Denali Commission
Agency Financial Report (AFR)
Annual Performance Report (APR)
Fiscal Year 2010

510 L Street, Suite 410
Anchorage, AK 99501
Phone - (907) 271-1414
Toll Free - 1-888-480-4321

www.denali.gov

Denali Commission Performance and Accountability Report, Agency Financial Report and Annual Performance Report Fiscal Year 2010.

Anchorage, AK., November 2010

This report is available on the internet at www.denali.gov under the Administration, Finance section.

To order copies of the report, contact:

Denali Commission
510 L Street, Suite 410
Anchorage, AK 99501
Telephone: 907-271-1414
Toll Free - 1-888-480-4321

Contents

Agency Financial Report and Annual Performance Report

Agency Financial Report (AFR)

A Message from the Federal Co-Chair

Federal Co-Chair Joel Neimeyer

The Denali Commission has chosen once again to produce an alternative to the consolidated *Performance and Accountability Report (PAR)*. This year, the Denali Commission's (Commission's) *Agency Financial Report (AFR)* includes the *Annual Performance Report (APR)* and we will soon provide a Summary of Performance and Financial Information. The Commission has chosen to participate in the PAR pilot reporting structure to enhance the presentation of financial and performance information and make this information more meaningful and transparent. We have appreciated the flexibility of this report format and the clarity offered through the Summary of Performance and Financial Information portion of this document.

There has been a lot of activity at the Commission this past fiscal year. I started my year as the new Federal Co-Chair in January 2010. I am pleased to share our past year's activities, accomplishments and future goals. We are proud that our FY 2010 audit resulted in an unqualified opinion with no material weaknesses and no significant deficiencies. Additionally, a comprehensive assessment of our programs activities is provided through our *Annual Performance Report* found in a separate section of this document. We have strived to provide updates on last year's goals and information on our current year activities. Also a summary of our actual performance for the fiscal year, and a discussion on our FY2011 program goals is provided.

Change is upon us at the Commission as we embark on our second decade of operations and development of critical infrastructure in Alaska. For twelve years the Commission has administered over $1 billion dollars in basic infrastructure, training, and economic development projects in Alaska's remote communities. The Commission's funding, along with all the leveraged funding from other program partners, has improved the standard of living across the state and has provided rural residents with access to fundamental facilities and opportunities that many urban residents take for granted. Over the past twelve years, the Commission has:

- Completed 97 code compliant bulk fuel tank farms and 55 rural power system upgrades in rural Alaska communities.
- With numerous partners, including the State of Alaska, we are engaged in the development and construction of alternative and renewable energy projects, including wind turbines, hydro, geothermal and hydrokinetic power.
- Completed 114 clinics with an additional 11 clinics currently under construction. The Commission has 27 health facility projects that are in the conceptual planning or design phase.

Message from the Federal Co-Chair (continued)

- Completed 33 road projects, 42 waterfront development projects and 82 road and waterfront development projects are currently in the planning, design or construction phase.

The Commission is in its next decade and its next phase of growth. While we have accomplished much in our first decade, we recognize there are many rural communities still waiting for code compliant bulk fuel tank farms, roads, small boat harbors, clinics and training opportunities.

The relevance and necessity of the Commission is clear; the need for partnerships, leveraging of dollars and collaboration are all the more apparent in this economy. This is the very foundation the Denali Commission was built upon years ago and it will be the foundation of our future efforts as we adjust in these changing times. This coming year the Commission will look at reauthorization opportunities, review organizational restructuring models and work to continue the necessary project development activities we have excelled in for over a decade. We are excited about our future prospects and our future course as we work with program partners on rural development issues.

In addition to our program accomplishments, the Commission has also worked diligently to improve and enhance our program delivery internally. On October 1, 2009 the Commission implemented the **Financial Line of Business** through the **U.S. Treasury, Bureau of Public Debt**. This significant change has enhanced controls over financial reporting and provided **Federal Managers' Financial Integrity Act** compliance. Implementation of these types of important procedures enhances the Commission's program delivery and strengthens Commission grants management practices.

The Denali Commission continues to improve access to healthcare for rural Alaskans, provide greater environmental safeguards around fuel storage, improve efficient power generation systems, enhance transportation needs in rural communities and provide a better-trained workforce. We continue to address the disparities in the social and economic conditions of rural Alaska. We still have much to accomplish, but I hope you recognize the accomplishments thus far in our PAR Pilot report.

Sincerely,

Joel Neimeyer
Federal Co-Chair

Agency Financial Report (AFR)

Management Discussion and Analysis

Overview of the Denali Commission

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

The Denali Commission (Commission) is an independent federal agency that acts as a regional commission focusing on the basic infrastructure needs of rural Alaska. Working as a federal-state-local partnership, the Commission provides critical utilities, infrastructure and support for economic development in Alaska by delivering federal services in the most cost-effective manner possible. By creating the Commission, Congress intended for those involved in addressing the unique infrastructure and economic challenges faced by America's most remote communities to work together in new ways to make a lasting difference.

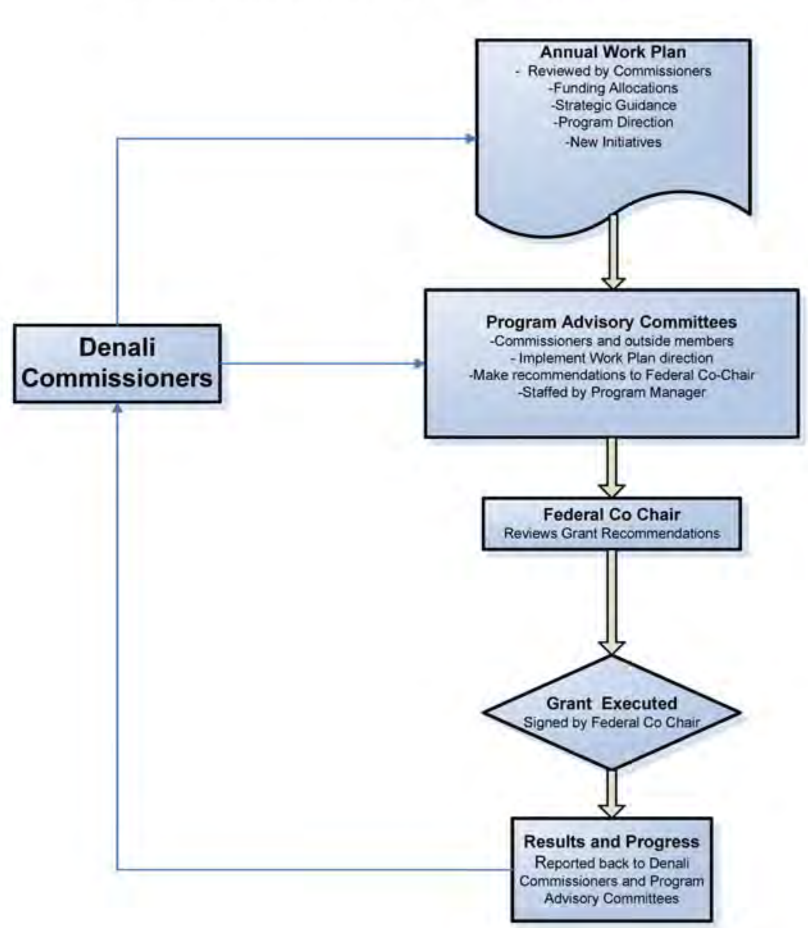
Purpose:

- To deliver the services of the federal government in the most cost-effective manner practicable by reducing administrative and overhead costs.
- To provide job training and other economic development services in rural communities, particularly distressed communities (many of which have a rate of unemployment that exceeds 50%).
- To promote rural development and provide power generation and transmission facilities, modern communication systems, bulk fuel storage tanks, and other infrastructure needs.

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

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

Denali Commission Decision Making Process

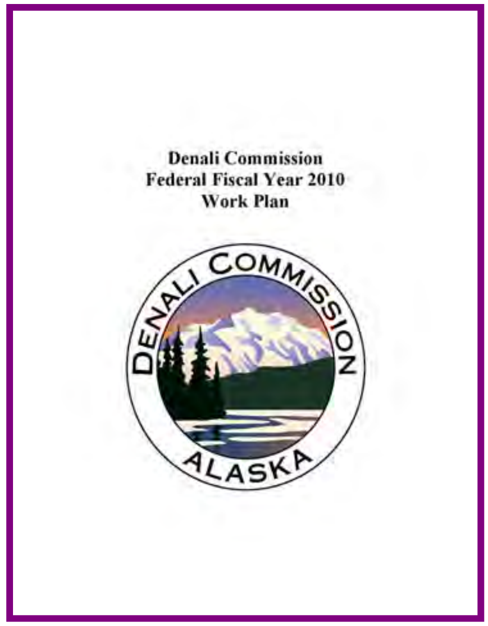


Commissioners meet at least twice a year to develop and monitor annual work plans that guide its activities. Commissioners draw upon community-based comprehensive plans as well as comments from individuals, organizations and partners to guide funding decisions. This approach helps provide basic services in the most cost-effective manner by moving the problem solving resources closer to the people best able to implement solutions.

The Commission is staffed by a small number of employees, together with additional personnel from partner organizations. The Commission relies upon a special network of federal, state, local, tribal and other organizations to successfully carry out its mission.

Work Plan

The Denali Commission Act outlines specific duties of the Commission primarily focused upon the development and implementation of an annual work plan. The Commission must develop an annual proposed work plan that solicits project proposals from local governments and other entities and organizations; and provides for a comprehensive work plan for rural and infrastructure development and necessary job training in the areas covered under the work plan.


Denali Commission
Federal Fiscal Year 2010
Work Plan

This proposed plan is submitted to the Federal Co-Chair for review who then publishes the work plan in the Federal Register, with notice and a 30 day opportunity for public comment.

The Federal Co-Chair takes into consideration the information, views, and comments received from interested parties through the public review and comment process, and consults with appropriate Federal officials in Alaska including, but not limited to, the Bureau of Indian Affairs, the Department of Housing and Urban Development, Economic Development Administration, and USDA Rural Development.

The Federal Co-Chair then provides the plan to the Secretary of Commerce who issues the Commission a notice of approval, disapproval, or partial approval of the plan.

Photo: Joel Neimeyer, Federal Co-Chair at the Denali Commission (left) with Secretary of Commerce Gary Locke (center) and Alaska State Senator Mark Begich

Vision, Mission and Organizational Structure

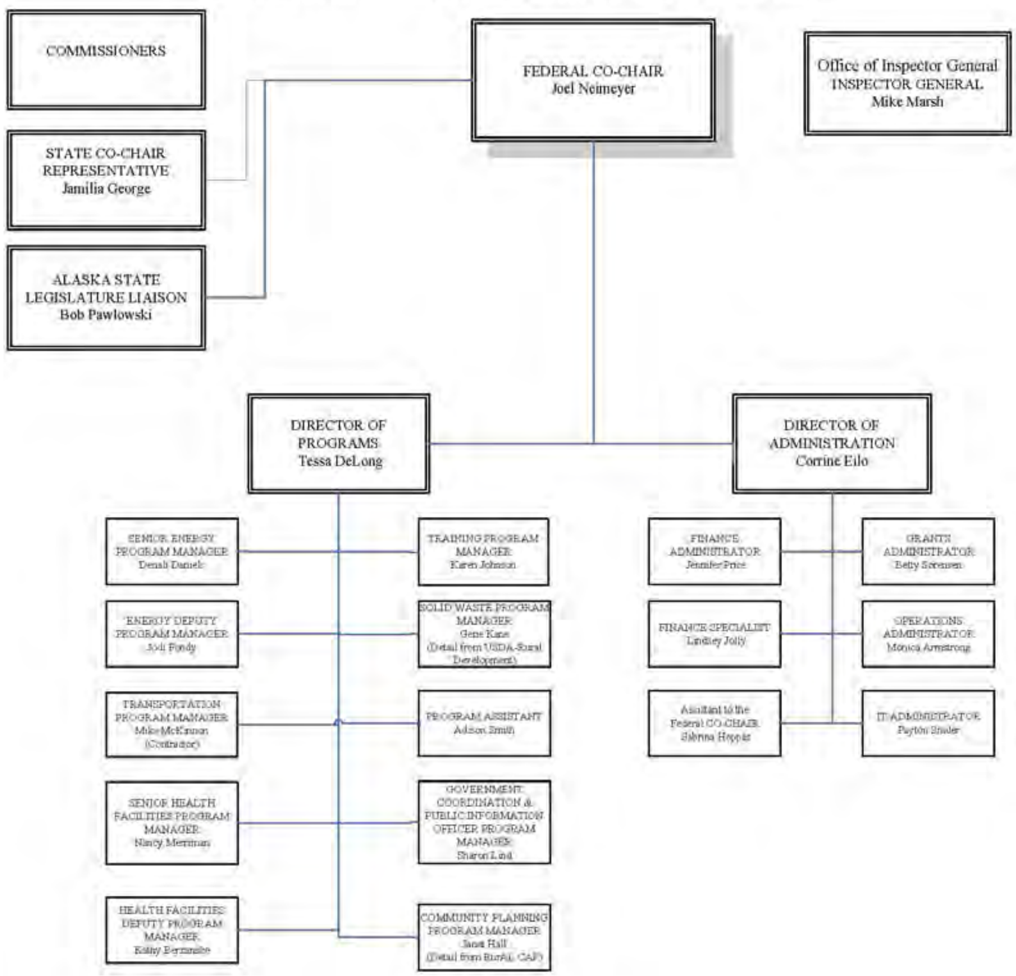
Vision

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

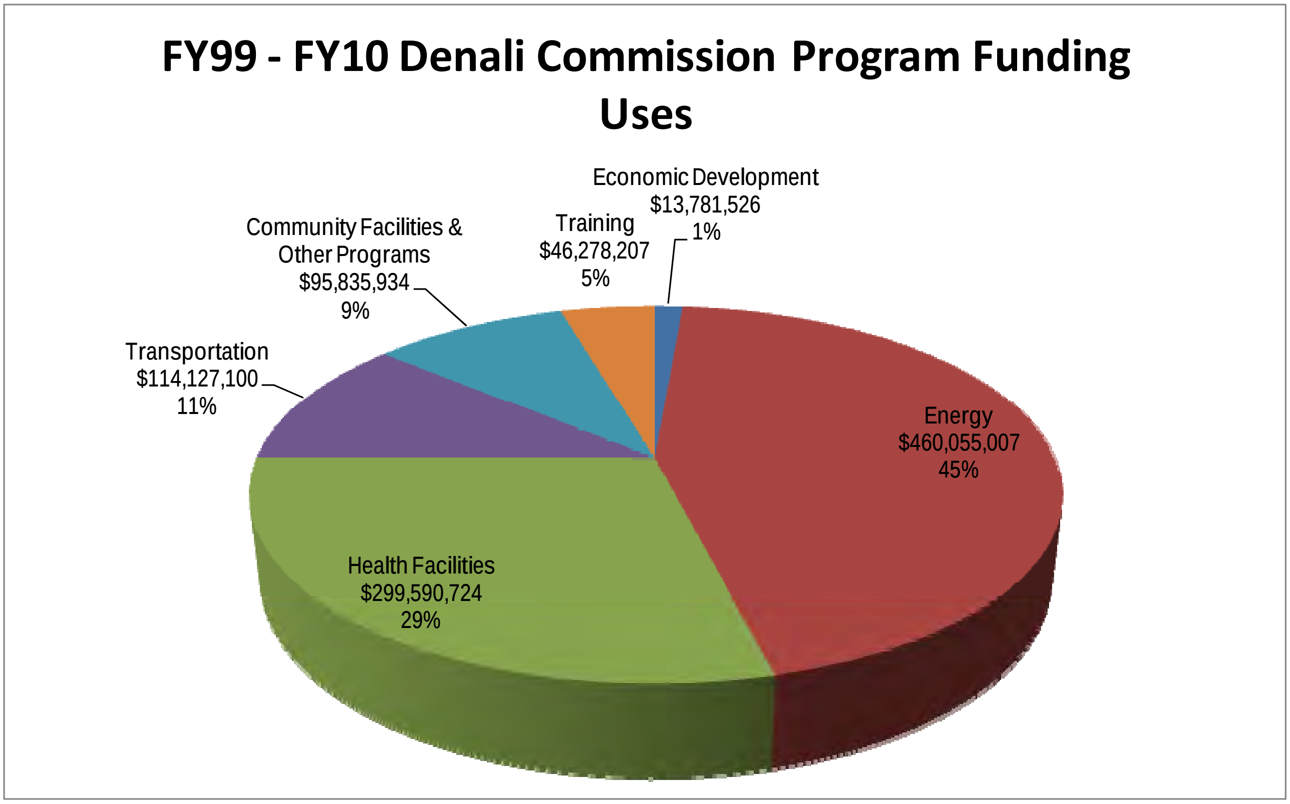
Mission

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

DENALI COMMISSION ORGANIZATIONAL CHART- FY 2010



Summary of Performance



The Fiscal Year 2010 (FY10) Work Plan was developed based on the appropriations approved by Congress for FY10. (See Work Plan Appendix for the Denali Commission's complete Work Plan document.) The Commission has historically received several federal funding sources.

