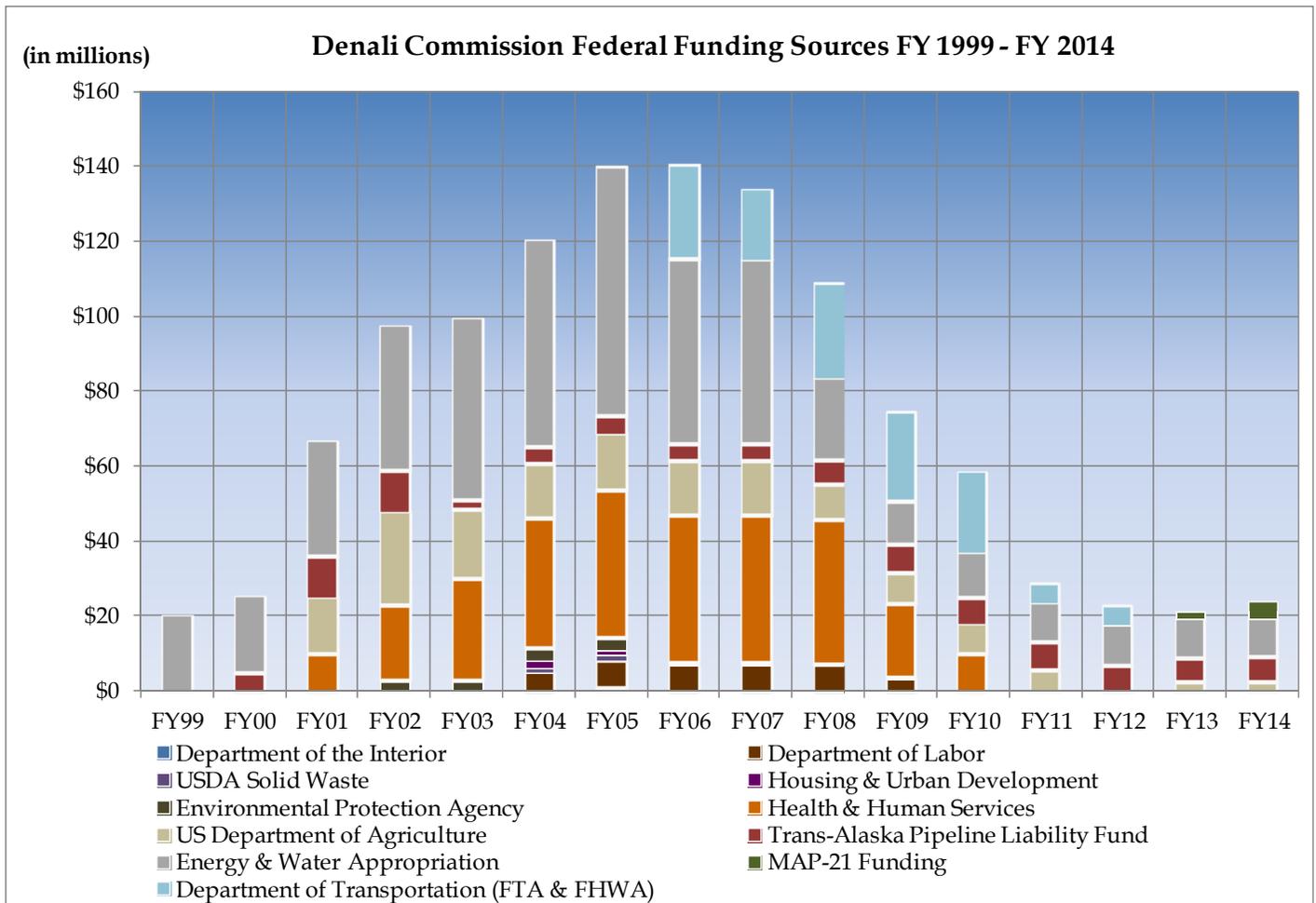
FY 2014 Budget Authority	
Appropriations Received	\$10,000,000
Nonexpenditure Transfers	6,537,320
Offsetting Collections	7,335,000
Total Budget Authority	\$23,872,320



Fiscal Year 2014 Budgetary Resources and Functional Uses (continued)

FINANCIAL PERFORMANCE OVERVIEW

As of September 30, 2014 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.



