DENALI COMMISSION

Fiscal Year 2009 Revised Draft Work Plan

AGENCY: Denali Commission.

ACTION: Denali Commission fiscal year 2009 revised draft Work Plan request for comments.

SUMMARY: The Denali Commission (Commission) is an independent Federal agency based on an innovative Federal-State partnership designed to provide critical utilities, infrastructure and support for economic development and in training in Alaska by delivering Federal services in the most cost-effective manner possible. The Commission was created in 1998 with passage of the October 21, 1998 Denali Commission Act (Act) (Title III of Pub. L. 105–277, 42 U.S.C. 3121). The Denali Commission Act requires that the Commission develop proposed work plans for future spending and that the annual Work Plan be published in the **Federal Register**, providing an opportunity for a 30-day period of public review and written comment.

This **Federal Register** notice serves to announce the 30-day opportunity for public comment on the Denali Commission revised draft Work Plan for Federal fiscal year 2009.

DATES: Comments and related material must be received by May 3, 2009.

ADDRESSES: Submit comments to the Denali Commission, Attention: Adison Smith, 510 L Street, Suite 410, Anchorage, AK 99501.

FOR FURTHER INFORMATION CONTACT: Adison Smith, Denali Commission, 510 L Street, Suite 410, Anchorage, AK 99501. Telephone: (907) 271–1414. E-mail: *asmith@denali.gov*.

Introduction: Rural Alaska is an American treasure. Scattered across vast tundra, tucked away along rugged coastlines and forests and deep within Alaska's Interior, people living in over 300 communities raise families, educate their children, and work to provide opportunities for all. Alaska Native people rely heavily on subsistence hunting, fishing and gathering as a central part of both culture and economic sustenance. Values of sharing, love of family and country and traditional cultures run deep.

Rural Alaska still resembles the United States at the time of Lewis & Clark. Major rivers are undammed, unbridged and lack even basic navigational aids. Many health and social indicators still resemble those in developing countries.

No where else in our country can people live amidst wilderness, largely disconnected from highway and road connections and from regional power grids. Here, resilience and innovation are required both to survive and thrive. Reliance on air and river transportation is essential for everyday living. And where else in the country would women, in their third trimester of pregnancy, be required to fly into a regional center and wait to have their babies safely delivered, given the lack of local medical facilities?

The Denali Commission has now invested over a billion dollars in ten years on basic infrastructure projects at the local level. We know lives have been improved through greater access to primary health care, through safe and reliable energy projects, through job training programs, sanitation and landfill improvements and basic surface and water transportation improvements. We know the taxpayer benefits from an emphasis on coordinating the planning, construction and delivery of capital projects and through a focus on sustainability.

However, for the first time in nearly ten years the Commission's annual appropriations have been significantly reduced. As a result the Commission will be able to fund fewer critical infrastructure projects in the most remote communities, have limited resources to fund economic and workforce development initiatives, and be forced to make challenging program and policy decisions regarding the prioritization of projects that are critical foundations of community viability and sustainability.

At the same time we see innovation everywhere. The regional corporations formed by the Alaska Native Claims Settlement Act, for example, are becoming economic powerhouses in their own rights. Major investments in private-sector anchors in each region complement the Commission's work in basic community infrastructure. Many regional non-profit corporations provide an array of effective health and social services. The Alaska Marketplace competition, now in its fourth round, proves again that local people have great ideas and with a small infusion of capital and technical assistance, have real potential for making positive and lasting change. The Community Development Quota program, for example, offers opportunities for residents in over 60 coastal communities to benefit directly from offshore fishing revenues.

We are buoyed by the sense of progress over the last ten years, at the resurgence of traditional culture, by the progress in celebrating diversity at all levels and by the awareness among leaders to reduce dependency on government and eliminate social ills that seem to come with long winters and isolation found in northern countries. We take delight in working with many progressive and innovative partners, grant recipients and local champions whose leadership and inspiration is critical for village survivability.

We are alarmed, however, at the recent convergence of several issues which threaten the survival of many Alaskan communities and provide urgent impetus for the Commission to improve our investment strategies. These issues include the impacts of climate change, unpredictable and unaffordable energy costs at the village level, the expectation of declining Federal revenues to support rural investment in Alaska, evidence of out-migration from many small communities into larger regional centers and Anchorage, and the urgent need to find regional and systemic solutions to bolster long-term community viability. The global financial crisis will also strain an already thin social service delivery system and bring other consequences yet unseen.