In FY10 no project specific earmarks were provided in any appropriations to the Commission. The Energy and Water Appropriations (commonly referred to as Commission base funding) are eligible for use in all programs, but has 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 appropriations outlined may be used only for the specific program area and may not be used across programs. For example, the U.S. Health Resources and Services Administration (HRSA) funding, which is appropriated for the Health Facilities Program, may not be moved to the Training Program. The figures appearing in the funding sources table include an administrative deduction of 5%, which constitutes the Commission's 5%

Management Discussion and Analysis

overhead. A comprehensive discussion of all FY10 program activities is provided in the Appendix of this document. This includes a history of the major programs, significant program outcomes and a funding history for each program area. The Commission primarily funded and administered the following program areas in FY10:

Energy Program

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

Health Facilities Program

- **Primary Care Facilities**
- **Behavioral Health Facilities**
- **Elder Housing/Assisted Living Facilities**
- **Primary Care in Hospitals**

Transportation Program

- **Local Roads and Boardroads**
- **All Terrain Vehicle (ATV) Roads**
- **Community Connectivity and Economic Development Road Projects**
- **Regional Ports and Local Small Boat Harbors**
- **Barge Landings**

Training Program

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

Government Coordination

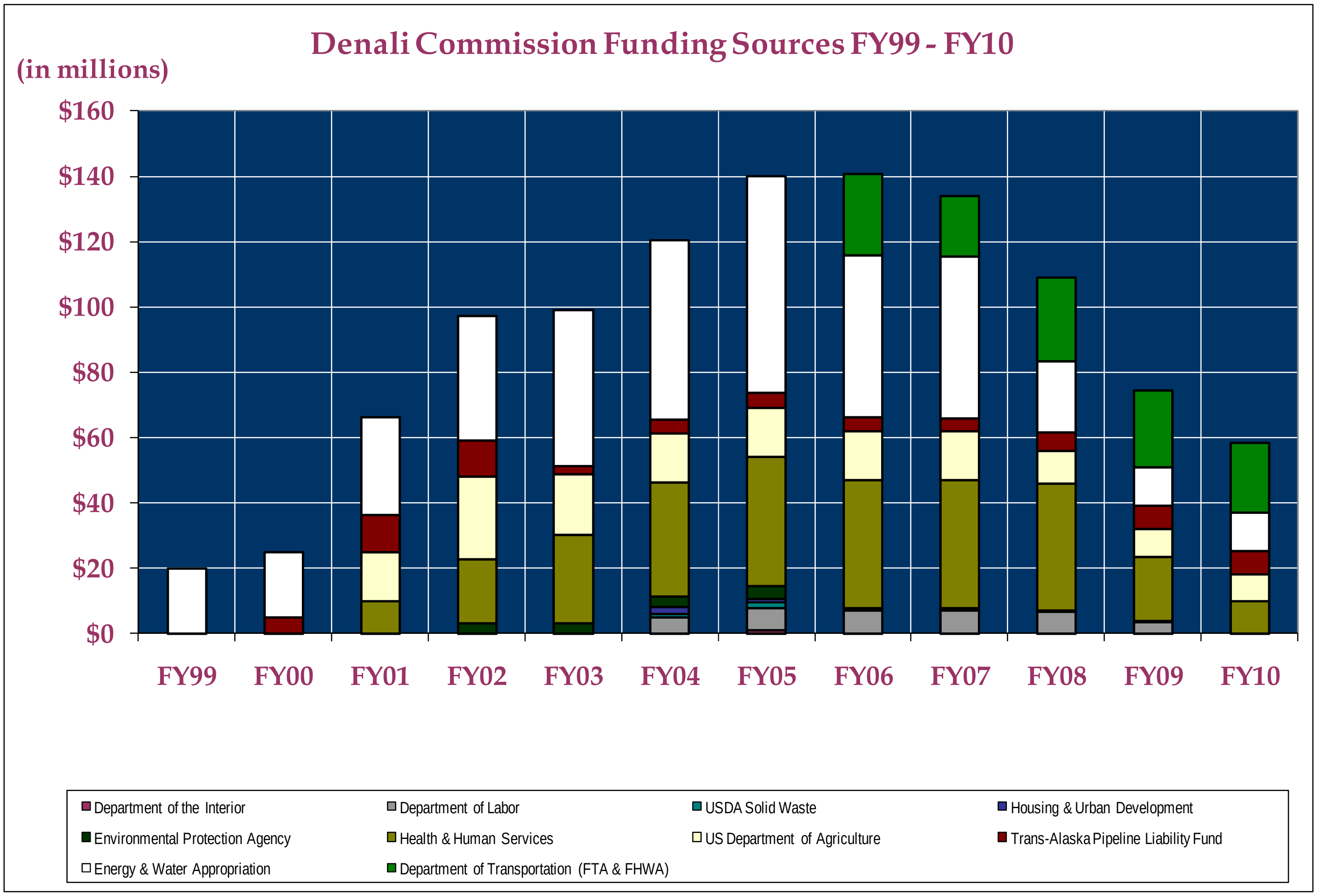
- **MOU Partners**
- **Buckland Workgroup**

Gambell, Bulk Fuel

Financial Performance Overview

As of September 30, 2010 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.

Sources of Funds



The Denali Commission is funded through the Energy and Water Appropriation which is direct budget authority; funds are available until expended.

Denali Commission gained spending authority through expenditure transfers from three agencies, with the following appropriation limitations:

- The USDA (Rural Utilities Service). (No-year appropriation)
- The Federal Transportation Administration. (No-year appropriation)
- The Department of Health and Human Services. (Annual appropriation)

Finally, Denali Commission is the recipient of a portion of the interest earned on the trust fund for the Trans-Alaska Pipeline Liability fund. In FY 2010, $7.1 million was transferred to Denali Commission to assist in efforts to make bulk fuel tanks in Alaska EPA code-compliant.

FY10 Budgetary Authority	
Appropriations Received	$19,107,869
Offsetting Collections	$36,715,818
Total Budget Authority	$55,823,687

In FY 2010, Denali Commission's total budget authority was $77.4 million which includes $16.6 million from prior year appropriations which was available to obligate in FY 2010.

Contract Authority from the US Department of Transportation, Federal Highway Administration (FHWA) in the amount of $16.3 million was transferred to the Commission in FY 2010. These funds are held in a joint account with the US DOT, and they are included in the US DOT's financial statements.

Uses of Funds by Function

The Denali Commission incurred obligations of $49.7 million in FY 2010 for program operations. An additional $4.3 million was obligated for administration (including personnel, office lease and office operations).

Unobligated funds in the amount of $23.4 million were carried forward, for obligation in FY 2011.

Financial Statement Highlights

The Denali Commission's financial statements summarize the financial activity and financial position of the agency. The financial statements, footnotes, and the balance of the required supplementary information appear in the Financial Section of this document.

Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 USC 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with Generally Accepted Accounting Principles (GAAP) for Federal entities and the format prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the US Government, a sovereign entity.

Balance Sheet

Assets

The Commission's assets were $162.7 million as of September 30, 2010. This is a decrease of $11.4 million from the end of FY 2009. The assets reported in the Denali Commission's balance sheet are summarized in the accompanying table.

ASSET SUMMARY (in millions)		
	FY 2010	FY 2009
Fund balance with Treasury	$162.7	$174.1
Other assets	0	0
Total assets	$162.7	$174.1

Liabilities

The Denali Commission's liabilities were $11.9 million as of September 30, 2010, a decrease of $6.6 million from the end of FY 2009. This decrease is a direct result of a more accurate grant accrual methodology.

LIABILITIES SUMMARY (in millions)		
	FY 2010	FY 2009
Accounts payable, intragovernmental	$0.019	$0.08
Other intragovernmental liabilities	0.066	0.01
Accounts payable, public	0.092	0.10
Other public liabilities	11.75	18.29
Total liabilities	$11.927	$18.480

Net Position

The difference between total assets and total liabilities, net position, was $150.8 million as of September 30, 2010. This is a decrease of $4.9 million from the FY 2009 year-end balance.

NET POSITION SUMMARY (in millions)		
	FY 2010	FY 2009
Total Net Position	$150.8	$155.7

Statement of Net Cost

The Statement of Net Cost reports the cost of conducting the Denali Commission programs during the reporting period. The accompanying table displays the net cost for FY 2010 and FY 2009. These costs consist of $2.9 million of intragovernmental costs; and $57.5 million in direct costs.

NET COST (in millions)		
	FY 2010	FY 2009
Program costs	$60.4	$94.4
Less: earned revenue	0	0
Net Costs of Operations	$60.4	$94.4

Statement of Changes in Net Position

The Net Position for the year ended September 30, 2010 is $150.8 million, a decrease of $4.9 million over FY 2009. This decrease is primarily due to a reduction in funding in FY 2010.

Statement of Budgetary Resources

The Statement of Budgetary Resources shows what budget authority the Denali Commission possesses and compares the status of that budget authority. The Commission had $77.4 million in total budgetary resources for FY 2010 – comprised of direct appropriations, expenditure transfers from other federal agencies, and an unobligated balance available from FY 2009. During the fiscal year, $49.7 million was obligated for program purposes; $4.3 was obligated on administrative functions; $23.4 million in funds were carried forward, and will be available for obligation in FY 2011. Net outlays in FY 2010 amounted to $29.5 million.

Reconciliation of Net Cost of Operations to Budget

The Reconciliation provided ensures that the proprietary and budgetary accounts in the financial management system are in balance. The Reconciliation takes budgetary obligations of $54.0 million and reconciles to the net cost of operations of $60.4 million by deducting non budgetary resources, costs not requiring resources, and financing sources yet to be provided.

Systems, Controls and Legal Compliance

Management Assurances

Federal Managers' Financial Integrity Act (FMFIA)

The FMFIA (or the Integrity Act) provides the statutory basis for management's responsibility for, and assessment of, accounting and administrative internal controls. Such controls include program, operational, and administrative areas, as well as accounting and financial management. The FMFIA requires federal agencies to establish controls that reasonably ensure that obligations and costs are in compliance with applicable laws; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and revenues and expenditures are properly recorded and accounted for to maintain accountability over the assets. The FMFIA also requires the agency head to annually assess and report on the effectiveness of internal controls that protect the integrity of federal programs and whether financial management systems conform to related requirements.

FMFIA Statement of Assurance

The Denali Commission management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). I am able to provide an unqualified statement of assurance that the Denali Commission internal controls and financial management systems meet the objectives of FMFIA. The Commission's internal controls provide for effective and efficient program operations, reliable financial reporting, and compliance with laws and regulations. The Denali Commission conducted its assessment of the effectiveness of the Commission's internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, *Management's Responsibility for Internal Control.* Based on the results of this evaluation, the Denali Commission can provide reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2010, was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

Corrine E. Eilo

Connie E. Eilo

Director of Administration

Federal Financial Management Improvement Act

The Federal Financial Management Improvement Act (FFMIA) is designed to improve financial and program managers' accountability, provide better information for decision-making, and improve the efficiency and effectiveness of federal programs. The FFMIA requires agencies to have financial management systems that substantially comply with the federal financial management systems requirements, applicable federal accounting standards, and the US Standard General Ledger at the transaction level.

FFMIA Compliance Determination

The Commission is responsible for maintaining its financial management system in compliance with government-wide requirements. These requirements are set forth in OMB Circular A-127 and are mandated in the Federal Financial Management Improvement Act (FFMIA). The Commission can attest that the system is substantially compliant with FFMIA.

Summary of Material Weaknesses, Non-Conformances and Corrective Action Plans

Material Weakness, Non-Conformance and Corrective Actions

For FY 2010, the Commission received an unqualified opinion in its annual financial audit. The results of this audit also found no material weaknesses and no significant deficiencies. The auditor stated that the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles; that the Commission had effective internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations, along with no reportable noncompliance with laws and regulations with the items that were tested.

In FY 2009, the Commission's received an unqualified opinion in its annual financial audit. The results of this audit also found no material weaknesses and no significant deficiencies. The auditor stated that the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles; that the Commission had effective internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations, along with no reportable noncompliance with laws and regulations with the items that were tested.

Financial Management Trends

The Denali Commission has been strengthening its grants management practices over the past several years. Quarterly financial status reports have encouraged improved cash management on the part of grant recipients. All grant partners are now receiving reimbursement payments rather than advances, a move that has simplified accounting while still delivering the resources necessary to get the project done in a timely manner. As a small agency, the Denali Commission values partnership and collaboration. Commission leadership understands and appreciates the vision and goals of the Financial Management Line of Business (FMLOB) initiative – to improve the cost, quality and performance of financial management systems by implementing shared services solutions. The agency has implemented a FMLOB, through the US Treasury, Bureau of Public Debt, as of October 1, 2009.

Improper Payments Information Act (IPIA)

The Improper Payments Information Act (IPIA) requires executive branch agencies to review all programs and activities they administer and identify those that may be susceptible to significant improper payments. Significant improper payments are defined by OMB as annual improper payments in a program exceeding both 2.5 percent of program payments and $10 million.

In accordance with IPIA, the Commission assessed its programs and activities for susceptibility to significant improper payments. Based on this review, the Commission determined that none of its programs or activities is at risk for significant improper payments of both 2.5 percent and $10 million.

Agency Financial Report (AFR)

Financial Section

Inspector General's Transmittal Letter

Denali Commission
510 L Street, Suite 410
Anchorage, AK 99501

907.271.1414 *tel*
907.271.1415 *fax*
888.480.4321 *toll free*
www.denali.gov

INSPECTOR GENERAL

November 10, 2010

To: Denali Commission Management

From: Mike Marsh, Inspector General

The inspector general contracted with the independent certified public accounting firm of SB & Company to audit the FY 2010 financial statements of the Denali Commission.

The contract required that the audit for FY 2010 be done in accordance with generally accepted government auditing standards and OMB Bulletin 07-04, *Audit Requirements for Federal Financial Statements*. SB & Company had previously performed its audit for FY 2009.