Fiscal Year 2014 Budgetary Resources and Functional Uses (continued)

HISTORICAL PROGRAM AREAS

Although the Health Facilities, Transportation, Training, and Government Coordination Programs did not receive direct program allocations in FY 2014, the programs were engaged in high levels of activities underway from prior year appropriations.

The **Health Facilities Program** last received \$10 Million in FY 2010. With those and other prior-year funds, FY 2014 program performance included:

- ▶ Primary Care Clinics construction
- ▶ Primary Care Clinic assessments
- ▶ Primary Care Clinic business planning and technical assistance

The **Transportation Program** last received \$14 Million



KOTZEBUE WIND
TURBINES



in FY 2010 from the FHWA for its Roads Program and \$5 Million in FY 2012 from FTA for its Waterfront Program. With those and other prior year funds FY 2014 program performance included:

- ▶ 8 Roads projects
- ▶ 7 Waterfront projects

The **Training Program** last received a \$1 Million allocation in FY 2010 of the Commission's Energy and Water appropriation through the annual Work Plan process. Activities in FY 2014 included:

- ▶ Rural Alaska Maintenance Partnership (RAMP)
- ▶ Alaska Rural Manager Initiative (ARMI)

Finally, despite the lack of a directly allocated budget, **Governmental Coordination** activities were prominent and numerous in FY 2014, including:

- ▶ White House Rural Council
- ▶ White House Counsel for Native American Affairs
- ▶ Facilitation of Buckland water and sewer project meetings with other federal and state funders
- ▶ Statement of Cooperation group meetings on agency coordination of site cleanup

Denali Commission Performance By Goal Area

Denali Commission grants are issued after Congress makes appropriations and after the agency annual Work Plan is approved by the Secretary of Commerce. In FY 2014, the final approval of the Work Plan occurred in September 2014, just before the end of the fiscal year, resulting in FY 2014 grants being issued late in the fiscal year. Most infrastructure projects funded did not progress past the materials ordering phase before winter hit. These circumstances make linking the FY 2014 budget to performance results in the same fiscal year difficult. Therefore, performance *achieved* in FY 2014 (regardless of the year of the appropriated funds applied) is presented here.

The Denali Commission has deep roots in infrastructure development—contributing substantially to numerous energy, health, transportation and other construction projects in the state. While we recognize that the results presented here are more akin to outputs than outcomes, these are the data points this small agency has been able to collect regarding its work.

In presenting the Denali Commission’s performance in FY 2014, the following goal areas are examined:

- ▶ Goal Area One: Modernize and develop stronger and sustainable infrastructure in rural Alaska
- ▶ Goal Area Two: Promote the sustainability of rural Alaska communities
- ▶ Goal Area Three: Fortify accountability policies and procedures



NUNAPITCHUK PRIMARY CARE CLINIC,
FALL 2011



Goal Area One: Modernize and develop stronger and sustainable infrastructure in rural Alaska

Strong rural infrastructure is critical to economic health, access to opportunity and the sustainability of small communities. Alaska’s challenging geography, weather, and lack of roads makes building roads, docks, energy distribution systems, and health delivery facilities difficult and expensive. The federal government, through the Denali Commission, has made constructing these vital infrastructure projects a priority. Rural America—and Frontier Alaska—is the backbone of the nation’s economic strength and embodies what we value in rugged individualism, respecting and living off the land, and the very nature of American heritage. All Americans benefit from the agriculture, mining, timber, and energy of Frontier America. Yet small rural communities continue to suffer from challenges in recruiting and retaining qualified and competent professionals; they often lack administrative resources in grant-writing, law enforcement, fire protection; and many frontier communities in Alaska do not have a property tax base and have difficulty in attracting financial assistance in the form of grants and loans.

TRANSPORTATION PROGRAM HIGHLIGHTS

	FY 2014	Total Since 2005
Roads Completed	8	74
Barge Landing/Mooring Points Completed	0	48
Waterfront Projects Completed	7	69

Rural Alaska residents rely heavily on year-round air transport services for day-to-day consumer product deliveries and, during the short summer, on ocean/river tug and barge operations for heavy freight and fuel deliveries. Local roads, board roads and All-Terrain Vehicle (ATV)/snowmachine trails provide access within communities and to close-in subsistence use areas. Snowmachines in the winter and skiffs in the summer, provide access to more remote subsistence use areas and access between communities. During the last 15 years, there has been a determined effort to bring these systems up to competent operating standards, and while much progress has been made, there are many repairs, upgrades and improvements yet to be completed.