The following are some of the pressing issues which frame the debate over the Denali Commission's FY09 Work Plan:

Climate Change

Evidence is now overwhelming that climate change is impacting Alaska and the north faster than elsewhere in the nation. Temperatures have been rising, plant and animal species have been moving north, and permafrost is melting, resulting in major challenges for all infrastructure programs. Denali Commission funded wind turbines, for example, are major engineering challenges for successfully placing a vertical wind tower in a permafrost setting. The Denali Commission is committed to participating fully with the State of Alaska, the Corps of Engineers and other partners in a coordinated approach to policy formulation and the execution of adaptation measures for climate change.

The most immediate challenge is the urgent need to protect and relocate many coastal communities impacted by the lack of sea ice, the repetition of major storm events, flooding and erosion of coastlines. While Congress provides no funds to the Commission to support relocation efforts, we coordinate closely with other agencies and Tribes. Our interagency Planning Work Group, for example, oversees relocation efforts in several communities, and the Commission funded a relocation community plan last year.

Unaffordable Energy at the Local Level

We recognize the urgent need to find breakthrough solutions to the widespread unaffordable energy costs in Alaska's rural communities. One study reveals that rural residents earning the lowest 20% of income spend almost half that income on home heating and electricity!

While the Commission's energy strategy remains a combination of completing bulk fuel and power system upgrades, an emphasis on conservation and energy efficiency projects and renewable energy, we continue to look for breakthrough solutions that can be replicated. We'll also focus on pursuing regional grids that can reduce the need for stand-alone generation in Alaska's small villages. We remain a strong partner as the State of Alaska prepares an overall Energy Plan for submission to the Alaska State Legislature this session.

Green Building Design and Construction Cost Containment

High construction costs in rural Alaska result from a combination of vast distances, harsh climates and the rising cost of construction materials. We are committed to carrying out innovative, cost-effective and creative design and construction solutions. This year we anticipate engaging in more diverse and experimental partnerships, and we'll be seeking more innovative design, construction and program and project management practices. We may alter or enhance our normal project scopes to allow for greater energy efficiencies. We anticipate undertaking several pilot projects focusing on green design, cost containment and the combined use of facility activities.

A Focus on Community, Regional Planning and Government Coordination

The Commission is committed to a greater emphasis on community and regional planning to ensure long-term viability of our infrastructure investments. Last year, we worked with the State of Alaska, for example, to help reopen a Tribal clinic that had closed its doors for lack of capacity. This may be the first instance of a Denali Commission project which had suspended service. Through our efforts in government coordination, we work to ensure our projects fit within a framework of a local and regional plan, and are designed, sized and placed in the most optimum locations and setting for long-term success.

Background: The Commission's mission is to partner with Tribal, Federal, State, and local governments and collaborate with all Alaskans to improve the effectiveness and efficiency of government services, to develop a well-trained labor force employed in a diversified and sustainable economy, and to build and ensure the operation and maintenance of Alaska's basic infrastructure.

By creating the Commission, Congress mandated that all parties involved partner together to find new and innovative solutions to the unique infrastructure and economic development challenges in America's most remote communities.

Pursuant to the Denali Commission Act, as amended, the Commission determines its own basic operating principles and funding criteria on an annual Federal fiscal year (October 1 to September 30) basis. The Commission outlines these priorities and funding recommendations in an annual Work Plan.

The Work Plan is adopted on an annual basis in the following manner, which occurs sequentially as listed:

- Commissioners first provide a draft version of the Work Plan to the Federal Co-Chair.
- The Federal Co-Chair approves the draft Work Plan for publication in the **Federal Register** providing an opportunity for a 30-day period of public review and written comment. During this time the draft Work Plan is also disseminated widely to Commission program partners including, but not limited to the Bureau of Indian Affairs (BIA), the Economic Development Administration (EDA), and the United States Department of Agriculture—Rural Development (USDA–RD).
- Public comment concludes and Commission staff provides the Federal Co-Chair with a summary of public comment and recommendations, if any, associated with the draft Work Plan.
- If no revisions are made to the draft the Federal Co-Chair provides notice of approval of the Work Plan to the Commissioners, and forwards the Work Plan to the Secretary of Commerce for approval; or, if there are revisions the Federal Co-Chair provides notices of modifications to the Commissioners for their consideration and approval, and upon receipt of approval from Commissioners, forwards the Work Plan to the Secretary of Commerce for approval.
- The Secretary of Commerce approves the Work Plan.

