



510 L Street, Suite 410 Anchorage, Alaska 99501
 T: 888-480-4321 or 907-271-1414
 denali.gov

DEAR FRIENDS OF THE DENALI COMMISSION

For the past 50 years there has been significant investment in basic infrastructure in rural Alaska both by Federal and State of Alaska agencies. The Denali Commission with its \$1.1 billion in investments over the past 15 years has been part of this larger work of improving the lives of many who reside in the most remote and economically challenging areas in the country. On a personal note 2014 marked my thirtieth year in Federal service primarily with a focus on planning, design and construction management on a myriad of infrastructure projects. My story is similar to many in the design-build community – we get proficient at carrying out projects and then we move on to the next one. However, I have concluded that the design-build community and the funders of rural infrastructure have not done enough to insure that rural owners and operators can adequately maintain the growingly complex infrastructure provided to them.

In 2014 the Commission earnestly has started to explore how best to improve facility management at a community scale in rural Alaska. With reduced State and Federal funding agencies and local communities can no longer afford to “repair by replacement.” Some examples include the work we are doing on the Rural Alaska Maintenance Partnership. Our work includes how to improve the skill sets of utility, city and tribal managers and clerks, improve the skill sets of maintenance technicians and how to encourage building owners and operators to carry out routine preventative maintenance. Deferred maintenance is a path towards more repair by replacement and our goal is to determine strategies and solutions that will improve facility maintenance in rural Alaska.

I am pleased to share this Summary report with the Alaskans we serve and the stakeholders who allow our work to continue.

Sincerely,



Joel Neimeyer
 Federal Co-Chair,
 Denali Commission

FY 2014 HIGHLIGHTS

Rural Alaska Maintenance Partnership (RAMP)

Billions of dollars has been invested in 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. In many cases and partly due to “high tech” building upgrades and lack of revolving training and coordination, much of this infrastructure is not being maintained properly or is being operated in ways that increase the cost of ownership. Many such investments do not achieve their anticipated useful life and must be replaced via “repair through replacement” sooner than anticipated.

For this reason, the Denali Commission and other agencies have embarked on a new initiative to help rural communities efficiently operate and maintain their infrastructure. 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 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.



SUMMARY PERFORMANCE AND FINANCIAL INFORMATION FY 2014



COMMISSIONERS

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

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

Commissioners meet at least twice a year to develop and monitor annual work plans that guide the Commission's activities. Commissioners draw upon community-based comprehensive plans as well as comments from individuals, organizations and partners to guide funding recommendations. 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.

ADVISORY COMMITTEES

The Commission has incorporated an advisory committee model for all major program areas. These committees consist of experts in the field to assist and advise on future program guidelines and policies.

- Transportation Advisory Committee, established in 2006
- Energy Advisory Committee, established in 2007
- Business Board, established in 2007
- Health Steering Committee, established in 1999
- Training Advisory Committee, established in 2007
- Economic Development Committee, established in 2007

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MISSION

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

UNQUALIFIED FINANCIAL AUDIT

The Denali Commission's Inspector General contracted with an auditor who conducted an audit under federal standards of the Commission's financial statements, controls, and compliance with related laws. The result of the audit was an unqualified opinion.

The Commission's full financial information is available at www.denali.gov



2013 – 2014 PROGRESS TOWARD GOALS

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.

MODERNIZE AND DEVELOP STRONGER AND SUSTAINABLE INFRASTRUCTURE IN RURAL ALASKA

FY 2014 continued to reflect the Commission’s commitment to infrastructure development in rural Alaska communities. The Commission staff continued to re-purpose project savings to maximize the impact of federal investments. Infrastructure projects were vetted according to tested and proven standards of due diligence. And prior year funds were matched with leveraged funding from other program partners to improve the standard of living across the state and provide rural residents with access to fundamental facilities and opportunities.

Program Achievements in FY 2014

Roads Projects	8
Waterfront Projects.....	7
Bulk Fuel Storage Facilities.....	3
Rural Power System Upgrades	2
Rural Primary Care Clinic Openings	2
Emerging Energy Technology Projects Completed.....	1

PROMOTE THE SUSTAINABILITY OF RURAL ALASKA COMMUNITIES

“What we need in rural Alaska communities are an economy, affordable and safe housing, accessible health care, effective government, and infrastructure management. Overarching all of this is the need for safe and cost-effective energy.” (Quote by a rural Alaskan Elder) Communities need the capability to secure, protect and maintain these critical components—and they need that capacity within their own communities. The Commission has stepped out to assist communities to attain this capacity in new ways.