Goal Area One: Modernize and develop stronger and sustainable infrastructure in rural Alaska (continued)

ENERGY PROGRAM HIGHLIGHTS

	FY 2014	Total Since 1998
Bulk Fuel Tank Facilities Completed	3	116
Rural Power System Upgrades Completed	2	69
Transmission Interties Completed	0	8
Alternative and Renewable Energy Projects Completed	0	62
Emerging Energy Technology Projects Completed	1	25

The federal government's involvement in supporting energy infrastructure for rural America is founded in the electrification movement of the 1930s. Back then, the Roosevelt Administration wanted to ensure equal access to reliable electricity among urban and rural residents, and began efforts to bring electric power to rural Americans.

Alaska's power infrastructure poses challenges to the provision of reliable, cost-effective energy. Many village communities across Alaska continue to rely on diesel-powered generation systems. In conjunction, bulk fuel facilities are essential for heating and electrical generation. Bulk fuel farms must often be sized to hold up to nine months of fuel; the time span between when rivers freeze over and until they thaw. A historic priority of the Commission's Energy Program has been to renovate and/or replace these bulk fuel tanks that present environmental risks to communities. The table above reflects the progress toward Alaska's universe of need in this area.

Since inception, the Energy Program has contributed to the planning, design and/or construction of 138 bulk fuel facility projects, 89 rural power system projects, and 17 interties. In addition, 62 alternative and renewable energy projects such as wind-diesel, geothermal, hydro, and biomass and 25 emerging energy technology projects were funded. These alternative, renewable, and emerging energy projects have largely been funded in the past six to seven years as the price of fuel has increased. It is important to note that fuel prices in rural Alaska have increased three-fold in the past 10 years.

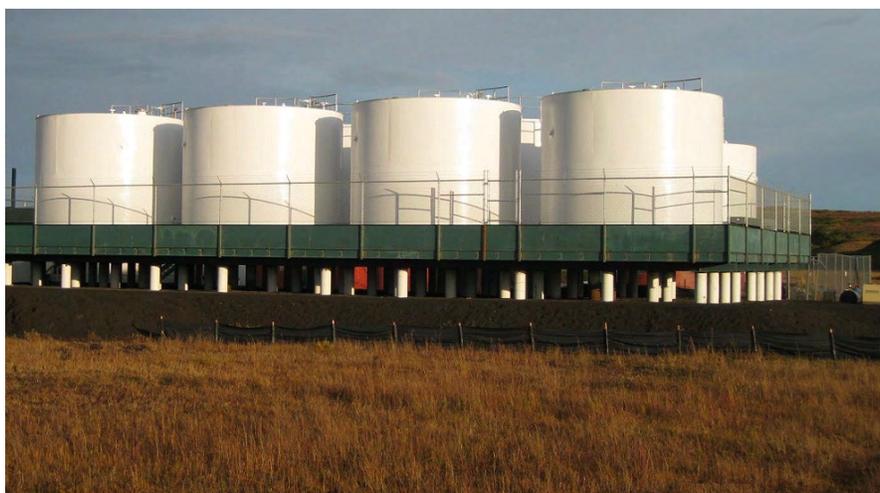
With FY 2014 appropriations, the Energy Program funded 1 bulk fuel facility, 2 rural power system upgrades, a bulk fuel and/or power system upgrade design, energy efficiency audits and/or improvements to sanitation systems in 74 communities, and energy efficiency improvements and/or audits in 9 communities.



Goal Area One: Modernize and develop stronger and sustainable infrastructure in rural Alaska (continued)

STEBBINS BULK FUEL FACILITY UPGRADE

The Commission, in partnership with Alaska Village Electric Cooperative, funded a new bulk fuel storage facility in Stebbins, Alaska. The community of nearly 600 residents is located on St. Michael Island, roughly 120 miles southeast of Nome, Alaska. The new bulk fuel storage facilities replace aging, non-code compliant tanks that are necessary to store a years' worth of diesel and gasoline for power generation, home heating, and transportation needs for the community. The tanks also provide storage capacity for the over 400 residents of nearby St. Michael, Alaska. A new power plant and intertie under construction will tie the two communities and provide electrical generation efficiencies and raise economies of scale for integrating renewable energy technologies.