The Work Plan authorizes the Federal Co-Chair to enter into grant agreements, award grants and contracts and obligate the Federal funds identified by appropriation below.

Written public comments regarding the FY09 Revised Draft Work Plan may be submitted via e-mail, fax or hard copy to the following by Close of Business (COB) May 3, 2009: Ms. Adison Smith, Denali Commission, 510 L Street, Suite 410, Anchorage, AK 99501. *asmith@denali.gov*. *Phone*: 907.271.1640. *Fax*: 907.271.1415.

FY 09 Appropriations Summary

The Omnibus Bill was approved by Congress on March 10, 2009, and was signed by President Obama on March 11, 2009. The Omnibus Bill provides significantly different appropriations to the Commission then the FY09 Continuing Resolution, which the first draft of the FY09 Work Plan was based on.

The Denali Commission has historically received several Federal funding sources. These fund sources are governed by the following general principles:

- In FY 2009 no project specific earmarks were defined.
- Energy and Water Appropriations (commonly referred to as Commission ''Base'' funding) are eligible for use in all programs, but have historically been used substantively to fund the Energy Program.
- The Energy Policy Act of 2005 established new authorities for the Commission's Energy Program, with an emphasis on renewable and alternative energy projects. No new funding accompanied the Energy Policy Act, and prior fiscal year Congressional direction has indicated that the Commission should fund renewable and alternative Energy Program activities from the available ''Base'' appropriation.
- All other funds outlined below may be used only for the specific program area and may not be used across programs. For instance, Health Resources and Services Administration (HRSA) funding, which is appropriated for the Health Facilities Program, may not be moved to the Economic Development Program.

Final transportation funds received may be reduced due to agency modifications, reductions and fees determined by the U.S. Department of Transportation. Final program available figures will not be provided until later this spring.

Final USDA–Rural Utility Services (RUS) funds received may be reduced based on the amount made available to the Commission. Historically, the Commission has received ~50% of the total RUS funds available nationally. This year RUS is receiving $17.5 MM for the national program, and the Commission is using historic funding

percentages to provide the appropriations and program available estimate for RUS in the FY09 Work Plan and funding chart below. Final RUS figures will not be provided until later this spring.

All Energy and Water Appropriation (Base) funds, including operational funds, designated as ''up to'' may be reassigned to the Legacy Energy program (Bulk Fuel and Rural Power System Upgrades (RPSU)) if they are not fully expended in a program component area.

All U.S. Department of Health and Human Services—Health Resources and Services Administration (HRSA) funds designated as ''up to'' may be reassigned to the primary care clinic program if they are not fully expended in a program component area.

The figures appearing in the table below include an administrative deduction of 5%, which constitutes the Commission's 5% overhead. In instances where the overhead differs from the 5% it is due to the requirements related to that appropriation. For example, USDA—Rural Utilities Services (RUS) funding is limited to 4% overhead.

The table below provides the following information, by fund source:

• *Total FY 09 Budgetary Resources provided in the Omnibus Bill:*

These are the figures that appear in the rows entitled ''FY 09 Appropriation'' and are the original appropriation amounts which do not include Commission overhead deductions. These funds are identified by their source name (*i.e.*, ''Energy and Water Appropriation; USDA, Rural Utilities Service, etc.). The grand total, for all appropriations appears at the end of the chart.

• *Total FY 09 Program Available Funding*

These are the figures that appear in the rows entitled ''FY 09 Appropriations—Program Available'' and are the amounts of funding available for program(s) activities after Commission overhead has been deducted. Traditionally, the Commission's overhead rate has been limited to 5%, except in the case of RUS funds, where it is limited to 4%. The following appropriations language for the Base funds in FY09 allows the Commission to retain more than 5% of the Base for operational activities as it deems appropriate and prudent: ''* * * not withstanding the limitations contained in section 306(g) of the Denali Commission Act of 1998.'' The grand total, for all program available funds appears at the end of the chart.

• *Program Funding*

These are the figures that appear in the rows entitled with the specific Program and Sub-Program area, and are the amounts of funding the Revised Draft FY09 Work Plan recommends, within each program fund source for program components.