The attached audit report by SB & Company describes its opinion for FY 2010 as follows:

> *"In our audits of Denali Commission (the Commission) for fiscal years ended September 30, 2010 and 2009, we found:*
>
> *the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles;*
>
> *no material weaknesses in internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations; and*
>
> *no reportable noncompliance with laws and regulations we tested."*

In connection with the contract, the inspector general reviewed SB & Company's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on the Denali Commission's financial statements, internal controls, or compliance with laws and regulations. SB & Company is responsible for the attached auditor's report dated November 10, 2010 and the conclusions expressed in the report. However, our review disclosed no instances where SB & Company did not comply with the contract's requirements.

SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Office of the Inspector General
Denali Commission

In our audits of Denali Commission (the Commission) for fiscal years ended September 30, 2010 and 2009, we found:

- the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations; and
- no reportable noncompliance with laws and regulations we tested.

The following sections discuss in more detail (1) these conclusions; (2) our conclusions on Management's Discussion and Analysis and other supplementary information; (3) our audit objectives, scope and methodology; and (4) agency comments and our evaluation.

Opinion on Financial Statements

The financial statements including the accompanying notes present fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, the Commission's assets, liabilities, and net position as of September 30, 2010 and 2009; and net costs; changes in net position; and budgetary resources for the years then ended.

Consideration of Internal Control

In planning and performing our audit, we considered the Commission's internal control over financial reporting and compliance. The objectives of internal control are to provide reasonable assurance that misstatements, losses, or noncompliance material in relation to the financial statements or to stewardship information would be prevented or detected on a timely basis. We did this to determine our procedures for auditing the financial statements and to comply with OMB audit guidance, not to express an opinion on internal control. Accordingly, we do not express an opinion on internal control over financial reporting and compliance or on management's assertion on internal control included in Management's Discussion and Analysis. However, for the controls we tested, we found no material weaknesses in internal control over financial reporting (including safeguarding assets) and compliance. A material weakness is a control deficiency that results in more than a remote likelihood that the design or operation of one or more internal controls will not allow management or employees, in the normal course of performing their duties, to promptly detect or prevent errors, fraud, or noncompliance in amounts that would be material to the financial statements. Our internal control work would not

200 International Circle • Suite 5500 • Hunt Valley • Maryland 21030 • P 410-584-0060 • F 410-584-0061

SB & COMPANY, LLC
Experience • Quality • Client Service

necessarily disclose all deficiencies in internal control that might be material weaknesses or other significant deficiencies.

Compliance With Laws and Regulations

Our tests of the Commission's compliance with selected provisions of laws and regulations for fiscal year 2010 disclosed no instances of noncompliance that would be reportable under U.S. generally accepted government auditing standards or OMB audit guidance. However, the objective of our audit was not to provide an opinion on overall compliance with laws and regulations. Accordingly, we do not express such an opinion.

Consistency of Other Information

The Commission's Management's Discussion and Analysis, and other accompanying information contain a wide range of information, some of which is not directly related to the financial statements. We do not express an opinion on this information. However, we compared this information for consistency with the financial statements and discussed the methods of measurement and presentation with the Commission's officials. Based on this limited work, we found no material inconsistencies with the financial statements, U.S. generally accepted accounting principles or OMB guidance.

Objectives, Scope, and Methodology

The Commission's management is responsible for (1) preparing the financial statements in conformity with U.S. generally accepted accounting principles, (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers' Financial Integrity Act are met, and (3) complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether the financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles.

We are also responsible for (1) obtaining a sufficient understanding of internal control over financial reporting and compliance to plan the audit, (2) testing compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements and laws for which OMB audit guidance requires testing, and (3) performing limited procedures with respect to certain other information appearing in the Annual Financial Statement.

SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

In order to fulfill these responsibilities, we:

- examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessed the accounting principles used and significant estimates made by management;
- evaluated the overall presentation of the financial statements;
- obtained an understanding of the entity and its operations, including its internal control related to financial reporting (including safeguarding assets), and compliance with laws and regulations (including execution of transactions in accordance with budget authority);
- tested relevant internal controls over financial reporting, and compliance, and evaluated the design and operating effectiveness of internal control;
- considered the design of the process for evaluating and reporting on internal control and financial management systems under the Federal Managers' Financial Integrity Act; and tested compliance with selected provisions of the Antideficiency Act.

We did not evaluate all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to controls over financial reporting and compliance. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws and regulations applicable to the Commission. We limited our tests of compliance to selected provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB audit guidance that we deemed applicable to the Commission's financial statements for the fiscal year ended September 30, 2010. We caution that noncompliance may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

We performed our work in accordance with United States generally accepted government auditing standards and OMB audit guidance.

Agency Comments and Our Evaluation

In commenting on a draft of this report, the Commission concurred with the facts and conclusions in our report.

SB & Company, LLC

Hunt Valley, MD
November 10, 2010

DENALI COMMISSION

FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009

DENALI COMMISSION
FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009

DENALI COMMISSION
BALANCE SHEET
AS OF SEPTEMBER 30, 2010 AND 2009
(In Dollars)

	2010	2009
Assets:		
Intragovernmental		
Fund Balance with Treasury (Note 3)	$162,650,189	$174,094,819
Accounts Receivable (Note 4)	13,248	-
Total Intragovernmental	162,663,437	174,094,819
Accounts Receivable, Net (Note 4)	40,264	41,667
Other (Note 5)	66	-
Total Assets	$162,703,767	$174,136,486
Liabilities (Note 6):		
Intragovernmental		
Accounts Payable	$ 19,200	$ 82,353
Other	65,563	10,453
Total Intragovernmental	84,763	92,806
Accounts Payable	92,387	98,315
Other (Note 7)	11,750,137	18,290,323
Total Liabilities	$ 11,927,287	$ 18,481,444
Net Position:		
Unexpended Appropriations - Other Funds	$ 56,911,001	$ 72,814,877
Cumulative Results of Operations - Earmarked Funds (Note 9)	13,065,724	9,205,566
Cumulative Results of Operations - Other Funds	80,799,755	73,634,599
Total Net Position	$150,776,480	$155,655,042
Total Liabilities and Net Position	$162,703,767	$174,136,486

The accompanying notes are an integral part of these financial statements.

DENALI COMMISSION
STATEMENT OF NET COST
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009
(In Dollars)

	2010	2009
Program Costs:		
Gross Costs (Note 10)	$ 60,433,309	$ 94,359,605
Less: Earned Revenue	-	-
Net Cost of Operations	$ 60,433,309	$ 94,359,605

The accompanying notes are an integral part of these financial statements.

DENALI COMMISSION
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009
(In Dollars)

	2010 Earmarked	2010 All Other	2010 Total	2009 Earmarked	2009 All Other	2009 Total
Cumulative Results of Operations:						
Beginning Balances	$ 9,205,566	$ 73,507,120	$ 82,712,686	$ 8,322,736	$ 93,805,385	$ 102,128,121
Budgetary Financing Sources:						
Appropriations Used	-	27,996,352	27,996,352	-	38,119,626	38,119,626
Transfers In/Out Without Reimbursement	7,142,869	36,328,000	43,470,869	7,313,272	29,546,380	36,859,652
Other Financing Sources (Non-Exchange):						
Imputed Financing Sources (Note 11)	-	118,881	118,881	-	92,371	92,371
Total Financing Sources	7,142,869	64,443,233	71,586,102	7,313,272	67,758,377	75,071,649
Net Cost of Operations	(3,282,711)	(57,150,598)	(60,433,309)	(6,430,442)	(87,929,163)	(94,359,605)
Net Change	3,860,158	7,292,635	11,152,793	882,830	(20,170,786)	(19,287,956)
Cumulative Results of Operations	$ 13,065,724	$ 80,799,755	$ 93,865,479	$ 9,205,566	$ 73,634,599	$ 82,840,165
Unexpended Appropriations:						
Beginning Balances	$ -	$ 72,942,353	$ 72,942,353	$ -	$ 98,700,503	$ 98,700,503
Budgetary Financing Sources:						
Appropriations Received	-	11,965,000	11,965,000	-	11,800,000	11,800,000
Appropriations Transferred In/Out	-	-	-	-	434,000	434,000
Appropriations Used	-	(27,996,352)	(27,996,352)	-	(38,119,626)	(38,119,626)
Total Budgetary Financing Sources	-	(16,031,352)	(16,031,352)	-	(25,885,626)	(25,885,626)
Total Unexpended Appropriations	$ -	$ 56,911,001	$ 56,911,001	$ -	$ 72,814,877	$ 72,814,877
Net Position	$ 13,065,724	$ 137,710,756	$ 150,776,480	$ 9,205,566	$ 146,449,476	$ 155,655,042

The accompanying notes are an integral part of these financial statements.

DENALI COMMISSION
STATEMENT OF BUDGETARY RESOURCES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2010 AND 2009
(In Dollars)

	2010	2009
Budgetary Resources:		
Unobligated Balance:		
Unobligated Balance Brought Forward, October 1	$ 16,631,091	$ 58,286,790
Recoveries of Prior Year Unpaid Obligations	4,959,316	4,870,804
Budget Authority		
Appropriation	19,107,869	19,113,272
Spending Authority From Offsetting Collections		
Collected	36,715,818	29,621,786
Subtotal	55,823,687	48,735,058
Nonexpenditure Transfers, Net, Anticipated and Actual	-	434,000
Permanently Not Available	(2)	-
Total Budgetary Resources	$ 77,414,092	$ 112,326,652
Status of Budgetary Resources:		
Obligations Incurred (Note 13)		
Direct	$ 53,933,493	$ 59,007,451
Reimbursable	68,228	36,688,110
Subtotal	54,001,721	95,695,561
Unobligated Balance		
Apportioned	10,684,395	14,196,470
Unobligated Balance Not Available	12,727,976	2,434,621
Total Status of Budgetary Resources	$ 77,414,092	$ 112,326,652
Change in Obligated Balance:		
Obligated Balance, Net		
Unpaid Obligations, Brought Forward, October 1	$ 152,653,345	$ 155,888,970
Obligations Incurred Net	54,001,721	95,695,561
Gross Outlays	(66,216,432)	(94,060,382)
Recoveries of Prior Year Unpaid		
Obligations, Actual	(4,959,316)	(4,870,804)
Total, Unpaid Obligated Balance, Net, End of Period	$ 135,479,318	$ 152,653,345
Net Outlays:		
Gross Outlays	$ 66,216,432	$ 94,060,382
Offsetting Collections	(36,715,818)	(29,621,787)
Net Outlays	$ 29,500,614	$ 64,438,595

The accompanying notes are an integral part of these financial statements.

DENALI COMMISSION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Denali Commission (the Commission) was established under the Denali Commission Act of 1998 (P.L. 105-277, Division C, Title III), as amended and 42 U.S.C. Chapter 38, Sec. 3121. The Commission, a "designated" federal entity as published by the Office of Management and Budget under the Inspector General Act of 1978, functions as a unique federal-state-local partnership to address crucial needs of rural Alaskan communities, particularly isolated Native villages and other communities lacking access to the national highway system, affordable power, adequate health facilities and other impediments to economic self-sufficiency.

The Commission is comprised of seven members who are appointed by the Secretary of the U.S. Department of Commerce. The Federal Co-chair serves a term of four years and may be reappointed. The other six Commissioners are the heads of Alaskan state and non-governmental organizations and have been appointed for the life of the Commission.

The mission of the Denali Commission 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.

The Denali Commission provides approximately 95 percent of its funding to projects in the areas of economic development, energy, health care, training, and other infrastructure. Funding for the projects is provided from general federal appropriations as well as funds from the Department of Health and Human Services, the USDA Rural Utilities Service and the Department of Labor. Matching funds comprise approximately 80 percent of total project costs.

The Denali Commission receives allocation transfers, as the child, from the Federal Highway Administration under the Department of Transportation.

Trust Funds are credited with receipts that are generated by terms of a trust agreement or statute. At the point of collection, receipts are unavailable until appropriated by the U.S. Congress. The Trust Fund included in the financial statements includes the Trans-Alaska Pipeline Liability Fund, which is managed by the U.S. Treasury Bureau of the Public Debt, and assists the efforts to make bulk fuel tanks in Alaska EPA code-compliant.

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. Denali Commission manages two General Fund accounts.

General Fund Miscellaneous Receipts are accounts established for receipts of non-recurring activity, such as fines, penalties, fees and other miscellaneous receipts for services and benefits.

B. Basis of Presentation

The financial statements have been prepared to report the financial position, net cost of operations, changes in net position, and the status and availability of budgetary resources of the Commission. The statements are a requirement of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994 and the Accountability of Tax Dollars Act of 2002. They have been prepared from, and are fully supported by, the books and records of the Denali Commission in accordance with the hierarchy of accounting principles generally accepted in the United

States of America, standards approved by the principals of the Federal Accounting Standards Advisory Board (FASAB), OMB Circular A-136, *Financial Reporting Requirements* and the Commission accounting policies which are summarized in this note. These statements, with the exception of the Statement of Budgetary Resources, are different from financial management reports, which are also prepared pursuant to OMB directives that are used to monitor and control the Commission's use of budgetary resources. The financial statements and associated notes are presented on a comparative basis.

C. Budgets and Budgetary Accounting

Congress usually enacts appropriations to permit the Commission to incur obligations for specified purposes. In fiscal years 2010 and 2009, the Commission was accountable for General Fund appropriations. The Commission recognizes budgetary resources as assets when cash (funds held by the U.S. Treasury) is made available through the Department of Treasury General Fund warrants and transfers from the USDA Rural Utilities Service, Federal Transit Authority, Health Resources and Service Administration, & Department of Labor.

D. Basis of Accounting

Transactions are recorded on both an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal requirements on the use of federal funds.

E. Revenues & Other Financing Sources

Congress enacts annual, multi-year, and no-year appropriations to be used, within statutory limits, for operating, capital and grant expenditures.

Appropriations are recognized as a financing source when expended. Revenues from service fees associated with reimbursable agreements are recognized concurrently with the recognition of accrued expenditures for performing the services.

The Commission recognizes as an imputed financing source the amount of accrued pension and post-retirement benefit expenses for current employees paid on our behalf by the Office of Personnel Management (OPM).

F. Taxes

The Commission, as a Federal entity, is not subject to Federal, State, or local income taxes, and, accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

G. Fund Balance with Treasury

The U.S. Treasury processes cash receipts and disbursements. Funds held at the Treasury are available to pay agency liabilities. The Commission does not maintain cash in commercial bank accounts or foreign currency balances. Foreign currency payments are made either by Treasury or the Department of State and are reported by the Commission in the U.S. dollar equivalents.

H. Accounts Receivable

Accounts receivable consists of amounts owed to the Commission by other Federal agencies and the general public. Amounts due from Federal agencies are considered fully collectible. Accounts receivable from the public include reimbursements from employees. An allowance for uncollectible accounts receivable from the public is established when, based upon a review of outstanding accounts and the failure of all collection efforts, management determines that collection is unlikely to occur considering the debtor's ability to pay.

I. Advances and Prepaid Charges

Advance payments are generally prohibited by law. There are some exceptions, such as reimbursable agreements, subscriptions and payments to contractors and employees. Payments made in advance of the receipt of goods and services are recorded as advances or prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

J. Liabilities

Liabilities represent the amount of monies or other resources likely to be paid by the Commission as a result of transactions or events that have already occurred. No liability can be paid, however, absent an appropriation or other funding. Liabilities for which an appropriation has not been enacted or other funds received are, therefore, classified as not covered by budgetary resources. There is no certainty that the appropriation will be enacted. Additionally, the Government, acting in its sovereign capacity, can abrogate liabilities.

K. Accounts Payable

Accounts payable consists primarily of amounts owed to other Federal agencies and the public for contracts for goods or services, such as leases, utilities, telecommunications and consulting and support services.

L. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. The balance in the accrued leave account is adjusted to reflect current pay rates. Liabilities associated with other types of vested leave, including compensatory, restored leave, and sick leave in certain circumstances, are accrued at year-end, based on latest pay rates and unused hours of leave. Funding will be obtained from future financing sources to the extent that current or prior year appropriations are not available to fund annual and other types of vested leave earned but not taken. Nonvested leave is expensed when used. Any liability for sick leave that is accrued but not taken by a Civil Service Retirement System (CSRS)-covered employee is transferred to OPM upon the retirement of that individual. Credit is given for sick leave balances in the computation of annuities upon the retirement of Federal Employees Retirement System (FERS)-covered employees effective at 50% beginning FY 2010 and 100% in 2014.

M. Grant Accruals

A revised accrual estimation methodology which considers all awards equally regardless of reporting vehicle has been developed and approved for FY 2009 and 2010. This new methodology was implemented in 2009 and for the sake of accuracy, all estimates were provided by recipients via electronic mail survey.

N. Accrued and Actuarial Workers' Compensation

The Federal Employees' Compensation Act (FECA) administered by the U.S. Department of Labor (DOL) addresses all claims brought by the Commission employees for on-the-job injuries. The DOL bills each agency annually as its claims are paid, but payment of these bills is deferred for two years to allow for funding through the budget process. Similarly, employees that the Commission terminates without cause may receive unemployment compensation benefits under the unemployment insurance program also administered by the DOL, which bills each agency quarterly for paid claims. Future appropriations will be used for the reimbursement to DOL. The liability consists of (1) the net present value of estimated future payments calculated by the DOL, and (2) the unreimbursed cost paid by DOL for compensation to recipients under the FECA.

O. Retirement Plans

The Commission employees participate in the FERS. Employees hired as of January 1, 1987 are automatically covered by the FERS program. FERS offers a savings plan to which the Commission automatically contributes one percent of pay and matches any employee contribution up to an additional four percent of pay. For FERS participants, the Commission also contributes the employer's matching share of Social Security.

FERS employees are eligible to participate in the Social Security program after retirement. In these instances, the Commission remits the employer's share of the required contribution.

The Commission recognizes the imputed cost of pension and other retirement benefits during the employees' active years of service. OPM actuaries determine pension cost factors by calculating the value of pension benefits expected to be paid in the future and communicate these factors to the Commission for current period expense reporting. OPM also provides information regarding the full cost of health and life insurance benefits. The Commission recognized the offsetting revenue as imputed financing sources to the extent these expenses will be paid by OPM.

The Commission does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the OPM.

P. Other Post-Employment Benefits

The Commission employees eligible to participate in the Federal Employees' Health Benefits Plan (FEHBP) and the Federal Employees' Group Life Insurance Program (FEGLIP) may continue to participate in these programs after their retirement. The OPM has provided the Commission with certain cost factors that estimate the true cost of providing the post-retirement benefit to current employees. The Commission recognizes a current cost for these and Other Retirement Benefits (ORB) at the time the employee's services are rendered. The ORB expense is financed by OPM, and offset by the Commission through the recognition of an imputed financing source.

Q. Use of Estimates

The preparation of the accompanying financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

R. Imputed Costs/Financing Sources

Federal Government entities often receive goods and services from other Federal Government entities without reimbursing the providing entity for all the related costs. In addition, Federal Government entities also incur costs that are paid in total or in part by other entities. An imputed financing source is recognized by the receiving entity for costs that are paid by other entities. The Commission recognized imputed costs and financing sources in fiscal years 2010 and 2009 to the extent directed by OMB.

S. Expired Accounts and Cancelled Authority

Unless otherwise specified by law, annual authority expires for incurring new obligations at the beginning of the subsequent fiscal year. The account in which the annual authority is placed is called the expired account. For five fiscal years, the expired account is available for expenditure to liquidate valid obligations incurred during the unexpired period. Adjustments are allowed to increase or decrease valid obligations incurred during the unexpired period but not previously reported. At the end of the fifth expired year, the expired account is cancelled.

T. Allocation Transfers

Denali is a party to allocation transfers with Federal Highway Administration as a receiving or child entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. A separate fund account is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Generally, all financial activity related to these allocation transfers (e.g., budget authority, obligations, outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations and budget apportionments are derived.

U. Reclassification

Certain fiscal year 2009 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

NOTE 2. NON-ENTITY ASSETS

The Denali Commission Act of 1998 states that one of the purposes of the Commission is to deliver the services of the federal government in the most cost-effective manner practicable by reducing administrative and overhead costs. In the spirit of this legislation, the Commission has offered a service to other federal agencies whereby a federal agency may utilize the Commission to make payments to non-federal organizations in Alaska on the agency's behalf. No fee is collected for this service. Amounts received but not disbursed are recorded on the Balance Sheet in the Fund Balance with Treasury line and are offset by a liability on the Other Liabilities line. This balance is $3,758,500 and $4,810,383 as of September 30, 2010 and 2009, respectively.

NOTE 3. FUND BALANCE WITH TREASURY

Fund Balance with Treasury account balances as of September 30, 2010 and 2009 were as follows:

	2010	2009
Fund Balances:		
Trust Funds	$ 13,511,561	$ 10,835,252
Appropriated Funds	145,380,128	158,449,184
Other Fund Types	3,758,500	4,810,383
Total	$ 162,650,189	$ 174,094,819
Status of Fund Balance with Treasury:		
Unobligated Balance		
Available	$ 10,684,395	$ 14,196,470
Unavailable	12,727,976	2,434,621
Obligated Balance Not Yet Disbursed	135,479,318	152,653,345
Non-Budgetary FBWT	3,758,500	4,810,383
Total	$ 162,650,189	$ 174,094,819

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable balances as of September 30, 2010 and 2009, were as follows:

	2010	2009
Intragovernmental		
Accounts Receivable	$ 13,248	$ -
With the Public		
Accounts Receivable	40,264	41,667
Total Accounts Receivable	$ 53,512	$ 41,667

The accounts receivable is primarily made up of grant monies that are expected to be returned to the Commission.

Historical experience has indicated that the majority of the receivables are collectible. There are no material uncollectible accounts as of September 30, 2010 and 2009.

NOTE 5. OTHER ASSETS

Other assets account balances as of September 30, 2010 and 2009, were as follows:

		2010		2009
With the Public				
Travel Advance	$	66	$	-
Total Public Assets	$	66	$	-

NOTE 6. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities for the Commission as of September 30, 2010 and 2009, include liabilities not covered by budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities.

		2010		2009
Intragovernmental – FECA	$	1,355	$	-
Unfunded Leave		73,288		78,648
Deferred Lease Liabilities		239		-
Total Liabilities Not Covered by Budgetary Resources	$	74,882	$	78,648
Total Liabilities Covered by Budgetary Resources		11,852,405		18,402,796
Total Liabilities	$	11,927,287	$	18,481,444

FECA and the Unemployment Insurance liabilities represent the unfunded liability for actual workers compensation claims and unemployment benefits paid on the Commission behalf and payable to the DOL.

Unfunded leave represents a liability for earned leave and is reduced when leave is taken. The balance in the accrued annual leave account is reviewed quarterly and adjusted as needed to accurately reflect the liability at current pay rates and leave balances. Accrued annual leave is paid from future funding sources and, accordingly, is reflected as a liability not covered by budgetary resources. Sick and other leave is expensed as taken.

NOTE 7. OTHER LIABILITIES

All other liabilities are considered current liabilities.

		2010		2009
Intragovernmental Liabilities				
FECA Liability	$	1,355	$	-
Payroll Taxes Payable		18,228		-
Other Accrued Liabilities		45,980		10,453
Total Intragovernmental Liabilities	$	65,563	$	10,453
With the Public				
Payroll Taxes Payable	$	2,760	$	-
Accrued Funded Payroll and Leave		71,712		115,308
Unfunded Leave		73,288		78,648
Other Accrued Liabilities		7,843,877		13,285,984
Deposit Fund Liability		3,758,500		4,810,383
Total Public Liabilities	$	11,750,137	$	18,290,323

NOTE 8. LEASES

Operating Leases

The Commission occupies office space under a lease agreement that is accounted for as an operating lease. The lease term begins on August 1, 2010 and expires on July 30, 2015. Lease payments are increased annually based on the adjustments for operating cost and real estate tax escalations. The total operating lease expense for Fiscal Years 2010 and 2009 were $433,882 and $420,802, respectively. Below is a schedule of future payments for the term of the lease:

Asset Category

Fiscal Year		Building
2011	$	442,560
2012		451,411
2013		460,439
2014		469,648
2015		479,041
Thereafter		-
Total Future Payments	$	2,303,099

The operating lease amount does not include estimated payments for leases with annual renewal options.

NOTE 9. EARMARKED FUNDS

The Omnibus Consolidated and Emergency Supplemental Appropriations Act of 1999 established the annual transfer of interest from the Oil Spill Liability Trust Fund to the Denali Commission. The Coast Guard and the Environmental Protection Agency enlist the assistance of the Commission to help in bringing bulk fuel tanks in Alaska up to environmental and safety standards as set by the two agencies. The Commission accounts for and reports on the use of these funds separately through its annual budget execution reporting.

Transactions are recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when liabilities are incurred, without regard to receipt or payment of cash. Budgetary accounting measures the appropriations and consumption of budget authority and other budgetary resources and facilitates compliance with legal constraints and controls over use of Federal funds.

Schedule of Earmarked Funds as of September 30, 2010 and 2009:

	2010	2009
Balance Sheet		
ASSETS		
Fund Balance with Treasury	$ 13,511,561	$ 10,835,252
Total Assets	$ 13,511,561	$ 10,835,252
LIABILITIES AND NET POSITION		
Other	$ 445,837	$ 1,629,686
Cumulative Results of Operations	13,065,724	9,205,566
Total Liabilities and Net Position	$ 13,511,561	$ 10,835,252
Statement of Net Cost		
Program Costs	$ 3,282,711	$ 6,430,442
Net Cost of Operations	$ 3,282,711	$ 6,430,442
Statement of Changes in Net Position		
Net Position Beginning of Period	$ 9,205,566	$ 8,322,736
Net Cost of Operations	(3,282,711)	(6,430,442)
Other Revenue	7,142,869	7,313,272
Change in Net Position	3,860,158	882,830
Net Position End of Period	$ 13,065,724	$ 9,205,566

NOTE 10. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovernmental costs and exchange revenue represent goods and services exchange transactions made between two reporting entities within the Federal government, and are in contrast to those with non-federal entities (the public). The accounting system defines transactions as federal or non-federal based on the vendor classification as established in the Central Contractor Registration system (CCR). Federal entities are classified as intragovernmental and non-federal entities as public. Such costs and revenue are summarized as follows:

	2010	2009
Total Intragovernmental costs	$ 2,935,233	$ 4,381,166
Total Public costs	57,498,076	89,978,439
Total Net Cost	$ 60,433,309	$ 94,359,605

NOTE 11. IMPUTED FINANCING SOURCES

The Commission recognizes as imputed financing the amount of accrued pension and post-retirement benefit expenses for current employees. The assets and liabilities associated with such benefits are the responsibility of the administering agency, OPM. For the fiscal years ended September 30, 2010 and 2009, imputed financing was as follows.

	2010	2009
Office of Personnel Management	$ 118,881	$ 92,371
Total Imputed Financing Sources	$ 118,881	$ 92,371

NOTE 12. BUDGETARY RESOURCE COMPARISONS TO THE BUDGET OF THE UNITED STATES GOVERNMENT

The President's Budget that will include FY 2010 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in February 2011 and can be found at the OMB Web site: http://www.whitehouse.gov/omb/. The 2011 Budget of the United States Government, with the "Actual" column completed for 2009, has been reconciled to the Statement of Budgetary Resources and there were no material differences.

NOTE 13. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED

Obligations incurred and reported in the Statement of Budgetary Resources in 2010 and 2009 consisted of the following:

	2010	2009
Direct Obligations, Category A	$ 4,298,448	$ 4,751,514
Direct Obligations, Category B	49,635,045	54,255,937
Reimbursable Obligations, Category B	68,228	36,688,110
Total Obligations Incurred	$ 54,001,721	$ 95,695,561

Category A apportionments distribute budgetary resources by fiscal quarters.

Category B apportionments typically distribute budgetary resources by activities, projects, objects or a combination of these categories.

NOTE 14. UNDELIVERED ORDERS AT THE END OF THE PERIOD

Statement of Federal Financial Accounting Standards No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, states that the amount of budgetary resources obligated for undelivered orders at the end of the period should be disclosed. For the fiscal years ended September 30, 2010 and 2009, undelivered orders amounted to $127,385,479 and $139,060,931, respectively.

NOTE 15. CUSTODIAL ACTIVITY

The Commission is an administrative agency collecting for another entity or the General Fund. As a collecting entity, the Commission measures and reports cash collections and refunds. The type of cash collected is for fines, penalties and administrative fees.

The Commission's usual custodial collection primarily consists of Freedom of Information Act requests. During FY 2010, it was determined that funds needed to be returned to Treasury from an insurance claim check that was issued to the Commission. While these collections are considered custodial, they are neither primary to the mission of Agency name nor material to the overall financial statements. The Commission's total custodial collections are $56,641 for the year ended September 30, 2010.

NOTE 16. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

The Commission has reconciled its budgetary obligations and non-budgetary resources available to its net cost of operations.

	2010	2009
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	$ 54,001,721	$ 95,695,561
Spending Authority From Offsetting Collections and Recoveries	(41,675,134)	(34,492,590)
Net Obligations	12,326,587	61,202,971
Other Resources		
Imputed Financing From Costs Absorbed By Others	118,881	92,371
Total Resources Used to Finance Activities	12,445,468	61,295,342
Resources Used to Finance Items Not Part of the Net Cost of Operations	47,998,092	33,086,996
Total Resources Used to Finance the Net Cost of Operations	60,443,560	94,382,338
Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:	(10,251)	(22,733)
Net Cost of Operations	$ 60,433,309	$ 94,359,605

Agency Financial Report (AFR)

Inspector General's Perspective on Management & Performance Challenges Facing the Denali Commission

Denali Commission
510 L Street, Suite 410
Anchorage, AK 99501

907.271.1414 *tel*
907.271.1415 *fax*
888.480.4321 *toll free*
www.denali.gov

INSPECTOR GENERAL

INSPECTOR GENERAL'S PERSPECTIVE ON MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE DENALI COMMISSION

The OMB-required Performance and Accountability Report (the "PAR") is largely a book authored by the agency's management. However, OMB reserves one of the final sections for the inspector general's perspective:

> *The PAR shall include a statement prepared by the agency's Inspector General (IG) summarizing what the IG considers to be the most serious management and performance challenges facing the agency and briefly assess the agency's progress in addressing those challenges.*

Denali's Office of Inspector General (OIG) considers the following to be the most significant issues facing management at this time.

Congress' reauthorization: *The search for a good statutory home*

The Denali Commission's statutory authorization expired two years ago. Congressional staff and OMB are considering the future statutory fate of Congress' only experiment with a regional commission that serves a single state (Alaska).

Congress' other six regional commissions each serve from four to 13 states. The single-state Denali Commission (Denali) has a unique statute that has been problematic to implement in practice over its short federal lifespan of just over a decade.[1]

As Congress searches for a good statutory home for Denali, the major issues will be (1) geography defined as the served "region," (2) form of legal entity, (3) governance structure, (4) funding structure, (5) match requirements, and, of course, (6) the expected value added for the public (mission, subject matter expertise) from having this additional layer in the federal funding "food chain" (see Exhibit 1).