STEBBINS BULK FUEL FACILITY
STEBBINS, ALASKA

Goal Area One: Modernize and develop stronger and sustainable infrastructure in rural Alaska (continued)

HEALTH FACILITIES PROGRAM HIGHLIGHTS

	FY 2014	Total Since 1999
Primary Care Clinics Completed	2	134
Elder Supportive Housing Facilities Completed	0	20
Primary Care in Hospitals Projects Completed	0	49
Behavioral Health Projects Completed	0	20

The Denali 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 15 years, the Health Facilities Program, in conjunction with the US Department of Health and Human Services - Health Resources and Services Administration (HRSA) has contributed to 134 primary care clinics, 20 elder supportive housing facilities, 49 primary care in hospitals projects, and 20 behavioral health facilities.

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 development and business planning for health facilities. Occasionally, agency funds may also be used to cover the costs of the design of a clinic, positioning the community to a more successful approach with other capital funders.

A retrospective study conducted in 2011 sampled 24

completed primary care clinics to examine the outcomes of the Denali Commission’s efforts to improve access to and quality of health services available to rural Alaskans. The study revealed that many of the original rural Alaska clinics were constructed in the 1980s as residential-type buildings. Commercial health care use took its toll on these buildings over time. More importantly, original designs did not take into account patient flow, privacy, or sanitation concerns of a clinic setting. Clinic designs varied from one community to the next, with little to no forethought for minimum space requirements for relevant rural health services. In many cases, Community Health Aides were unable to roll a gurney from the entrance into a trauma room in a straight line. In some cases, trauma work was conducted in the waiting room, as that was as far as the gurney could be pushed. Addressing these issues was one purpose for the Commission’s Health Facilities Program.



Goal Area One: Modernize and develop stronger and sustainable infrastructure in rural Alaska (continued)

Indian Health Center, Tyonek, Alaska

Construction of the Indian Health Center in Tyonek, Alaska was completed in 2014. The clinic's grand opening ceremony was held Friday, July 18, 2014. The building is dedicated to the memory of several traditional healers from the past and in respect to the tribal elders of the community and will serve Tyonek's 171 residents along with others residing in nearby areas.

The new clinic is two stories and about 5,300 square feet. The clinic operates on the second story allowing for administrative offices and a large community room which will be used for conferences and classes on the ground floor. The new clinic facility includes a trauma room, a pharmacy to serve the clinic, a dental room, a behavioral health room, and quarters for visiting health care providers. Southcentral Foundation, a Tribal Health Organization, has sponsored the clinic and will work with the community to administer health care services.



INDEAN HEALTH CENTER,
TYONEK, AK



Goal Area Two: Promote the sustainability of rural Alaska communities

Approximately 142,000 of Alaska's 722,000 residents live in the more than 210 rural Alaska communities throughout the state. With few residents per village and high costs of living, Alaskans face difficult decisions about how to preserve these communities. As with most rural places, Alaska's villages represent family history and the deep heritage of Native and Non-Native peoples alike; they embody values of subsistence, respect for land and natural resources; and they symbolize the balance between rugged individualism with interdependence and true community.

Commission Resolution 01-15 enacted in January 2001 and the subsequent (November 2008) adoption of the Sustainability Policy, recognized that the Denali Commission is charged with ensuring that all infrastructure projects demonstrate sustainability prior to being granted Commission funding. Projects must document their ability to meet the definition of *sustainability*: the ability of a recipient or applicant to demonstrate the capacity, both administratively and financially, to provide for the long-term operation and maintenance (typically a 30 year life cycle) of a facility. In most Commission programs this is achieved through the business plan process.

More recently, the Commission has shifted the agency's, partners' and the public's understanding of sustainability to apply more broadly to the entire community rather than just to a singular project. Thus, the agency has focused its energies on initiatives that bolster the overall sustainability of Alaska's rural communities. Program-specific examples follow.

TRANSPORTATION PROJECTS

In FY 2014, the **Transportation Program's** work to promote community sustainability and improve quality of life included reconstruction of Manokotak's four mile long main road between Old Village, a core area of residents, power plant operations, and public safety and other government/commercial services; and New Village a residential area near the new airport that also includes the community's new school and health clinic. Home to 400 people, Manokotak is a successful Alaska Native community with a strong commercial fishing economy and local subsistence resources economy. It is located 15 -air miles southwest of the regional hub of Dillingham in Bristol Bay.