• *Subtotal of Program Funding*

These are the figures that appear in the rows entitled ''subtotal'' and are the subtotals of all program funding within a given fund source. The subtotal must always equal the Total FY 09 Program Available Funding.

Denali Commission FY09 Funding Table	Totals
FY 09 Energy & Water Appropriation	$11,800,000
For expenses of the Denali Commission including the purchase, construction, and acquisition of plant and capital equipment as necessary and other expenses, $11,800,000, to remain available until expended, notwithstanding the limitations contained in section 306(g) of the Denali Commission Act of 1998.	
FY 09 Energy & Water Appropriations (''Base'')—Program Available (less Commission overhead—not limited to 5% in FY09 and designated as ''up to'')	8,800,000
Energy Program: bulk fuel, RPSU, etc.	5,800,000
Energy Program: alternative & renewable energy	850,000 (up to)
Pre-Development Program	150,000
Teacher Housing & Health Professional Housing Program: design & construction	1,500,000
Economic Development Program: various	250,000 (up to)
Healthcare Infrastructure Initiatives	250,000 (up to)
sub-total $	8,800,000
FY 09 USDA, Rural Utilities Service (RUS)—Estimate	8,925,000
FY 09 USDA—Rural Utilities Service (RUS)—Program Available (less 4% overhead)—Estimate	8,568,000
Energy Program: high cost energy communities	8,568,000
sub-total $	8,568,000
FY 09 Trans Alaska Pipeline Liability (TAPL) Trust	5,830,940
FY 09 Trans Alaska Pipeline Liability (TAPL)—Program Available (less 5% overhead) ESTIMATE	5,539,393
Energy Program: bulk fuel	5,539,393
sub-total $	5,539,393
FY 09 DHHS—Health Resources & Services Administration (HRSA)	19,642,000
Provided further, that of the funds provided, $19,642,000 shall be provided to the Denali Commission as a direct lump payment pursuant to Public Law 106–113.	
FY 09 DHHS—Health Resources & Services Administration (HRSA)—Program Available (less 5% Commission overhead)	18,659,900
Health Program: Primary Care Clinics—Design, Planning, and Construction	14,758,102
Health Program: Behavioral Health	1,017,831 (up to)
Health Program: Primary Care in Hospitals	1,526,746 (up to)
Health Program: Elder Housing/Assisted Living Facilities—Construction	1,357,221 (up to)
sub-total $	18,659,900
FY 09 US Department of Labor (DOL)	3,378,000
There is authorized to be appropriated such sums as may be necessary to the Denali Commission through the Department of Labor to conduct job training of the local workforce where Denali Commission projects will be constructed. $3,378,000 for the Denali Commission, which shall be available for the period July 1, 2009 through June 30, 2010.	
FY 09 US Department of Labor (DOL)—Program Available (less 5% Commission overhead)	3,209,100

Denali Commission FY09 Funding Table	Totals
Training Program: Various	3,209,100
sub-total $	3,209,100
FY 09 Federal Transit Administration (FTA)—Estimate	$5,000,000
$5,000,000 from section 3011 (FTA) for docks and harbors;	
FY 09 Federal Highway Administration (FHWA)—Estimate	21,900,000
For necessary, expenses for the Denali Access System Program as authorized under Section 1960 of Public Law 109–59, $5,700,000, to remain available until expended and $4,800,000 from section 1934 (FHWA) for docks and harbors; and $11,400,000 from section 1960 (FHWA) for Denali Access System Program.	
FY 09 Transportation—Program Available (less 5% Commission overhead)—Estimate	25,555,000
Transportation Program: Docks & Harbors	5,000,000
Transportation Program: Roads	20,555,000
sub-total $	25,555,000
FY 09 USDA, Solid Waste	434,000
There is hereby appropriated $434,000 to remain available until expended for the Denali Commission to address deficiencies in solid waste disposal sites which threaten to contaminate rural drinking water supplies.	
FY 09 USDA—Solid Waste—Program Available (less 5% Commission overhead)	412,300
Solid Waste Program: planning, design and construction	412,300
sub-total $	412,300
TOTAL FY 09 Appropriations—Estimate	76,909,940
TOTAL FY 09 Program Available—Estimate	70,743,693

FY 09 Program Details & General Information

The following section provides narrative discussion, by each of the Commission Programs identified for FY09 funding in the table above, in the following categories:

- Program History and Approach.
- Applicant/Grant Process.
- Program Project Selection Process.
- Program Policy Issues (as Applicable).