EXHIBIT 1 DENALI'S TYPICAL FUNDING "FOOD CHAIN"
Congressional appropriation ↓ Cabinet-level department ↓ **Denali Commission** ↓ Major grantee ↓ Sub-awardee ↓ Project management firm ↓ Contractors ↓ Local employees

[1] See Denali OIG, *Semiannual Report to the Congress* (May 2010) at *www.denali-oig.org*.

Denali OIG has discussed these issues at length in our last *Semiannual Report to the Congress* (May 2010),[2] where we cataloged over 80 potential statutory amendments to Denali's enabling act. And our OIG reports over the past five years have detailed the difficulties we've observed and the interventions required from other federal agencies (OMB, GAO, DOJ, OGE) to address the statutory ambiguities. Some of these disputes between players and stakeholders have now reached the level that OIG recently introduced management to the Federal Mediation and Conciliation Service as a possible resource.

And our upcoming *Semiannual Report to the Congress* (Nov. 2010) will discuss these issues some more.

The obstacle course to diversified funding

The Denali Commission is an independent federal agency created by Congress and thus subject to federal restrictions on both the sources and uses of its funding. Though Congress now funds Denali at less than half of its highest appropriations, the agency's statutory form presents a legal straitjacket that frustrates management's pursuit of substitute funding from other sources.

Various federal and state players have alerted OIG to legal issues as Denali's management has become more aggressive and creative in its quest to replace the lost congressional funding. The questions concern Denali's statutory authority to tap into potential funding from other federal agencies, the state government, private donors, and property dispositions. Such issues involve the technical application of arcane appropriation laws (not misconduct), and OIG has sought the proactive guidance of the U.S. Comptroller General in the search for solutions.[3]

Denali's statutory funding structure was appropriate in the agency's early years when congressional appropriations were expected as the dominant support. However, the current issues signal that the agency needs the legal flexibility to pursue more diversified funding. Denali's position is a difficult one because conflicting federal policies seem to simultaneously encourage and discourage efforts to obtain nonfederal contributions.

Again, the ultimate answer lies with Congress.

The Faustian bargain of anorexic staffing

Discretionary congressional spending continues to contract, and Congress now funds Denali at less than half of its highest appropriations. Employees have understandably been accepting other employment in the face of Denali's uncertain future. Management has understandably been hesitant to backfill vacated positions. Denali has less than 20 employees at this point.

---

[2] See *www.denali-oig.org.*

[3] See Denali OIG, *Semiannual Report to the Congress* (May 2010), pages 6-9; GAO, *Denali Commission—Authority to Receive State Grants,* # B-319246 (Sept. 1, 2010) at *www.gao.gov;* GAO, *Denali Commission—Use of Interagency Agreements to Transfer Funds Made Available Through Federal Transit Administration's Appropriation,* # B-319189 (pending for decision). This is an appropriate OIG approach to such issues under 31 USC 3526(d), 31 USC 3529, and Inspector General Act sections 4(a)(4) and 6(a)(3).

While the future of the Denali Commission lies with Congress, OIG has recommended to management that it explore OPM-approved interchange agreements[4] that would allow employees to "migrate" into the federal personnel system at much larger agencies. While Alaska is geographically isolated from the rest of the federal system, the federal government is the dominant employer in the state.[5] Training for Denali's technical employees has been both extensive and expensive, and it would seem "in the interest of good administration" to retain their skills in the public sector. Though Denali's employees are in the excepted service for Title 5 purposes, the agency's personnel system arguably meets the merit-based equivalency and classification prerequisites for interchange agreements.

Section 306(c) of the Denali Commission Act gives the agency head the authority to "appoint" personnel "without regard to the civil service laws and regulations." Section 306(c) then goes on to detail that the agency head "may fix the compensation of personnel without regard to" various specified civil service provisions involving classification and pay rates. And section 306 addresses numerous other personnel details.

However, despite all of Congress' attention to detail on certain personnel issues, the enabling act remains silent as to what procedural protections Denali's employees — once hired — have from "adverse actions" and downsizings (RIFs). When Congress specifies particular Title 5 requirements in a detailed statute like Denali's, the case law deems Congress to implicitly intend that the unmentioned Title 5 requirements still remain in effect. As the key precedent states, *"Congress knows how to exempt a civil service position from the protections found in chapters 75 and 77 of title 5 if it so desires."*[6]

Nevertheless, authoritative resolution of employees' Title 5 rights would require a determination of jurisdiction by the Merit Systems Protection Board. Denali OIG's *Semiannual Report to Congress* (May 2010)[7] further discusses this uncertainty that troubles both management and employees as they plan for the entity's future as well as their own.

Some Alaska players have encouraged the agency head to operate with a reduced staff and use the savings for grants. However, this understaffing is a Faustian bargain that has deprived the Denali Commission of key accountability positions that support compliance with congressional intent.

Instead of employing its own full-time legal counsel, Denali relies upon part-time help from a volunteer lawyer at another federal agency. Denali has eliminated its position charged with evaluating project performance (evaluation & reporting program manager). Denali has not

4 See 5 CFR 6.7 and 5 CFR 214.204.

5 See Neal Fried and Brigitta Windisch-Cole, "The Federal Government in Alaska," *Alaska Economic Trends* (Alaska. Dept. of Labor and Workforce Development, Feb. 2002), pages 3-14.

6 See *King v. Briggs,* 83 F.3d 1384, 1388 (Fed. Cir. 1996).

7 See Denali OIG, *Semiannual Report to the Congress* (May 2010), pages 3-6.

implemented OIG's recommendations for a rural ombudsman to mediate disputes and a director of innovation to pioneer untried solutions.[8]

Single audits as a tool rather than a ritual

Denali is in the business of making grants, and Congress has given the agency around $1 billion to get the job done over the years. And Congress obviously wants assurance as to what grantees do with the money.

Congress some years back enacted a national requirement that grantees with annual federal spending over $500,000 must obtain an audit from a CPA firm. Funding agencies now have ready access to these audit reports through an online federal database.

These "single audits" are one of the four tools that Denali's oversight staff use to monitor what's been done with what's been given. The other three tools are site visits, progress narratives, and OMB-prescribed financial reports.

Denali's oversight staff needs to develop its expertise in using the audit reports in the following important ways: (1) screening grant applications; (2) assisting CPA firms in planning meaningful audits;[9] (3) confirming grant use; (4) assuring corrective response to findings;[10] (5) conducting "quality control reviews" of CPA firm workpapers to reinforce public confidence in the process.[11] To the extent that Denali can master such methods, the little agency may have an Economy Act service that it can share (for reimbursement) with other more distant federal funders.

MIKE MARSH, CPA, MPA, CFE, ESQ.
INSPECTOR GENERAL

[8] See Denali OIG, *Semiannual Report to the Congress* (May 2007), page 4; Denali OIG inspection report for Chitina, Alaska (Oct. 2008); Denali OIG inspection report for McGrath, Alaska (Sept. 2009); Denali OIG inspection report for Red Devil, Alaska (Jan. 2007); Denali OIG inspection report for Sterling Landing, Alaska (Jan. 2007).

[9] See OMB Circular A-133, sec. 525.

[10] See OMB Circular A-133, sec. 400.

[11] See OMB Circular A-133, sec. 400; GAO, *Single Audit Quality: Actions Needed to Address Persistent Audit Quality Problems,* GAO-08-213T (Oct. 25, 2007).

Annual Performance Report (APR)

The Denali Commission has chosen once again to produce an alternative to the consolidated *Performance and Accountability Report (PAR)*. This year, the Denali Commission's (Commission's) **Agency Financial Report (AFR)** includes the **Annual Performance Report (APR)** and we will soon provide a Summary of Performance and Financial Information.

The Commission has chosen to participate in the PAR pilot reporting structure to enhance the presentation of financial and performance information and make this information more meaningful and transparent. We have appreciated the flexibility of this report format and the clarity offered through the Summary of Performance and Financial Information portion of this document.

Denali Commission Energy Program

Program Staff:

Denali Daniels, Senior Program Manager
Jodi Fondy, Deputy Program Manager

Projects Funded:

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

Program Overview:

The Energy Program is the Commission's first program and is often identified, along with the Health Program, as a "legacy" program. The program focuses on bulk fuel storage tank upgrades (BFU) and power generation/rural power system upgrades (RPSU) across Alaska, as well as recent expansion into alternative, renewable, and emerging energy infrastructure. The purpose of the program is to provide code-compliant bulk fuel storage and electrification throughout rural Alaska, particularly for communities "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 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 remaining needs in the BFU and RPSU universes of need have previously been estimated at $409 million; however, this was based on 2004 construction costs. Populations have fluctuated across the state over the past ten years, erosion has increased the risk of building in certain communities and escalating construction costs have challenged the original intent of the Commission's goal toward an exit strategy.

The Commission has completed 97 bulk fuel storage projects and 55 power plant upgrades improving energy efficiency in those communities. 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 64 communities in need of this basic infrastructure; however, it is unlikely all will proceed due to sustainability issues. A high projection for all 64 bulk fuel projects totals approximately $260 million. The rural power system upgrade remaining universe includes approximately 72 communities, with estimates for completion at almost $220 million. The RPSU program universe is less clear, as more intertie connectivity is reducing the need for standalone projects, coupled with the increased surge of alternative/renewable energy projects statewide. A renewable 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.

The Energy Policy Act of 2005 established new authorities for the Commission's Energy Program; with an emphasis on alternative and renewable energy projects, energy transmission, including interties, and fuel transportation systems. Although the 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 wind-diesel power generation systems.

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.

In FY07, the Commission issued the first request for proposals for alternative/renewable energy projects. The Commission dedicated $5 million to this effort which was matched with $1 million from the State of Alaska. Overwhelming response from this initiative, coupled with extraordinarily high energy costs, prompted the state to create a renewable energy fund.

With the advent of the State of Alaska's Renewable Energy Program (REP), the Commission has redirected its efforts from renewable technologies to emerging technologies. In FY10, the Commission provided $3.1 million to match $2.2 million from the state for an Emerging Energy Technology Fund, which was created through legislation passed in April 2010.

Recognizing the critical role energy plays in the quality of life and economic development of Alaska's communities, the Denali Commission has made energy its primary infrastructure theme since inception and continues to make energy a priority. The Commission has made great strides developing safe and reliable energy infrastructure in Alaska while minimizing expenses.

Program Outcomes:

The Energy Program has achieved several critical outcomes and outputs. These include continued funding of design and construction of new bulk fuel tank farms, upgrades to community power generation systems and power distribution systems (considered the "legacy" program component of the Commission's Energy Program), and investment in alternative, renewable and emerging energy technology. The Denali Commission has provided infrastructure funding for reliable, code compliant fuel storage and power generation to tens of thousands of rural Alaskans. Thus far, the Commission has completed:

- ☑ *97 bulk fuel tank farms in rural communities throughout Alaska and has completed 55 rural power system upgrades.*
- ☑ *An updated comprehensive universe of need report for bulk fuel facilities was completed in 2009 and a rural power system upgrade universe in 2010 providing current, reliable resources to the Denali Commission and partners for future projects.*

To date, the Commission has dedicated more than $460 million to energy projects – 45% of the Denali Commission's resources over the past twelve years.

Energy Advisory Committee:

The Energy Advisory Committee was established in 2007 to aid the Commission by reviewing and updating existing policies and guiding the Commission's direction in developing a more robust energy program. The Energy Advisory Committee serves in an advisory capacity to the full Commission.

The Commission's Energy Advisory Committee met in April 2010 to discuss the FY10 draft work plan and anticipated construction projects, a strategy for soliciting and selecting planning and design projects and discussion of the emerging energy technology grant fund in conjunction with the State of Alaska.

Energy Advisory Committee Members:

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

FY10 Actual Performance Report for the Energy Program:

The Energy Program focuses on providing safe, reliable and sustainable energy infrastructure for rural communities in Alaska. This remains the primary goal of the program.

The Commission undertook the completion of the following outputs and outcomes for the 2010 fiscal year. This section provides an update on those goals.

Program Outputs:

- Plan, design and construct code-compliant bulk fuel and rural power system upgrades/power generation facilities across Alaska.
- The Commission provided funding for two new bulk fuel storage facilities, three rural power system upgrades, one intertie completion, and 13 BFU and RPSU project designs, as well as, funding for emerging energy technology projects in partnership with the State of Alaska.
- Comprehensive program evaluation began in 2009 and is underway.
- The bulk fuel upgrade universe of need was completed in 2009 and the rural power system upgrade completed in 2010. Both will be kept current with annual updates.

Update on FY10 Energy Program Goals:

The following goals in this section were provided in the FY09 PAR last year. An update on these goals is provided.

Intertie Projects

- *Brevig Mission/Teller Intertie*

Update:

Design and procurement are complete. Construction planned for 2011.

Bulk Fuel Facility Construction

- *Stebbins/St. Michael*
- *Koliganek*

Update:

Construction funding provided through FY10 Work Plan, with construction planned for 2011.

Rural Power System Upgrades

- *Igiugig*
- *Yakutat*
- *Hoonah*

Update:

Construction funding provided through FY10 Work Plan, with construction planned for 2011.

Emerging Technology Projects

- *Energy Storage Batteries*
- *Wood Pellet Fired Boiler*

- *Solar Hot Water Systems*
- *Organic Rankine Cycle Waste Heat Recovery*
- *High Penetration Hybrid Power System*
- *Psychrophiles for Generating Heating Gas*
- *Seawater Heat Pump System*
- *Wales Wind-Diesel Hybrid Power System (Controls and Communication)*
- *Nenana Hydrokinetic*

Update:

Grants for the emerging energy technology projects were signed in early 2010. Projects are underway and all incorporate a data collection component. The data collected from each project will provide valuable information on technology viability in Alaska and lessons learned.

Fiscal Year 2011 Energy Program Goals:

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

⇒ *Bulk Fuel Storage*

⇒ *Community Power Generation and Rural Power System Upgrades*

⇒ *Energy Cost Reduction Projects*

⇒ *Renewable, Alternative, and Emerging Energy Technologies*

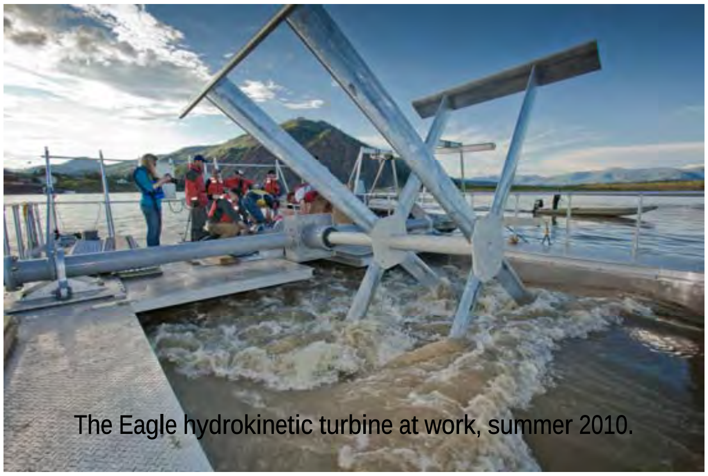
⇒ *Power Line Interties*

The Denali Commission Act outlines the development and implementation of an annual work plan. The Commission must develop an annual work plan that solicits project proposals from local governments and other entities and organizations and provides for a comprehensive work plan for rural and infrastructure development and necessary job training in the areas covered under the work plan.

The Denali Commission anticipates a Continuing Resolution for FY11. Funding amounts for specific program areas are unknown at this time and project goals for the fiscal year must wait pending that outcome. The Commission Work Plan process and thus program goals will be on hold pending FY2011 appropriations.