Successful completion of the project in 2014 significantly improves traveler safety, and equally important, provides enhanced roadbed and roadway surfacing strength and integrity. With regular maintenance, the road will remain in good operating condition for upward of twenty years. The road was selected for reconstruction by the Denali Commission's competitive project selection process, funding was bundled from numerous federal, state and local sources and design and construction was managed by the Federal Highway Administration's Western Federal Lands Highway Division under direction of the Denali Commission. This project was rated highly in the competitive funding process because of the long-term positive effects it would have on the safety and quality of life in Manokotak.



Goal Area Two: Promote the sustainability of rural Alaska communities (continued)



MANOKOTAK,
MAIN ROAD CONSTRUCTION



Goal Area Two: Promote the sustainability of rural Alaska communities (continued)

ENERGY PROJECTS

The power generation and fuel delivery and storage efficiencies realized upon completion of upgraded facilities directly contributed to lowering energy costs in rural Alaska. In addition, the **Energy Program** partnered to provide technical assistance to assess community-wide energy matters by evaluating energy production and consumption, as well as providing energy education and renewable resource development information.

One of the mandates to the Denali Commission in the agency’s enabling legislation was to work cooperatively with partners in promoting rural development. Along this vein, the Commission celebrates with program partners Alaska Energy Authority (AEA) and the Alaska Village Electric Cooperative (AVEC) the integration of the energy project priority lists of these two entities. In presenting a coordinated prioritized list of energy infrastructure projects from AEA and AVEC, the Commission has strengthened the defense of project

selection and prioritization for Denali Commissioners, the State of Alaska and Congress. This is the kind of coordination that maximizes efficiency of resources and demonstrates cooperation and common goals of Alaskans and supports communities across the state equitably.



KING COVE
HYDROELECTRIC PROJECT



Goal Area Two: Promote the sustainability of rural Alaska communities (continued)

HEALTH PROJECTS

Even though the Denali Commission has funded only the planning, design and construction of rural Alaska health clinics, the agency is cognizant of the multitude of factors that contributes to the long-term sustainability of a community facility. The U.S. health care system is rapidly changing, influenced by pressures on cost, quality and access. In recognition of impending changes spurred by the Affordable Care Act of 2010 and organically occurring changes in the industry, the Commission co-founded AK Health Reform.

In the true partnering tradition of the Denali Commission, AK Health Reform is a group with representation from many statewide health-oriented organizations:

- Alaska State Hospital and Nursing Home Association
- Alaska Mental Health Trust Authority
- Alaska Primary Care Association
- Rasmuson Foundation
- Mat-Su Health Foundation
- AARP of Alaska
- And many others

The goal of AK Health Reform is to provide factual research, data and analysis regarding the state of health care in Alaska.

Because Alaska's health care delivery system is complex and involves small, rural, and regional health organizations, as well as federal systems, it is likely that there will be significant changes in the coming years as payers demand more for less, as quality is tied to payment and as the industry consolidates to respond to cost pressures.

The partnership of AK Health Reform strives for objective accurate information-sharing so all of Alaska's health system can prepare and sustain excellent access, quality and outcomes for Alaskans.



COMMUNITY HEALTH AIDES FROM THE REGIONAL VILLAGES, NORTON SOUND REGIONAL HOSPITAL GRAND OPENING



Goal Area Two: Promote the sustainability of rural Alaska communities (continued)

TRAINING PROJECTS

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, 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. Unfortunately and due high tech building upgrades and lack of revolving training and coordination, the vast majorities of this infrastructure investment is not being maintained properly and/or are being operated in ways that increase the cost of ownership by 30% or greater. Many such investments do not achieve their anticipated useful life and must be replaced via “repair through replacement” sooner than anticipated. As grant funds are reduced, this approach is no longer a viable option and we must be better stewards of these public investments.

For this reason, the Denali Commission and other agencies have embarked on several new initiatives to help rural communities with this national issue. The Rural Alaska Maintenance Partnership (RAMP) has met regularly since January 2012 to discuss approaches that might positively influence the operations and maintenance of critical rural infrastructure. RAMP’s mission statement is “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.” In 2014, RAMP led the alliance of four

Alaska training providers who now offer a state standard certification for Facility Maintenance Tech I (FMT-I) and are working together to build more advanced facility maintenance courses. In 2014, these schools graduated approximately 40 FMT-I’s.