In addition to the FY 09 funded program activities; the last section of the narrative provides an update on the Commission's Government Coordination Program. The Program is not funded by Commission appropriations, but is an integral component of the Commission's mission, the success of other programs, and the legacy of the Commission's work in Alaska.

The final section also includes a general summary of other program and policy issues facing the Commission, statements of support by the Commission for the funding requests and activities of other program partners which the Commission works in partnership with, and detail regarding the Commission's evaluation and reporting efforts.

Government Coordination

The Commission is charged with the special role of increasing the effectiveness of government programs by acting as a catalyst to coordinate the many Federal and State programs that serve Alaska. In FY09 the Commission will continue its role of coordinating State and Federal agencies and other partner organizations to accomplish its overall mission of developing Alaska's communities. Particular focus will be given to the collaborative efforts of the Commission's Federal and State Memorandum of Understanding (MOU) and the various workgroups and planning sessions and forums that occur as a result of the MOU meetings. The Commission intends to engage, along with MOU members, in regional forums in FY09. These sessions will be regionally focused, and will provide regional partners and community members with an opportunity to discuss projects successes, failures and opportunities, and provide direct feedback to the Commission and other funding organizations regarding their policies and funding processes.

Energy Program

The Energy Program is the Commission's oldest program and is often identified, along with the Health Program, as a ''legacy'' program. The Program focuses on bulk fuel facilities (BFU) and rural power system upgrades/power generation (RPSU) across Alaska. The purpose of this program is to provide code-compliant bulk fuel storage and reliable and efficient electrification throughout rural Alaska, especially for communities ''off the grid'' and not accessible by road or rail.

The needs in the bulk fuel and power generation projects are presently estimated at $250 million and $135 million, respectively. The Commission has also funded a very successful program of competitively selected energy cost reduction and alternative energy projects. In three completed rounds of funding, approximately $6 million in grant funds have leveraged $8.1 million in participant funding, with estimated life-cycle cost savings (generally diesel fuel avoided over the life of the project) of $29 million.

The Energy Policy Act of 2005 established new authorities for the Commissions Energy Program, with an emphasis on alternative and renewable energy projects, energy transmission, including interties, and fuel transportation systems. Although the 2005 Energy Policy Act did not include specific appropriations, the Commission is expected to carry out the intent of the Act through a portion of its ''Base'' funding. To date, the Commission has co-funded a number of renewable projects, including hydroelectric facilities, a geothermal power plant, a biomass boiler, and a number of diesel-wind power generation systems. The FY09 Work Plan outlines a strategy to balance the Energy Program in both legacy and renewable systems, providing up to $850,000 for alternative and renewable projects. 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. This reduces capital costs and 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.

The Energy Program has historically used a ''universe of need'' model to determine project and program 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. A program partnership model is utilized for project management and partners are actively involved in the design and construction of projects. 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, readiness of individual communities and project participants for the project(s), and capacity of the partners to carry out the work. Communities are identified by partners and through the deficiency list process. Legacy program (RPSU, bulk fuel) projects are selected and reviewed by Commission staff and program partners. Thus, a renewable project sometimes is proposed in conjunction with a deficiency list project to reduce the dependence on diesel fuel, and the concomitant fuel storage requirements. So too, 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. Each community and project must be evaluated holistically. Program partners also perform initial due diligence and Investment Policy screenings, as well as assisting in development of the business plans for the participants as the designs are underway. The Program is dynamic: Priorities fluctuate throughout the year based on design decisions, due diligence and investment policy considerations, site availability, the timing of funding decisions, etc.

The Energy Program anticipates the revised Commission policy document, which was adopted in November of 2008, will impact the current project prioritization and development process. Specifically the Investment Guidance section that promotes regional planning and prioritizes regional or multi-community connectivity versus stand alone projects, evaluates similar infrastructure projects in communities with populations less than 100 residents, and prioritization of projects that include a cost share match. The policies will change the development and design of several communities on the Bulk Fuel Upgrade and Rural Power System Upgrade needs lists which meet the definition of having ''stand alone facilities'' and/or ''under 100 residents''. Projects that meet these definitions will require communities and partner organizations to develop multi-community solutions (*i.e.* Interties, cooperative management or regional management) before construction can proceed. This may lead to delays in projects on the needs list or projects not being constructed in several communities. Historically, the Bulk Fuel and Rural Power System Upgrade programs have had no cost share match requirements, under the new policy projects with cost share will be prioritized over projects without.