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 National Energy Technology Lab (NETL)
  www.netl.doe.gov
- U.S. Department of Energy National Renewable Energy Lab (NREL)
  www.nrel.gov
- U.S. Environmental Protection Agency
  www.epa.gov



The Eagle hydrokinetic turbine at work, summer 2010.

Eagle Hydrokinetic Turbine Project

The Commission provided funding to the Alaska Power and Telephone Company (APT) for a demonstration project in Eagle, Alaska. The hydrokinetic in-river turbine mirrors fish wheels used by villagers to harvest salmon, but instead captures natural energy produced by the majestic Yukon River. The turbines four blunt-edged blades are suspended by an anchored pontoon barge and spins at a rate of just 22 revolutions per minute. Energy is transferred to a power line beneath the river floor onto shore where the electricity is distributed to the power grid for the community.

In the summer of 2010, the turbine produced 15 to 17 kilowatts, which could supply about a quarter of Eagle's electricity needs. Efforts are underway to address potential impacts on fish, which, so far, are thought to be minimal, managing debris during times of heavy rain fall and inoperability during winter months when the river is frozen.

Alternative and renewable energy continues to be a priority for the Commission in addressing the challenges of small remote communities off the electrical grid and road systems.

Kwethluk Rural Power System Upgrade

The Commission, in partnership with the State of Alaska, Alaska Energy Authority (AEA), funded a new power plant in Kwethluk, Alaska. The community of nearly 800 residents lies at the junction of the Kuskokwim and Kwethluk Rivers in western Alaska and is accessible by air year round and by barge or boat during the summer months. The new power plant includes three energy efficient generators, a control panel with automatic load sensing and paralleling capabilities to ensure the most efficient combination of generation is utilized, heat recovery to the high school, and remote monitoring to allow trouble shooting from AEA's office in Anchorage. The new power plant was completed and brought on line in February 2010 and immediately achieved over 12% efficiencies, which equated to a savings of nearly 6,000 gallons of diesel between February and June 2010. In addition, it is estimated that the school district will save 12,000 gallons of diesel through use of the heat recovery system, which will eliminate approximately 134 tons of CO_2 emissions, in 2010.

Inside the Kwethluk power plant.

Denali Commission Health Facilities Program

Program Staff:

Nancy Merriman, Senior Program Manager
Kathy Berzanske, Deputy Program Manager

Projects Funded:

- ⇒ *Health Facilities Program*
- ⇒ *Primary Care Facilities*
- ⇒ *Behavioral Health Facilities*
- ⇒ *Elder Housing/Assisted Living Facilities*
- ⇒ *Primary Care in Hospitals*

Program Overview:

Congress amended the Denali Commission Act in 1999 to provide for the planning, designing, constructing and equipping health facilities. The Health Facilities Program is a collaborative effort, with the partnership of numerous organizations, including the Alaska Native Regional Health Corporations. Since 1999, the Commission has methodically invested in regional networks of primary care clinics across Alaska.

While primary care clinics have remained 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 an annual 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.

Recently, the business plan process was revised to include the evaluation and projections related to the cost of fuel, electricitiy and other utilities, and erosion and relocation issues. These factors pose significant economic challenges to many small communities and villages. As a result, and in correlation with the new Commission Investment Policy (adopted in November 2008), the Commission has also undertaken an innovative project to design a new, small clinic prototype which will take into account both the needs and resources of communities of fewer than 100 people. The Commission anticipates conducting a pilot of the small clinic next spring in Southeast Alaska.

Health Facilities Program

When the prototype designs are completed, the small clinic may be used by many small communities across the state.

The primary care program has continued to integrate 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.

Program Outcomes:

The Health Facilities Program achieved several key outputs and outcomes in 2010. The program focused on funding the construction of 4 new or renovated primary care clinics, 4 elder housing units, 1 behavioral health facility and 12 primary care in hospital projects.

The Denali Commission has made a monumental impact in the lives and health of rural Alaskans by contributing to the construction of needed health facilities throughout the state:

- ☑ *114 clinics have been completed*
- ☑ *11 are being constructed now*
- ☑ *27 are in the business planning and design phases*

Health Facilities Program—A Gated Process:

The Health Facilities Program has a rigorous application process for primary care clinics, including:

- **Business Planning**
- **Community Planning**
- **Site Plan Checklists** – to ensure the site of the new facility is sound, and has clear title to the owners
- **Compliance** with all agencies policies
- **Design** – which incorporate green/energy conservation and efficiency features; and which are right-sized to small rural Alaskan communities; use of the prototype designs is highly encouraged
- **Cost Share Match** – communities must secure 20-50 % of the construction costs in match funding prior to being awarded Denali Commission construction grants
- **Construction**

Each of these phases is *"gated"* – and projects are only permitted to move to the next phase when Denali Commission approval is granted.

An important outcome of this progression has resulted in the accomplishment of replacing nearly all rural health clinics in the Yukon Kuskokwim, Maniilaq, Bristol Bay and Kodiak regions.

To date, the Commission has dedicated more than $299 million to health projects – 29% of the Denali Commission's resources over the past twelve years.

Health Steering Committee

The Health Steering Committee is 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, 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 3 times in fiscal year 2010. Key outcomes include: reviewing current program project selection criteria and processes and refining those to reflect significantly reduced budgetary resources. The Committee members also spent some time at each meeting exploring the foundational purpose and value of the Health Program as they consider new potential program directions.

Health Steering Committee Members:

Bill Hogan (Chair) State 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;*
- Marilyn Walsh Kasmar *Alaska Primary Care Association;*
- Dr. Ward Hurlburt *Alaska Department of Health and Social Services*

FY10 Actual Performance Report for the Health Facilities Program:

The Health Facilities Program has concentrated on providing safe, reliable and sustainable health facilities infrastructure for rural communities across Alaska. FY 2010 brought a stronger focus on coordination with partners and new initiatives.

Program Outputs:

Invest in safe, reliable and sustainable health infrastructure for rural communities across Alaska.

Investment in the planning, design and construction of health-related capital infrastructure across Alaska.

- 4 Primary care clinics were funded for construction
- 9 Primary care clinics were completed and opened
- 4 Elder supportive housing units were funded for construction
- 25 Elder supportive housing units were completed and occupied
- 1 Behavioral health treatment facility was funded for construction
- 12 Primary care in hospitals projects were funded
- 14 Primary care in hospitals projects were completed

Investment coordination with program partners on focused subject-area initiatives.

- Entered into partnership with the Mat-Su Health Foundation, Rasmuson Foundation, United Way of the Mat-Su, and the Alaska Mental Health Trust Authority in an effort to assess and plan for the needs of the growing senior population in the Mat-Su Valley.
- Began meeting with the Association of Alaska Housing Authorities on providing village professionals housing.
- Began meeting with many varied partners centered on national health care reform, with the goal of providing objective accurate "Alaskanized" information to Alaskans.
- Development of a small clinic prototype design that could be utilized for communities of fewer than 100 people, or which have limited need and/or resources.
    - Through an iterative, inclusive process involving more than 50 people, 65 percent design of three prototypes, all less than 1,000 square feet, has been attained.
    - One of the designs will be piloted in the Southeast Alaska community of Kasaan in spring 2011.

Update on FY10 Health Facilities Program Goals:

The following goals in this section were provided in the FY09 PAR last year. An update on these goals is provided.

The Health Facilities Program anticipates major initiatives in FY 2010 to include:

- *The development of a new clinic prototype design for a very small clinic for communities with populations of less than 100 people*

Update:

See above.

- *Strengthening the coordination role of the program among State, federal, philanthropic and other funding agencies for health-related projects*

Update:

See above.

Primary Care

- *Igiugig - Primary Care Clinic*

Update:

A 1,644 square foot new clinic was funded in April 2010. Construction began in April 2010, and is projected to be complete by the end of the calendar year.

- *Ekwok - Primary Care Clinic*

Update:

A 1,704 square foot new clinic was funded in April 2010. Construction began in Summer 2010, and is projected to be complete by the end of the calendar year.

- *Kasaan - Small Primary Care Clinic*

Update:

The Kasaan clinic is the first pilot of the small clinic prototype designs. The design will be complete by the end of the calendar year. When the Organized Village of Kasaan meets their cost share match requirements, the new construction funds can be granted and building will commence.

- *Kaltag - Primary Care Clinic*

Update:

The 2,058 square foot Kaltag clinic construction funds were released in October 2010, and construction will commence in the winter and spring of 2011.

- *Design Pool - for Primary Care Clinics*

Update:

Design funds were employed on an assessment and recommendations for renovations and potential expansion of the existing Shishmaref clinic, and the new design of the Coffman Cove primary care clinic.

Primary Care in Hospitals

All of the Primary Care in Hospitals projects were funded in May 2010. Savings achieved in the FY 2009 grant to the Alaska State Hospital and Nursing Home Association (ASHNHA) were used to fund one additional project from the FY 2010 proposal list: the purchase and installation of an Instant Voice Communication System at the South Peninsula Hospital in Homer. All 12 of these projects are progressing on time, on budget and within scope.

- *Petersburg - Radiology Equipment*
- *Bartlett Regional Hospital - Blood Chemistry Analyzer*
- *Mt. Edgecumbe - Fluorsocopy Radiography*

- *Wrangell Medical Center - Mammography Equipment*
- *Kanakanak Hospital - CT Scan Equipment*
- *Providence Seward - Electronic Health Records*
- *Providence Kodiak - Infant Security System*
- *Ketchikan General Hospital - Breast Biopsy Equipment*
- *Central Peninsula Hospital - Medication Verification System*
- *Providence Valdez - Patient Services Equipment*
- *Sitka Community Hospital - Surgical Equipment*

Fiscal Year 2011 Health Facilities Program Goals:

In the coming fiscal year, the Health Facilities Program plans to continue funding in the following areas:

⇒ *Primary Care Facilities*

⇒ *Behavioral Health Facilities*

⇒ *Elder Housing/Assisted Living Facilities*

⇒ *Primary Care in Hospitals*

The Denali Commission Act outlines the development and implementation of an annual work plan. The Commission must develop an annual work plan that solicits project proposals from local governments and other entities and organizations and provides for a comprehensive work plan for rural and infrastructure development and necessary job training in the areas covered under the work plan.

The Denali Commission anticipates a Continuing Resolution for FY11. Funding amounts for specific program areas are unknown at this time and project goals for the fiscal year must wait pending that outcome. The Commission Work Plan process and thus program goals will be on hold pending FY2011 appropriations.

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

Rightsizing Clinics in Rural Alaska

As energy and construction costs have risen over time, it became apparent that the smallest of the Denali Commission health clinic prototypes was not "right-sized" for communities in Alaska with fewer than 100 residents. The partners of this program are meeting this challenge through the development of new prototype clinic designs that are less than 1,000 square feet in size. The new designs can accommodate energy efficiencies and alternative energy methods as they become proven and cost-effective for rural Alaska. The first pilot of the small clinic design will be deployed in the spring of 2011.

Skagway Clinic

Dahl Memorial Clinic, Skagway, June 2010.

Many years ago E.A. and Jenny Rasmuson spied a special site in Skagway they knew would be perfect for a future health facility. That vision became a reality in June 2010, when their namesake community health center was opened. This striking state-of-the-art health clinic is a 14,531 square foot facility and includes nine exam rooms, three urgent care rooms, space for physical therapy, audiometry, and optometry, lab, x-ray and three dental operatories. Partnerships made this successful project – with the in-kind and funding support of Rasmuson Foundation, the City of Skagway, the State of Alaska, and the Denali Commission.

Haines Assisted Living

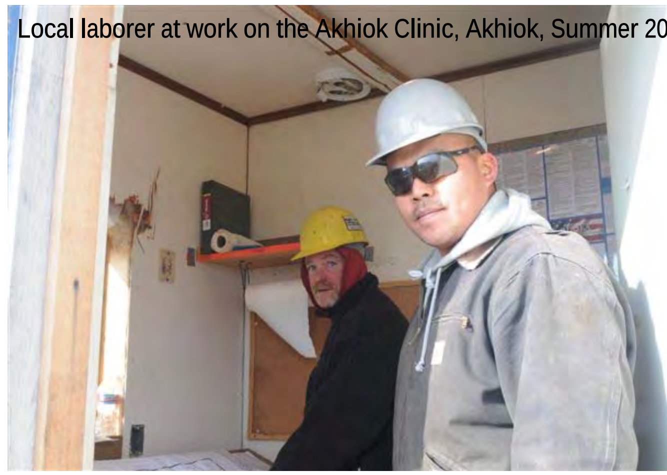
Haines Assisted Living Facility, Haines, June 2010.

The Commission funded Haines Assisted Living in Southeast Alaska. This facility offers personalized assistance with the activities of daily living, supportive services and compassionate care in a professionally managed, carefully designed, group setting. It's the perfect al-

Café space inside the Haines Assisted Living Facility, June 2010.

ternative for seniors who can no longer live on their own at home, yet don't need 24-hour, complex medical supervision.

The Commission funded new construction of an 8 unit elder assisted living facility with a community room, commercial kitchen, manager's apartment and dining facility. Small population centers do not always have access to this type of facility and more often than not, seniors are forced to relocate leaving close friends and family members. The Commissions support in this area helps build stronger communities.



Local laborer at work on the Akhiok Clinic, Akhiok, Summer 2009.

Akhiok Clinic

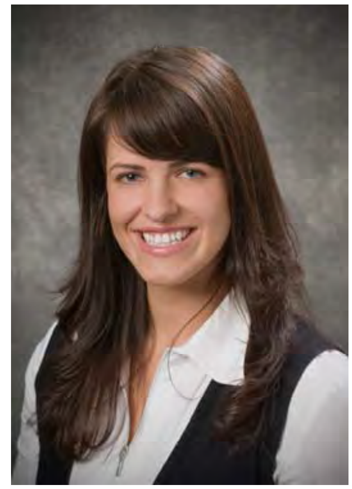
Collaboration led by the Kodiak Area Native Association (KANA) brought the Akhiok clinic to completion in September 2009. KANA collaborated with the City of Akhiok, the Akhiok Tribal Council, the Denali Commission, the Alaska Native Tribal Health Consortium and the Indian Health Service to bring this 1,500 square foot clinic to completion in a year's time. The previous clinic was located in a two-bedroom home not adequately equipped for medical care delivery. Rightsizing clinics for smaller communities in rural Alaska is a priority of the Denali Commission Health Facilities Program.

Akhiok Health Clinic, Akhiok, September 2009.

Denali Commission Transportation Program

PROGRAM STAFF:

Tessa DeLong, Senior Program Manager
Adison Smith, Program Assistant



⇒ *Local Roads and Boardroads*

⇒ *All Terrain Vehicle (ATV) Roads*

⇒ *Community Connectivity and Economic Development Road Projects*

⇒ *Regional Ports and Local Small Boat Harbors*

⇒ *Barge Landings*

PROGRAM OVERVIEW:

On August 10, 2005, Congress passed H.R. 3 - Safe, Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) into law. This Act provides the Denali Commission (Commission) transportation program with approximately $25 million annually for fiscal years (FY) 2005 through 2009. The funds are 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. SAFETEA-LU is expected to continue to some unknown point in the near future when highway reauthorization occurs.

SAFETEA-LU requires the formation of a Commission Transportation Advisory Committee (TAC) to advise the agency regarding project nominations, selections and program policy. The nine member TAC includes by law, four members who represent existing regional native corporations, native non-profit entities, and tribal governments, and four members who represent rural Alaska regions or villages. The TAC is chaired by the Commission's Federal Co-Chair. The TAC is responsible for providing broad program guidance and for reviewing and recommending eligible projects submitted through the public nominations process to the Federal Co-Chair for final approval. The TAC reviews project nominations on a semi-annual basis, once in January for project selections and once during the summer to monitor project development.