In addition, the Denali Commission and other agencies realize that rural managers are responsible for not only managing rural facilities but the community as a whole. Recruiting, hiring and retaining competent managers in a small village is difficult and rare so most rural manager jobs are filled by local residents who have no more than a high school diploma. The effort to help enhance rural manager stability is called the Alaska Rural Manager Initiative (ARMI). In 2014, the Denali Commission continued to work with the ARMI partners to improve rural manager capacity so that rural residents are appropriately hired and/or trained to manage all aspects of a rural community including projects, human resources, utilities, roads, and investments including local buildings, water, sewer and energy systems. The ultimate end result being cost savings to local governments and healthy sustainable Alaskan communities.



Goal Area Three: Fortify accountability policies and procedures

As a federal agency with stewardship for taxpayers' dollars, the Denali Commission attends to the issues of accountability earnestly. The agency's commitment to accountability and transparency was made more evident through the development of more rigorous agency grant policies. The Commission instituted a rigorous process for examining each active project and any reasons for exceptions to scope, schedule or budget. Dynamic monitoring results in projects which are delayed being detected early on and replaced, where appropriate, by projects that are ready for construction or implementation. Thorough project vetting and oversight has led to more efficient obligation of current fiscal year budget authority on projects that are equipped for sustainability. The Commission's grant close-out process has been accelerated, so that any savings realized as construction and training projects reach completion, can quickly be repurposed for new projects.

PROJECT MONITORING

Denali Commission Project Database

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.

Reporting in the project database is done by recipients quarterly. Quarterly reports are then reviewed and accepted by Program Managers. Additionally, Program Managers monitor projects through village visits, routine meetings, phone calls, and email.

INVESTMENT IN DISTRESSED COMMUNITIES

The Denali Commission Act is very clear about prioritizing the agency's investments in communities that are economically disadvantaged. Communities across Alaska are analyzed annually based on per capita income, unemployment, and other factors and classified as either Distressed or Non-Distressed. These categories figure prominently in both the selection of projects for funding and the amount of the cost share match that is required from the community for construction.

Since 1998, the Commission has invested more than \$1 Billion in Alaska's infrastructure development and training. Nearly half of that - about \$500 Million - has supported Distressed communities.

Approximately \$500 Million has been invested in Distressed communities



Goal Area Three: Fortify accountability policies and procedures (continued)

FINANCIAL AUDIT: UNQUALIFIED

The most obvious illustration of the commitment of the Denali Commission to accountability is the receipt of another unqualified (‘clean’) audit opinion in FY 2014.

UNIFORM GUIDANCE IMPLEMENTATION

During FY 2014, the Commission was proud to have played an active role in implementation of the Uniform Guidance across the federal, state and private sectors. The highlight of the Commission’s involvement in those efforts was to host Mr. Gil Tran, senior policy analyst with the Executive Office of the President, Office of Management and Budget (OMB), Office of Federal Financial Management, to address the federal grantee community here in Alaska. Mr. Tran spoke extensively on how the guidance will impact grantees across the State, specifically in the area of Single Audits. Attendees included a broad cross section of interested parties including Federal and State agencies, local non-profits; Native Regional Corporations and the University of Alaska.

EAGLE, ALASKA HYDRO PROJECT



Program Overviews

The performance information presented on the previous pages is arranged by agency goal areas. In order to reflect the organizational structure of the Denali Commission, the following brief program overviews are supplied here.

TRANSPORTATION PROGRAM

On August 10, 2005, Congress passed H.R. 3 - Safe, Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) into law. This Act provided the Denali Commission 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 Transportation Program focuses on providing access and resources to communities while improving health, safety, and efficiencies for local water and surface transportation.

Commission staff have focused on directed public outreach and agency coordination efforts; as a result, the program has been focusing attention on the following areas of transportation needs:

Roads Program:

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

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

- 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



Program Overviews (continued)

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 excellent ongoing guidance from the FHWA Alaska Division.

SAFETEA-LU expired in 2009 and operated under a continuing resolution from June of 2009 through June of 2012.

Subsequently, in late June of 2012, Congress passed a two-year transportation bill, titled Moving Ahead Toward Progress in the 21st Century Act (MAP-21) which did not include authorization or funding for the Commission's Transportation Program.