In 2008 the Commission completed a study on intertie/transmission lines between communities, regions and statewide. The study summarized the vast amount of research, planning and studies that have occurred to date and identified the policy and economic considerations for investment in intertie infrastructure. The program will continue to support projects where connections via intertie are feasible. The program will also be further defining the role of the Denali Commission in intertie planning, development and execution statewide as recommended in the study.

Health Facilities Program

The Denali Commission Act was amended in 1999 to provide for the ''planning, constructing and equipping of health facilities.'' Since 1999, the Health Facilities Program has been methodically investing in the planning, design and construction of primary care clinics across Alaska.

Primary care clinics have remained the ''legacy'' priority for the Program. However, in 2003 the ''Other Than'' primary care component of the Program was adopted in response to Congressional direction to fund a mix of other health and social service related facility needs. Over time, the Program has developed Program sub-areas such as Behavioral Health Facilities, Domestic Violence Facilities, Elder Housing, Primary Care in Hospitals, Emergency Medical Services Equipment and Hospital Designs. The FY09 Draft Work Plan emphasizes the priority of the Primary Care Clinic Program as the legacy program area, with the majority of funding dedicated to clinics.

The Program utilizes a ''universe of need'' model for primary care and a competitive selection process for other sub-program areas. In 1999 the Program created a deficiency list for primary care clinics, which totaled 288 communities statewide in need of clinic replacement, expansion and/or renovation. Currently, 110 clinics have been completed or are in construction and approximately 40 are in design.

The Program is guided by the Health Steering Committee, an advisory body comprised of the following membership organizations: the State of Alaska, Alaska Primary Care Association, the Alaska Native Tribal Health Consortium, the Alaska Mental Health Trust Authority, the Alaska Native Health Board, the Indian Health Service, the Alaska State Hospital and Nursing Home Association, the Rasmuson Foundation and the University of Alaska.

Projects are recommended for funding by Commission staff if they demonstrate project 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 realistic ability to move the project forward in a given construction season.

The Health Facilities Program anticipates the Commission policy document, which was adopted in November 2008, will impact the clinic prioritization process, specifically for those communities located on the road system, and within proximity to one another, and for communities with populations less than 100. In 2008 the program identified small communities as an area for improvement in terms of cost containment and sustainability.

Consequently, for communities with populations of less than 100, only projects already in the pipeline have been proceeding while the Commission has funded pilot projects to design a more cost effective, potentially re-locatable clinic prototype to serve small communities. Finally, an emphasis on renovation over new construction has emerged as a means for overcoming high construction costs.

In addition to construction challenges, the health program has indicated that a major sustainability risk to health projects is workforce recruitment and retention. Recommendations on this challenge are made in the ''Other Issues'' section of the FY09 Work Plan.

Training Program

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

State. With the limited number of jobs available, the Commission believes it is imperative to ensure that local residents have the skills and essential certifications necessary to work on the construction of projects funded by the Denali Commission. Through the Training Program, the Commission builds sustainability into their investments by providing training for the long term management, operations and maintenance of these facilities and thus increasing local capacity and employment.

The Training Program's mission is to build a communities capacity through training and increase the employment and wages of unemployed or underemployed Alaskans. The Training Program's primary purpose is to support the Commission's investment by providing training for the careers related to the Commission infrastructure programs (such as Energy and Health Facilities).

The Training Program is also guided by the following principles:

- Priority on training for Denali Commission infrastructure, projects and priorities.
- Training will be tied to a job.
- Training for construction, operations and maintenance for other public infrastructure.
- Training will encourage careers not short term employment.

Each year, the Commission dedicates training funds to careers associated with infrastructure development and long-term sustainability in rural Alaska. The Commission has funded construction, operations and maintenance training in communities statewide with large success.

The Commission anticipates that the general priority areas of construction, operations and maintenance of Commission Projects; management training for Commission Projects; youth initiatives that support employability skills; and construction, operations and maintenance training of ''other public infrastructure'' will continue to be funded in FY09.