Commission staff has focused on directed public outreach and agency coordination efforts; as a result, the program has now begun to focus attention on the following areas of transportation needs:

Roads Program:

- 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 sub-

sistence fisheries

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

The road 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.

Waterfront Development Program:

- Regional port reconstruction and/or expansion to support commercial fisheries and regional fuel and freight redistribution
- Harbor reconstruction and/or expansion to support commercial and subsistence fishing, and/or regional hub and intermodal connections
- Boat launch ramps to support local uses, including search and rescue operations
- Barge landing improvements including structures and mooring facilities

The 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 and docking facilities.

The Transportation Program has developed successful design and construction partnerships with the U.S. Federal Highway Administration (FHWA), 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.

Program Outcomes:

The Transportation Program has focused attention on leveraging additional partner and agency funding for high priority transportation projects. For FY06-FY09, the $100 million funding for the transportation program, leveraged almost $400 million in additional funding for projects. The programs ability to successfully leverage significant funding for projects has been an important feature of the agency's program. In many cases, the projects funded by the Commission are high priority community projects, but may not rise to the top tier of prioritization lists maintained by the State of Alaska or other federal transportation agencies. By working collaboratively with other partners, the Commission has been able to maximize transportation appropriations to the agency.

To date the Commission has a total of 157 projects in the following categories:

- ☑ *33 Road Projects Completed*
- ☑ *42 Waterfront Development Projects Completed*
- ☑ *82 Road and Waterfront Development Projects in the Planning, Design or Construction Phase*

To date, the Commission has dedicated roughly over $114 million to transportation projects – 11% of the Denali Commission's resources over the past twelve years.

Transportation Advisory Committee:

Road and waterfront development projects are selected by the program's Transportation Advisory Committee (TAC) following an extensive public application process. TAC members, appointed by the Governor of Alaska and led by the Denali Commission Federal Co-Chair, are rural Alaska leaders with extensive experience in transportation development. In addition to project selection work, the TAC advises Denali Commission management on surface transportation needs in rural Alaska and assists in coordinated rural transportation planning efforts. The TAC is a key statutory feature of the program, and a key element in the program's success.

The Transportation Advisory Committee met 4 times in fiscal year 2010. Key outcomes from this group include: the selection of 41 road and waterfront development projects, funding a total of $24,149,125 for rural Alaska transportation; the creation of a Standard Operating Procedures (SOP) document which will provide program staff and the TAC with procedures, processes and policy for the program; creation of a community outreach, and technical assistance plan resulting in 6 workshops by staff in 2010; coordination with key program partners such as BIA, FHWA, DOT&PF, USACE, regional Tribal transportation organizations, and WFLHD.

Transportation Advisory Committee Members:

- Joel Neimeyer Federal Co-Chair (Chair) *Denali Commission;*
- Mike Hoffman *Association of Village Council Presidents;*
- Steve Ivanoff *Kawerak, Incorporated;*
- Chuck Pool, P.E., R.L.S. *Pool Engineering, Incorporated;*
- Chuck Quinlan *K'oyitl'ots'ina, Limited;*
- Ray Richards *Doyon Limited;*
- Randy Romenesko, P.E. *Consultant;*
- Walter Sampson *NANA Regional Corporation;*
- Carvel Zimin, Jr. *Bristol Bay Borough Assembly*

FY10 Actual Performance Report for the Transportation Program:

Following is an update on the FY10 program outcomes and outputs:

Program Outputs:

Road Improvement Projects:

Design:

- Alakanuk Community Streets Rehabilitation
- King Salmon & Naknek School Bus Road Rehabilitation
- Noatak Delong Mountain Terminal Winter Access Route
- Scammon Bay Community Streets Rehabilitation
- Tununak Community Streets Reconstruction

Transportation Program

Design/Construction:

- Elfin Cove Boardwalk Reconstruction Phase II
- Noorvik Cemetery Road

Construction:

- Cordova Whitshed Road Extension
- Dillingham Tower Road Reconstruction
- Healy Community Roads Rehabilitation/Surfacing
- Klawock Community Streets Paving
- Northway Access Road Rehabilitation/Surfacing
- Port Alexander Boardwalk Reconstruction Phase II
- St. Mary's & Pitka's Point Connector Road Dust Control
- Tanacross Community Roads Rehabilitation/ Surfacing
- Teller Airport Road Dust Control
- Tuntutuliak Board Road Reconstruction/Extension
- Wrangell Front Street Redevelopment
- Anaktuvuk Pass Contact Creek Bridge Replacement
- King Salmon Naknek School Bus Road Rehabilitation
- Scammon Bay Community Streets
- Tununak Community Streets Rehabilitation

Waterfront Improvement Projects:

Design:

- Angoon Ferry Terminal Passenger Facility
- Bethel Small Boat Harbor Dredging
- Kake Ferry Terminal Passenger Facility
- Kotzebue Swan Lake Harbor Improvements
- Port Lions City Dock and Ferry Terminal Repairs
- Wrangell City Dock Rehabilitation

Design/Construction:

- Tenakee Springs Ferry Dock Improvements

Construction

- Ketchikan Knudson Cove Harbor Launch Ramp Replacement
- Ketchikan Thomas Basin Finger Floats
- Old Harbor City Dock Reconstruction
- Sand Point Harbor Main Float
- Statewide Barge Landing Design and Construction Phase IIV
- Thorne Bay Davidson Landing Phase I Mooring Floats
- Whittier Small Boat Harbor Phase I
- Perryville Barge Landing
- Seldovia Harbor Improvements
- Technical Services and Construction Inspection Services

Update on FY10 Transportation Program Goals:

The following goals in this section were provided in the FY09 PAR last year. An update on these goals is provided.

The Denali Commission Transportation Advisory Committee is set to meet mid-January for FY10 project selection at which time specific FY10 project goals will be set by the Committee. A primary and unique goal of the Denali Commission Transportation Program is to work with rural communities to make sure that the road standards applied to projects align with the vehicle fleet that operates in those communities. This translates into a focus on All-Terrain Vehicles (ATV's) and light trucks, and manifests itself in board roads for tundra villages and geo-grid ATV roads between villages and to subsistence harvest areas. These types of projects reduce wear on vehicles, improve driver safety and reduce environmental impacts of ATV's on the fragile tundra.

The Denali Commission has the flexibility to use U.S. Department of Transportation Federal Highway Administration Western Federal Lands Highway Division (FHWA) funds to create joint-funded projects with BIA-based road funding, State of Alaska general funds and other federal-state-local funds to provide projects that would otherwise not be feasible. In addition, the Commission and the State DOT combine funds to provide hard surfacing for state roads that pass through rural communities. This action reduces dust in the communities and improves vehicle and pedestrian safety.

The Denali Commission Transportation Program is working with the U.S. Army Corps of Engineers to develop a barge landing system that provides intermodal connections. Improvements include mooring anchors and small dock face structures that improve fuel/freight transfers, improve worker safety and reduce near shore environmental impacts associated with tugs holding barges against the shore. A rural barge landing system has been absent in the past and is one of the state's pressing freight transfer needs.

Update:

The TAC met in January 2010 and selected 22 road projects and 17 waterfront development projects. All awards were issued for the projects in 2010.

The Commission continued to partner with other Federal funding entities such as BIA and FHWA to achieve a mix of project funding. This allows for funds to be leveraged and maximized across projects.

In partnership with the USACE the Commission has 16 barge landing design and construction projects underway and has completed 4 projects.

Fiscal Year 2011 Transportation Program Goals:

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

- ⇒ *Local Roads and Boardroads*
- ⇒ *All Terrain Vehicle (ATV) Roads*
- ⇒ *Community Connectivity and Economic Development Road Projects*
- ⇒ *Regional Ports and Local Small Boat Harbors*
- ⇒ *Barge Landings*

The Denali Commission Act outlines the development and implementation of an annual work plan. The Commission must develop an annual work plan that solicits project proposals from local governments and other entities and organizations and provides for a comprehensive work plan for rural and infrastructure development and necessary job training in the areas covered under the work plan.

The Denali Commission anticipates a Continuing Resolution for FY11. Funding amounts for specific program areas are unknown at this time and project goals for the fiscal year must wait pending that outcome. The Commission Work Plan process and thus program goals will be on hold pending FY2011 appropriations.

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

Digging ditch in Gulkana, preparing to lay water and sewer pipes.

Gulkana Community Roads Reconstruction

The Gulkana road project is a long awaited project that reconstructs the main road into and through the village of Gulkana. In 2006, the Denali Commission partnered with the Native Village of Gulkana on the nomination for this project.

During the design phase of the project, it became clear that the water and sewer utilities bedded in the roadway were failing. Rather than proceed with the road construction as scheduled in 2008 the Commission, the Bureau of Indian Affairs, and the Native Village of Gulkana agreed

Backfilling ditch after water and sewer pipes have been laid.

to put the road project in abeyance so the community could seek utility reconstruction funds to include in an overall repair project. In 2009, the United State Department of Agriculture (USDA) Rural Utiliites Service (RUS) approved a water-sewer reconstruction project and provided funding to Alaska for Gulkana.

This combination of funds and construction phases improves overall costs to both components of work and preempted the possibility of a water-sewer project tearing up a recently reconstructed road.

Flattening road after water and sewer pipes/culverts have been laid.

Chevak Barge Landing Mooring Points

Mooring points provide safe and secure anchorage for boats and barges. The necessity for mooring points in rural Alaska is prevalent and of great concern to the TAC and the Commission's transportation partners such as the USACE and the Alaska DOT&PF.

Driving piling into the ground. Piling provides anchorage for future mooring point.

In many communities, barges are held against the coast shoreline or river banks by tugs under power while transfers were completed. Transfers under these conditions create near shore environmental impacts and create safety challenges for tug and barge workers and shore-side employees.

The Chevak mooring points project is a prototype installation of a new mooring system for rural Alaska communities that is the result of two years of investigations into barge operation needs throughout Western and Arctic Alaska. Safe and efficient transfer of fuel and freight in rural communities is the end goal of this important project.

Denali Commission Training Program

Program Staff:

Karen Johnson, Program Manager

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

Program Overview:

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

The Commission believes it is imperative to ensure that local residents have the skills and knowledge necessary to fill the construction jobs through projects funded by the Denali Commission. By doing this, the Commission builds sustainability into their investments by providing training for the long-term management, operations and maintenance of facilities thus increasing local employment at the same time.

Historically, the Commission provided funding directly to organizations who could deliver results in the Commission's priority areas. These program and training partners are selected by the Commission directly or through competitive requests for proposals managed by partner organizations.

In coordination with program partners such as the State of Alaska Department of Labor, Construction Education Foundation, the University of Alaska, First Alaskans Institute and Alaska Works Partnerships, the Commission reduces redundancy, leverages dollars and continues to deliver high quality training initiatives and innovative projects that have resulted in job creation in almost every rural Alaskan community. Commission priority areas:

- Construction, Operations and Maintenance Training of Denali Commission projects
- Management Training for Commission projects
- Allied Health Initiatives
- Youth Initiatives

Projects are competitive and are selected through a third party review team with final approvals made by Commission staff.

Program Outcomes:

The Denali Commission places job training at the center of its comprehensive plan for economic growth in Alaska. In just a few short years, the Commission has made significant strides in assisting rural communities build competent workforces.

A recent State of Alaska Department of Labor Research & Analysis report on the Denali Commission Training Program for the program year 2008 provided the following outcomes for the Denali Commission Training Program:

Training Program

- ☑ *Denali Training Fund (DTF) had a total of 398 participants. Of these participants, wages increased 16.1% more after training and shows a 2.9% increase in employment.*
- ☑ *Alaska Works Partnership had a total of 283 participants. Of these participants, wages increased 34% more after training and shows a 14% increase in employment of those participants.*

The methodology used acquiring these statistics is based on the participants social security numbers, training start dates and exit completion dates. Those records are then matched with historic Alaska unemployment insurance wage records giving the most comprehensive quarter by quarter source of historical employment, earnings, occupation and place of work information for each training program participant a year after training.

Commission staff has improved relationships with local and regional organizations to better align resources and people to training and jobs. Building rural workforce capacities is key to developing training projects that are in alignment with Commission goals and priorities.

Many residents are moving to urban areas to escape the high cost of living in rural Alaska where fuel can run over $6 per gallon. Commission staff is working with statewide and regional entities to create training that is linked to jobs that target energy efficiency and energy conservation. This initiative not only helps lower the cost of living in many rural communities, but it has created hundreds of new jobs.

Getting particular kinds of professional occupational endorsements is a challenge for rural residents. With Commission funding, the University developed web based training for allied health careers. This distance education model reduces travel, food and lodging costs and allows rural residents to stay at home to take care of their families and jobs, while at the same time, earning essential occupation endorsements. (See Distance Education for Rural Alaskans at the end of this section.)

The Training Program was instituted by the Commissioners as a standalone program in 1999 to ensure local residents were trained to construct, maintain and operate Commission investments in rural Alaska. From 1999 to 2003, it was the policy of the Commission to appropriate 10% of energy & water funds to support the Training Program. In 2004, U.S. Department of Labor (USDOL) began direct appropriations to the Commission to support rural training and continued this support through 2009. In FY2010, the Commission did not receive training funds from the USDOL; however the Commissioners appropriated $1,000,000 from the energy & water appropriations to continue the current rural training initiatives.

To date, the Commission has dedicated more than $47 million to training efforts – 5% of the Denali Commissions resources over the past twelve years.

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.

The TrAC met three times in 2010. A major challenge for the TrAC in 2010 was maintaining synergy and momentum with substantially less funding. The TrAC has been successful in engaging program partners as funding declined to ensure that they had 1) a futuristic approach, or sustainability plan, for their training programs and 2) enough funding to ensure students in the pipeline had the opportunity to complete their training program.

Training Advisory Committee Members:

- Vince Beltrami (Chair) *Denali Commissioner, Alaska AFL-CIO;*
- John MacKinnon *Denali Commissioner, Associated General Contractors of Alaska;*
- Wanetta Ayers *State of Alaska, Office of Economic Development;*
- Click Bishop *Alaska Department of Labor and Workforce Development;*
- Rose Loera *Bristol Bay Area Health Corporation;*
- Bernice Joseph *University of Alaska;*
- Dawn Salesky *Alaska Native Coalition of Employment and Training*

FY10 Actual Performance Report for the Training Program:

The Training Program focuses on providing training for careers that construct, operate, and maintain rural infrastructure projects.

The Commission has undertaken the completion of the following outputs and outcomes for FY10. This section provides an update on those goals.

Program Outputs:

Assessment of individuals who have received training for Denali Commission and other public infrastructure projects.

Retrospective analysis of performance data for the Denali Training Fund and Alaska Works Partnership available through the Alaska Division of Research and Analysis for 2008.

Update on the FY10 Training Program Goals:

The following goals in this section were provided in the FY09 PAR last year. An update on these goals is provided.

The Training Program will continue to fund legacy training partners and statewide training projects in the priority areas of:

Construction

Update:

The Denali Commission, through our partnership with Construction Education Foundation, has instituted construction academies in five rural areas around Alaska that target young adults. These academies will provide construction career training throughout the year giving students an opportunity to earn construction certifications. Upon completion, career pathways for all participants will be facilitated that will lead to a job, advanced construction training apprenticeship or the military.

Maintenance and Operations

Update:

The Denali Commission has invested in the development of a Wind Training Facility at the Alaska Vocational and Technical Education Center in Seward. Wind energy systems are emerging throughout Alaska as a means to use a valuable renewable energy source and reduce the high cost of dependency on fossil fuels. It is essential to have an in-state training facility to build a competent workforce to maintain and operate these wind energy systems.

Project Administration Related to Denali Commission Investments.