Commission staff will continue to administer the program and active transportation projects, previously funded with prior year funds, in coordination with the members of the Transportation Advisory Committee (TAC).

TRANSPORTATION ADVISORY COMMITTEE:

SAFETEA-LU required the Commission to 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 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 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.

Due to a lack of appropriations the TAC did not meet in FY 2014 and directed staff to continue administering existing projects.

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;*

Ray Richards *Doyon Limited;*

Randy Romenesko, P.E. *Consultant;*

Walter Sampson *NANA Regional Corporation;*



Program Overviews (continued)

Carvel Zimin, Jr. *Bristol Bay Borough Assembly*

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

ENERGY PROGRAM

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

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

Program partners coordinate project funding requests with the Commission to balance the relative priority or urgency of bulk fuel and power generation needs against available funding, community readiness, and capacity to carry out the work. Legacy program (RPSU, BFU and intertie) projects are identified by partners and reviewed and selected by Commission staff.

Program partners are utilized to perform initial due diligence, as well as, assist in the development of the business plans for the participants as designs are underway. The program is dynamic; priorities fluctuate throughout the year based on design decisions, due



Program Overviews (continued)

diligence and investment policy considerations, site availability, the timing of funding decisions, etc.

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

The Commission has contributed to the planning, design, and/or construction of 138 bulk fuel storage projects and 89 power plant upgrades improving energy efficiency in communities across rural Alaska. With this critical work behind the Commission, and the evolution of Alaska’s villages in the past decade, the remaining universe of need is reassessed annually. Currently, the BFU universe indicates roughly 50 communities in need of this basic infrastructure; however, it is unlikely all will proceed due to sustainability issues. An upper level estimate for upgrading all 50 bulk fuel facilities totals approximately \$210 million. The rural power system upgrade remaining universe includes approximately 65 communities, with estimates for completion at approximately \$200 million. The RPSU program universe is less clear, as more intertie connectivity is reducing the need for stand alone projects, coupled with the increased surge of alternative/renewable energy projects statewide. A renewable energy project sometimes is proposed in conjunction with a deficiency list project to reduce the dependence on diesel fuel and the fuel storage requirements. An intertie can remove the need for a new power plant, and reduce fuel storage requirements in the intertied communities. Therefore, the legacy program may also include these types of energy infrastructure.

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

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.

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



Program Overviews (continued)

November 2013 to discuss the FY 2014 draft work plan, project updates, and policy review.

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*

PROGRAM PARTNERS:

Alaska Center for Energy and Power (ACEP)
www.uaf.edu/acep

Alaska Energy Authority
www.aidea.org/aea

Alaska Power & Telephone
www.aptalaska.com

Alaska Village Electric Cooperative
www.avec.org

U.S. Department of Agriculture Rural Utility Service
www.usda.gov/rus/electric

U.S. Department of Energy
www.doe.gov

National Energy Technology Lab (NETL)
www.netl.doe.gov

National Renewable Energy Lab (NREL)
www.nrel.gov

U.S. Environmental Protection Agency
www.epa.gov



Program Overviews (continued)

HEALTH FACILITIES PROGRAM

Congress amended the Denali Commission Act of 1998 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 and the State of Alaska. Since 1999, the Commission has methodically invested in regional networks of primary care clinics across Alaska.

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

The program uses a universe of need model for primary care clinics and a specialized selection process through a Health Steering Committee for other program areas. In 1999, the program created a deficiency list for primary care clinics and found 288 communities statewide in need of clinic replacement, expansion and/or renovation; this list was updated in 2008. Projects are recommended for funding if they demonstrate readiness which includes the completion of all due diligence requirements. This includes an approved business plan, community plan, site plan checklist, completed 100% design, documentation of cost share match, and a high probability that the

project will begin construction during the next season.

The business plan process has been revised and updated to consider the increasing cost of fuel, electricity and other utilities, and erosion and relocation issues. These factors pose significant economic challenges to many small communities and villages.

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

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

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

HEALTH STEERING COMMITTEE

The Health Steering Committee is an advisory body comprised of the following membership organizations:



Program Overviews (continued)

the State of Alaska, Alaska Primary Care Association, the Alaska Native Tribal Health Consortium, the Alaska Mental Health Trust Authority, the Alaska Native Health Board, the Indian Health Service, the Alaska State Hospital and Nursing Home Association, and the University of Alaska. The Committee reviews and updates program policies and guides the Program's direction and priorities.