These projects are selected through a competitive Request for Grant Application (RGA) process with partners, and at the recommendation of Commission staff, and policy guidance and priority areas for funding are set by the Training Advisory Committee.

Transportation

Section 309 of the Denali Commission Act 1998 (amended), created the Commission's Transportation Program, including the Transportation Advisory Committee. The advisory committee is composed of nine members appointed by the Governor of the State of Alaska including the Chairman of the Denali Commission; four members who represent existing regional native corporations, native nonprofit entities, or Tribal governments, including one member who is a civil engineer; and four members who represent rural Alaska regions or villages, including one member who is a civil engineer.

The Transportation Program addresses two areas of rural Alaska transportation infrastructure, roads and waterfront development. There is a solid base of 114 projects underway, with the FY09 project nomination and selection process likely to add another 15 to 20 projects. Up to 10 projects currently in the design phase in the Commission program will also move to construction in FY09.

There is a consensus amongst agencies and communities that the Transportation Program is successfully addressing improvements to local and regional transportation systems. This is largely a function of the Transportation Advisory Committee's success at project selection and monitoring, and the success of the program's project development agencies.

The Transportation Program anticipates the adopted Commission policy document will impact the project selection process, specifically for those communities located within proximity to one another, and for communities with populations less than 100.

The program is generally a competitively-bid contractor or materials-based system grounded in Title 23 CFR. These strict project development and construction rules have presented some challenges to the Denali Commission's ability to respond quickly to targets of opportunity, but they have also had the positive effect of ensuring project design and construction is executed at a professional level. The program operates under a reimbursable payment system that requires local and State sponsors pay close attention to accounting procedures prior to their payments to contractors and vendors. This system helps ensure project payments are eligible when submitted to the Commission.

Four important trends are emerging as the program enters its fourth year of operations:

- Fewer project partners, with fully developed project development capabilities.
- Narrowing focus on core project types.
- Commission's use of State of Alaska General Funds to match Title 23 CFR funds.
- Preparation for Federal highway reauthorization legislation.

Project Partners

As the transportation program began its work in FY 2006, the Commission, responding to local and regional interests sought to encourage local sponsor project development through Tribal governments and regional non-profits, cities and boroughs, as well as traditional State and Federal transportation agencies.

Through experience, the level of project management oversight needed for small cities and Tribes to succeed in the Title 23 CFR environment is not sustainable under the limited personnel resources available to the Commission. Therefore, partnerships with State and Federal transportation agencies will increasingly become the Commission's primary project development partners; they have the level of expertise and resources needed to successfully execute project development.

The program will specifically increase its focus on barge landings at rural communities. These projects range from a couple of mooring piling to secure a barge, to small dock structures, depending on community size and barge operation characteristics. The value of these structures lies in improved fuel/freight transfer operations and improved worker and environmental safety. The Commission and U.S. Army Corp of Engineers have prepared a barge landing analysis that is under review at this time, with the final report due in December 2008. This work has turned out to be an excellent analysis of barge operation needs and it is forming the basis of a design and construction program. The universe of need for the first generation of projects is in the range of $40,000,000.

Solid Waste

The goal of the solid waste program at the Denali Commission is to provide funding to address deficiencies in solid waste disposal sites which threaten to contaminate rural drinking water supplies. Solid waste handling and disposal is one of the most underserved arenas in the context of rural Alaska's environmental and public health.

The program employs a competitive RFP process to select and identify projects, and has utilized a multidisciplinary review panel to ensure that projects meet all Denali Commission due diligence and policy requirements. The Commission intends to utilize this same process for selection of FY09 projects.

The Rural Alaska Community Action Program is a program partner with the

Denali Commission Solid Waste Program. The program also coordinates with USDA Rural Development's Water and Environmental Program and the U.S. Environmental Protection Agency.

Teacher Housing

Teaching in rural Alaska can be one of the most rewarding and challenging professions. A critical issue for rural teachers is finding safe, affordable housing during the school year. Housing availability varies by community from newer adequate homes, to old housing units with multiple safety and structural problems, to a lack of enough available housing, requiring teachers to double-up or even live in the school.

Teacher turnover rates are high in rural Alaska, with many teachers citing unavailable or inadequate housing as a factor in their decision to move. The quality of education received by students is impacted by teacher retention. By improving the availability and quality of housing for teachers, the Commission strives to also increase the quality of education received by the next generation of Alaskans.