Program Achievements	Sustainability Concept
Emerging Energy Technologies	Reducing energy costs in rural Alaska
Rural Alaska Maintenance Partnership	Develop community capacity to operate and maintain infrastructure
Facility Maintenance Tech I State Standard Certification	Local skills capacity to maintain and operate rural Alaska infrastructure
Alaska Rural Manager Initiative	Improving rural manager capacity for better management of rural communities including utilities, roads, and infrastructure investments

FORTIFY ACCOUNTABILITY POLICIES AND PROCEDURES

The Commission instituted a rigorous process for examining each active project and any reasons for exceptions to scope, schedule or budget. More dynamic monitoring has resulted in some delayed projects being replaced 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, the funding can quickly be re-purposed for new projects. The Commission also played an active role in implementation of the Uniform Guidance across the federal, state, and private sectors, specifically in the area of single audits.

Program Achievements	Accountability Concept
Project Selection Process Strengthened	Appropriate vetting and due diligence
Timely Closing of Projects	Accounting for grant finances and outcomes
Re-Program Recovered Funds	Encourage project savings and use best practices and vetted priority lists to enhance infrastructure development
Unqualified Audit Opinion	Sound accounting of financial and program resources
Uniform Guidance Implementation	Early implementation for sound grant and audit procedures



FY 2014 FINANCIAL HIGHLIGHTS

MAP-21 INITIATIVES

Congress passed the Moving Ahead for Progress in the 21st Century (MAP-21) legislation (P.L. 112-141) in 2012. MAP-21 provides the Commission authority to accept conditional gifts from other federal or non-federal organizations. This ability to accept and administer other agencies' program funds offers an opportunity both to other agencies and to the Commission. The first MAP-21 initiative for the Commission is a partnership with the Administration for Children and Families (ACF), which manages a Grants Center of Excellence (COE). ACF and the Commission are working together to ease the pathway of entry to the COE for smaller agencies. The COE provides top of the line grants management lifecycle software and services to 'larger' agencies across the Federal government. Agencies that use the COE's toolsets realize improved efficiencies in all 14 defined stages of the Grants Management lifecycle. The partnership between the Commission and ACF will allow small agencies to access the COE at a rate where a return on investment can be realized.

BUDGET AUTHORITY

The Commission's FY 2014 budget authority once again included federal funds transfers from USDA-RUS and TAPL. However, historically routine transfers from FTA, FHWA, HRSA and DOL were not received in FY 2014.

FY 2014 Budgetary Authority

Appropriations Received.....	\$10,000,000
Nonexpenditure Transfers.....	\$6,537,320
Total Budget Authority.....	\$23,872,320

FUNDING SOURCES

Funding Sources (in millions)	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
	\$20.0	\$25.0	\$66.4	\$97.3	\$99.2	\$120.5	\$140.1	\$140.6	\$133.8	\$108.9	\$74.5	\$58.4	\$28.4	\$22.6	\$21.0	\$24.0
U.S. Department of the Interior							\$1.0									
U.S. Department of Labor						\$5.0	\$6.9	\$6.9	\$6.9	\$6.8	\$3.4					
USDA Solid Waste						\$1.0	\$1.5	\$0.7	\$0.7	\$0.4	\$0.4					
U.S. Department of Housing & Urban Development						\$2.0	\$1.3									
U.S. Environmental Protection Agency				\$3.0	\$3.0	\$3.5	\$4.0									
U.S. Department of Health & Human Services			\$10.0	\$19.9	\$27.2	\$34.7	\$39.5	\$39.3	\$38.6	\$19.6	\$10.0					
U.S. Department of Agriculture			\$15.0	\$25.0	\$18.5	\$15.0	\$15.0	\$15.0	\$15.0	\$10.0	\$8.5	\$8.0	\$5.8		\$2.5	\$2.5
Trans-Alaska Pipeline Liability Fund		\$5.0	\$11.4	\$11.4	\$2.5	\$4.3	\$4.4	\$4.2	\$4.0	\$5.8	\$7.3	\$7.1	\$7.0	\$6.9	\$6.4	\$6.5
Energy & Water Appropriation	\$20.0	\$20.0	\$30.0	\$38.0	\$48.0	\$55.0	\$66.5	\$49.5	\$49.5	\$21.8	\$11.8	\$12.0	\$10.7	\$10.7	\$10.1	\$10.0
Map-21 Funding															\$2.0	\$5.0
U.S. Department of Transportation (FTA & FHWA)								\$25.0	\$18.4	\$25.5	\$23.5	\$21.3	\$4.9	\$5.0		