The Health Steering Committee (HSC) met in February 2012 to review their recommendations for the Health Program in the FY 2012 Work Plan. The HSC reviews current program project selection criteria, current project progress, and recommendations for remaining Health Program funds. The HSC did not meet in FY 2014 as the program did not receive any new funding for assignment to clinic development.

Health Steering Committee Members:

William Streur, *Commissioner, Alaska Department of Health and Social Services*

Lincoln Bean, Sr. *Alaska Native Tribal Health Consortium;*

Dr. Kenneth Glifort *Indian Health Service;*

Jeff Jessee *Alaska Mental Health Trust Authority;*

Andy Teuber *Alaska Native Tribal Health Consortium*

Dr. Ward Hurlburt *Alaska Department of Health and Social Services*

Karen Perdue *Alaska State Hospital & Nursing Home Association*

Jan Harris *Office of Health Programs Development, University of Alaska*

PROGRAM PARTNERS:

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



Program Overviews (continued)

TRAINING PROGRAM

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

The Training Program prioritizes projects that create jobs and employment opportunities, leverage funds from other sources, demonstrate regional planning and coordination and supports the sustainability of rural communities and infrastructure.

The Denali Commission selects program partners for training initiatives who share priorities, actively participate and collaborate, have significant investment in rural Alaska and have the capacity to carry-out the goals and objectives of the Commission. Funding for training initiatives has traditionally come from two sources – the Commission’s Energy and Water (Base) Appropriation and the U.S. Department of Labor (USDOL). However, the Commission has not received funding from USDOL since 2009.

With no direct appropriations for workforce development in recent years, the Training Program has focused on the Rural Alaska Maintenance Partnership (RAMP) and the Alaska Rural Manager Initiative (ARMI). Both RAMP and ARMI are funded with a small portion of the Commissions base appropriations.

RAMP’s goal is 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. In FY 2014, RAMP led the alliance of four Alaska training providers who now offer a state standard certification for Facility Maintenance Tech I (FMT-I) and are working together to build more advanced facility maintenance courses. In FY 2014, these schools graduated approximately 40 FMT-I’s.

ARMI is an effort to enhance the stability of rural managers, thereby enhancing the stability of rural communities as a whole. In FY 2014, the Denali Commission continued to work with the ARMI partners to improve rural manager capacity so that rural residents are appropriately hired and/or trained to manage all aspects of a rural community including projects, human resources, utilities, roads, and investments in local buildings, water, sewer and energy systems. The ultimate goal of ARMI is to see well trained rural managers bring cost savings to local governments creating healthy sustainable Alaskan communities.

TRAINING ADVISORY COMMITTEE

The Training Advisory Committee (TrAC) is a high level planning group that provides guidance and recommendations to Commission staff on policy and strategic planning. The TrAC also ensures that all training program activities are aligned with the current Denali Commission Work Plan and other ongoing Denali Commission projects. TrAC met one time in FY 2014.

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, Department of Labor

PROGRAM PARTNERS

- Alaska Department of Education
www.education.alaska.gov
- Alaska Department of Labor and Workforce Development
<http://labor.state.ak.us>
- Alaska Department of Transportation
www.dot.state.ak.us
- Alaska Energy Authority
www.akenergyauthority.org
- Alaska Works Partnership
www.alaskaworks.org
- Alaska Housing Finance Corporation
www.ahfc.us
- Alaska's Institute of Technology
www.actec.edu
- Alaska Native Tribal Health Consortium
www.antch.org
- Alaska Village Electric Cooperative
www.avec.org
- Association of Alaska Housing Authorities
www.aahaak.org
- Construction Education Foundation, Associated General Contractors of Alaska
www.agcak.org
- First Alaskans Institute
www.firstalaskans.org
- Ilisagvik College
www.ilisagvik.edu
- RurAL Cap
www.ruralcap.com
- University of Alaska
www.alaska.edu
- University of Alaska Anchorage
www.uaa.edu
- University of Alaska Fairbanks (UAF)
www.uaf.edu
- UAF - Bristol Bay Campus
www.uaf.edu/bbc
- UAF-Interior-Aleutians Campus
www.uaf.edu/iac
- U.S. Department of Labor
www.dol.gov
- Yukon-Kuskokwim Health Corporation
www.ykhc.org
- Yuut Elitnaurviat
www.yuut.org