In FY04, Congress directed the Commission to address the teacher housing needs in rural Alaska. The Commission launched a statewide survey of 51 school districts and rural education attendance areas to identify and prioritize the teacher housing needs throughout the State. Urban districts in Anchorage, Fairbanks, Mat-Su and Juneau were not included in the survey.

The Commission utilizes a program partnership model to implement the teacher housing program. An annual RFP process identifies eligible projects and other funding sources, such as debt service, available to fill the gap between the project's capacity to carry debt and the total development cost of the project. Acquisition, rehabilitation, new construction, and multi-site rehabilitation are eligible development activities under this program.

In FY09 the Commission will expand its teacher housing program to include housing for health care professionals. This change will be administered through the Commission's program partner, the Alaska Housing Finance Corporation (AHFC), and the Greater Opportunity for Affordable Living (GOAL) process. This expansion shall include the following provider types: Mid-level providers, nurses, mental and dental health specialists and health aides.

Other Program and Policy Issues

At this time the Commission is not undertaking a stand-alone program for multi-use facilities. However, as opportunities arise in FY09 for the Commission to leverage Federal funds for combined use facilities or to take advantage of placing community infrastructure, such as clinical facilities, within the confines of existing community buildings the Commission may utilize program funds for such efforts. Projects will be selected based on the opportunity for cost savings, construction readiness and correlation to existing Commission program activities. Funds will not be used to identify stand-alone multi use projects.

Pre-Development

The Commission intends to continue to engage in the Pre-Development program in FY09. Pre-Development is a joint collaboration between the Alaska Mental Health Trust Authority, the Denali Commission, The Foraker Group, and the Rasmuson Foundation to assist organizations with development of plans for successful capital projects.

The funding agencies are concerned that inadequate planning during the initial project development phase can result in projects that are not sustainable in the long term. The Pre-Development Program was created to provide guidance and technical assistance to ensure that proposed projects: Meet documented need, are consistent with strategic and community plans, consider opportunities for collaboration, have appropriate facility and site plans and realistic project budgets, are financially sustainable and will not negatively impact the sustainability of the proposing organization. Through this partnership an agency's capital project is better equipped to proceed.

Pre-Development has historically been funded out of the Commission's operational budget; however, given its direct correlation and benefit to program functions, it has been moved to the program funding section of the Work Plan. The amount of $150,000 will provide funding for the pre-development program for the last quarter of FY09, and FY10.

Strategic Planning & Agency Evaluation

In FY09 the Commission will be creating an on-going, agency-wide evaluation system to measure the outcomes of Commission programs. It is anticipated that this work will begin January of 2009, and would be designed to provide by empirical and qualitative data regarding Commission programs, projects and overall goal accomplishments in a broad set of evaluation criteria. It is the Commission's intent to maintain high-level measures that are correlated to the Commission's goals related to improving access, reducing cost and improving the quality of services and facilities across Alaska. Program Advisory Committees, staff and Commissioners will play a critical role in shaping this evaluation methodology.

Specific evaluation and strategic planning undertakings include the following:

- Adoption and implementation of program missions and 2–3 key output and outcome measures for each program.
- Development, draft, and application of FY 2009–2015 strategic plan in accordance with GPRA provisions and Denali Commission needs.
- Production of annual performance plan per OMB requirements.
- Establishment of processes to support performance measurement improvements.

Such processes include:

- Compilation and maintenance of projects by community,
- Mechanism to obtain feedback about impact of projects,
- Semi-annual assessment by key staff and management of long and short term performance by program, and
- In-depth and comprehensive evaluation of dedicated program annually.

Healthcare Infrastructure Initiatives

Recognizing the significant need for electronic health records (EHRs) and health technology infrastructure in Alaska, and the funding that has been made available for this initiative nationally through the American Recovery and Reinvestment Act (ARRA) and the Obama administration the Commission will provide up to $250,000 to the Alaska Health Information Network (AHIN). These funds shall be used in conjunction with program funds already secured by AHIN to carry out EHR and health information technology activities in Alaska. Additionally, the funds provided by the Commission shall be used to support operational and administrative activities undertaken by AHIN in coordinating, implementing and developing a state-wide EHR and technology infrastructure system for Alaska.

Dated: March 27, 2009.

George J. Cannelos,

Federal Co-Chair.

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