Update:

The Denali Commission continues to support the Alaska Association of Municipal Clerks who provide educational and training opportunities for municipal clerks that enhance skills and improves their ability to administer rural systems and projects.

Fiscal Year 2011 Training Program Goals:

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

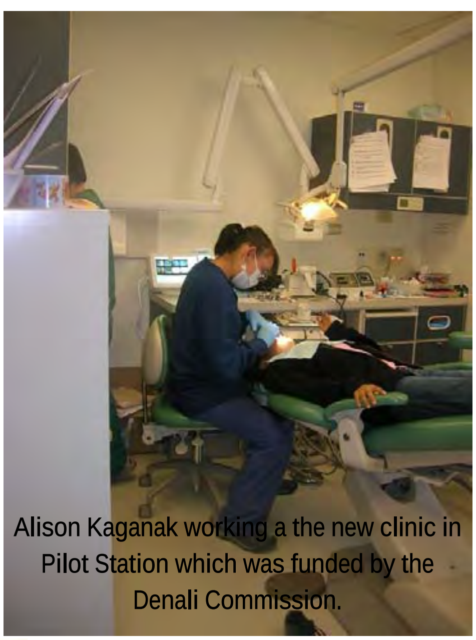
- ⇒ *Allied Health Professions*
- ⇒ *Construction Trades*
- ⇒ *Facility Operations and Maintenance*
- ⇒ *Administration of Public Infrastructure*

The Denali Commission Act outlines the development and implementation of an annual work plan. The Commission must develop an annual work plan that solicits project proposals from local governments and other entities and organizations and provides for a comprehensive work plan for rural and infrastructure development and necessary job training in the areas covered under the work plan.

The Denali Commission anticipates a Continuing Resolution for FY11. Funding amounts for specific program areas are unknown at this time and project goals for the fiscal year must wait pending that outcome. The Commission Work Plan process and thus program goals will be on hold pending FY2011 appropriations.

PROGRAM PARTNERS

- Alaska Department of Labor and Workforce Development
  http://labor.state.ak.us
- Alaska Works Partnership
  www.alaskaworks.org
- Construction Education Foundation Associated General Contractors of Alaska
  www.agcak.org
- First Alaskans Institute
  www.firstalaskans.org
- University of Alaska
  www.alaska.edu
- U.S. Department of Labor
  www.dol.gov



Alison Kaganak working a the new clinic in Pilot Station which was funded by the Denali Commission.

Dental Health Aide Therapist students getting a psychology lesson from Dr. Phil Weinstein who works in the No Dental Fears Clinic at the University of Washington.

Allied Health Professions

Alaska Natives have a much higher risk of suffering from dental problems. This, in part, is due to the lack of dental health services in many rural areas of Alaska. In 2000, the Commission began integrating dental suites into many of its newly constructed health facilities which provided dedicated dental space for the first time ever. Soon after, the Commission joined other funders and regional Native health corporations to support the Alaska Dental Health Aide Therapist program (DHAT). Since 2007, DHAT has had 17 graduates who have become the designated Dental Health Aid Therapists in their home towns, providing much needed dental services including preventative care and education.

Training Program

Nina Menegak and Susie Miller of the Yukon Kuskokwim Health Corporation have both used online web education through the University of Alaska.

Distance Education for Rural Alaskans

A young mother working in the Bethel Hospital enrolled in the University of Alaska's Limited Radiography Program; a program made available through distance learning by a Denali Commission funded initiative. This learning method allowed her to stay home in Bethel, continue working and taking care of her family. It was just a few years ago that students could only develop these skills by gaining admission into a two-year degree program in Anchorage. Now Nina Menegak could participate, even though hundreds of miles separated her from her instructors in Anchorage. Nina completed the four-course Radiology Occupational Endorsement program and the area hospital put her new skills to work. Nina's success in these courses led her to recognize her own capabilities. She gradually tackled other college courses, eventually completing the distance-delivered AAS Radiography Program while remaining in Bethel, one of the University of Alaska Anchorage's clinical sites.

Other Accompanying Information

Appendix A:
Denali Commission Act of 1998

Appendix A: Denali Commission Act of 1998

Updated 9/25/2005

Denali Commission Act of 1998.
PL 105-277 42 USC 3121.

TITLE III--DENALI COMMISSION

SEC. 301. SHORT TITLE.

This title may be cited as the ``Denali Commission Act of 1998''.

SEC. 302. PURPOSES.

The purposes of this title are as follows:

(1) To deliver the services of the Federal Government in the most cost-effective manner practicable by reducing administrative and overhead costs.

(2) To provide job training and other economic development services in rural communities particularly distressed communities (many of which have a rate of unemployment that exceeds 50 percent).

(3) To promote rural development, provide power generation and transmission facilities, modern communication systems, water and sewer systems and other infrastructure needs.

SEC. 303. ESTABLISHMENT OF COMMISSION.

(a) Establishment.--There is established a commission to be known as the Denali Commission (referred to in this title as the ``Commission'').

(b) Membership.—

(1) Composition.--The Commission shall be composed of 7 members, who shall be appointed by the Secretary of Commerce (referred to in this title as the ``Secretary''), of whom—

> (A) one shall be the Governor of the State of Alaska, or an individual selected from nominations submitted by the Governor, who shall serve as the State Co-chairperson;
>
> (B) one shall be the President of the University of Alaska, or an individual selected from nominations submitted by the President of the University of Alaska;
>
> (C) one shall be the President of the Alaska Municipal League or an individual selected from nominations submitted by the President of the Alaska Municipal League;
>
> (D) one shall be the President of the Alaska Federation of Natives or an individual selected from nominations submitted by the President of the Alaska Federation of Natives; [1]

[1] PL 106-31, SEC. 105, 1999

Appendix A: Denali Commission Act of 1998

(E) one shall be the Executive President of the Alaska State AFL-CIO or an individual selected from nominations submitted by the Executive President;

(F) one shall be the President of the Associated General Contractors of Alaska or an individual selected from nominations submitted by the President of the Associated General Contractors of Alaska; and

(G) one shall be the Federal Co-chairperson, who shall be selected in accordance with the requirements of paragraph (2).

(2) Federal Co-chairperson.—

(A) In general.--The President *pro temporare* of the Senate and the Speaker of the House of Representatives shall each submit a list of nominations for the position of the Federal Co-chairperson under paragraph (1)(G), including pertinent biographical information, to the Secretary.

(B) Appointment.--The Secretary shall appoint the Federal Co-chairperson from among the list of nominations submitted under subparagraph (A). The Federal Co-chairperson shall serve as an employee of the Department of Commerce, and may be removed by the Secretary for cause.

(C) Federal Co-chairperson vote.--The Federal Co-chairperson appointed under this paragraph shall break any tie in the voting of the Commission.

(4) Date.--The appointments of the members of the Commission shall be made no later than January 1, 1999.

(c) Period of Appointment; Vacancies.—The Federal Co-Chairperson shall serve for a term of four years and may be reappointed. All other members shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.[2]

(d) Meetings.—

(1) In general.--The Commission shall meet at the call of the Federal Co-chairperson not less frequently than 2 times each year, and may, as appropriate, conduct business by telephone or other electronic means.

(2) Notification.--Not later than 2 weeks before calling a meeting under this subsection, the Federal Co-chairperson shall—

(A) notify each member of the Commission of the time, date and location of that meeting; and

(B) provide each member of the Commission with a written agenda for the meeting, including any proposals for discussion and consideration, and any appropriate background materials.

[2] PL 106-31, SEC. 105, 1999

Appendix A: Denali Commission Act of 1998

(e) Quorum.--A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

SEC. 304. DUTIES OF THE COMMISSION.

(a) Work Plan.—

(1) In general.--Not later than 1 year after the date of enactment of this Act and annually thereafter, the Commission shall develop a proposed work plan for Alaska that meets the requirements of paragraph (2) and submit that plan to the Federal Co-chairperson for review in accordance with the requirements of subsection (b).

(2) Work plan.--In developing the work plan, the Commission shall—

(A) solicit project proposals from local governments and other entities and organizations; and

(B) provide for a comprehensive work plan for rural and infrastructure development and necessary job training in the area covered under the work plan.

(3) Report.--Upon completion of a work plan under this subsection, the Commission shall prepare, and submit to the Secretary, the Federal Co-chairperson, and the Director of the Office of Management and Budget, a report that outlines the work plan and contains recommendations for funding priorities.

(b) Review by Federal Co-chairperson.—

(1) In general.-- Upon receiving a work plan under this section, the Secretary, acting through the Federal Co-chairperson, shall publish the work plan in the Federal Register, with notice and an opportunity for public comment. The period for public review and comment shall be the 30-day period beginning on the date of publication of that notice.

(2) Criteria for review.--In conducting a review under paragraph (1), the Secretary, acting through the Federal Co-chairperson, shall—

(A) take into consideration the information, views, and comments received from interested parties through the public review and comment process specified in paragraph (1); and

(B) consult with appropriate Federal officials in Alaska including but not limited to Bureau of Indian Affairs, Economic Development Administration, and Rural Development Administration.

(3) Approval.--Not later than 30 days after the end of the period specified in paragraph (1), the Secretary acting through the Federal Co-chairperson, shall—

(A) approve, disapprove, or partially approve the work plan that is the subject of the review; and

Appendix A: Denali Commission Act of 1998

(B) issue to the Commission a notice of the approval, disapproval, or partial approval that—

(i) specifies the reasons for disapproving any portion of the work plan; and

(ii) if applicable, includes recommendations for revisions to the work plan to make the plan subject to approval.

(4) Review of disapproval or partial approval.--If the Secretary, acting through the Federal Co-chairperson, disapproves or partially approves a work plan, the Federal Co-chairperson shall submit that work plan to the Commission for review and revision.

SEC. 305. POWERS OF THE COMMISSION.

(a) Information From Federal Agencies.--The Commission may secure directly from any Federal department or agency such information as it considers necessary to carry out the provisions of this Act. Upon request of the Federal Co-chairperson of the Commission, the head of such department or agency shall furnish such information to the Commission. Agencies must provide the Commission with the requested information in a timely manner. Agencies are not required to provide the Commission any information that is exempt from disclosure by the Freedom of Information Act. Agencies may, upon request by the Commission, make services and personnel available to the Commission to carry out the duties of the Commission. To the maximum extent practicable, the Commission shall contract for completion of necessary work utilizing local firms and labor to minimize costs.

(b) Postal Services.--The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

(c) Gifts.--The Commission may accept, use, and dispose of gifts or donations of services or property.

"(d) The Commission, acting through the Federal Co-Chairperson, is authorized to enter into contracts and cooperative agreements, award grants, and make payments necessary to carry out the purposed of the Commission. With respect to funds appropriated to the Commission for fiscal year 1999, the Commission, acting through the Federal Co-chairperson, is authorized to enter into contracts and cooperative agreements, award grants, and make payments to implement an interim work plan for fiscal year 1999 approved by the Commission."[3]

SEC. 306. COMMISSION PERSONNEL MATTERS.

(a) Compensation of Members.--Each member of the Commission who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during the time such member is engaged in the performance of the duties of the Commission. The Federal Co-Chairperson shall be compensated at the annual rate prescribed for a level IV of the Executive Schedule under section 5315, of title 5, United States Code.[4] All members of the Commission

[3] PL 106-31, SEC. 105, 1999
[4] PL 106-31, SEC. 105, 1999

Appendix A: Denali Commission Act of 1998

who are officers or employees of the United States shall serve without compensation that is in addition to that received for their services as officers or employees of the United States.

(b) Travel Expenses.--The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(c) Staff.—

(1) In general.--The Federal Co-chairperson of the Commission may, without regard to the civil service laws and regulations, appoint such personnel as may be necessary to enable the Commission to perform its duties.

(2) Compensation.--The Federal Co-chairperson of the Commission may fix the compensation of personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates.[5]

(d) Detail of Government Employees.--Any Federal Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

(e) Procurement of Temporary and Intermittent Services.--The Federal Co-chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

(f) Offices.--The principal office of the Commission shall be located in Alaska, at a location that the Commission shall select.

(g) Administrative Expenses and Records. The Commission is hereby prohibited from using more than 5 percent of the amounts appropriated under the authority of this Act or transferred pursuant to section 329 of the Department of Transportation and Related Agencies Appropriations Act, 1999 (section 101 (g) of division A of this Act) for administrative expenses. The Commission and its grantees shall maintain accurate and complete records which shall be available for audit and examination by the Comptroller General or his or her designee.

(h) Inspector General. Section 8G(a)(2) of the Inspector General Act of 1978 (5 USC App 3, Section 8G(a)(2)) is amended by inserting 'the Denali Commission,' after 'the Corporation for Public Broadcasting,'.[6]

SEC. 307. SPECIAL FUNCTIONS.

(a) Rural Utilities.--In carrying out its functions under this title, the Commission shall as appropriate, provide assistance, seek to avoid duplicating services and assistance, and complement the water and sewer wastewater programs under section 306D of the Consolidated

---

[5] PL 106-31, SEC. 105, 1999

[6] Subsections g & h derived from PL 106-31, SEC. 105, 1999

Appendix A: Denali Commission Act of 1998

Farm and Rural Development Act (7 U.S.C. 1926d) and section 303 of the Safe Drinking Water Act Amendments of 1996 (33 U.S.C. 1263a).

(b) Bulk Fuels.-- Funds transferred to the Commission pursuant to section 329 of the Department of Transportation and Related Agencies Act, 1999 (section 101(g) of division A of this Act) shall be available without further appropriation and until expended. The Commission, in consultation with the Commandant of the Coast Guard, shall develop a plan to provide for the repair or replacement of bulk fuel storage tanks in Alaska that are not in compliance with applicable—[7]

(1) Federal law, including the Oil Pollution Act of 1990 (104 Stat. 484); or

(2) State law

(c) Demonstration Health Projects- In order to demonstrate the value of adequate health facilities and services to the economic development of the region, the Secretary of Health and Human Services is authorized to make grants to the Denali Commission to plan, construct, and equip demonstration health, nutrition, and child care projects, including hospitals, health care clinics, and mental health facilities (including drug and alcohol treatment centers) in accordance with the Work Plan referred to under section 304 of Title III – Denali Commission of Division C – Other Matters of Public Law 105-277. No grant for construction or equipment of a demonstration project shall exceed 50 percentum of such costs, unless the project is located in a severely economically distressed community, as identified in the Work Plan referred to under section 304 of Title III – Denali Commission of Division C – Other Matters of Public Law 105-277, in which case no grant shall exceed 80 percentum of such costs. To carry out this section, there is authorized to be appropriated such sums as may be necessary.[8]

SEC. 308. EXEMPTION FROM FEDERAL ADVISORY COMMITTEE ACT.

The Federal Advisory Committee Act shall not apply to the Commission.

SEC. 309. DENALI ACCESS SYSTEM PROGRAM.[9]

(a) ESTABLISHMENT OF THE DENALI ACCESS SYSTEM PROGRAM.—Not later than 3 months after the date of enactment of the SAFETEA–LU, the Secretary of Transportation shall establish a program to pay the costs of planning, designing, engineering, and constructing road and other surface transportation infrastructure identified for the Denali access system program under this section.

(b) DENALI ACCESS SYSTEM PROGRAM ADVISORY COMMITTEE.—

(1) ESTABLISHMENT.—Not later than 3 months after the date of enactment of the SAFETEA–LU, the Denali Commission shall establish a Denali Access System Program Advisory Committee (referred to in this section as the 'advisory committee') .

(2) MEMBERSHIP.—The advisory committee shall be composed of nine members to be appointed by the Governor of the State of Alaska as follows:

(A) The chairman of the Denali Commission.

---

[7] PL 106-31, SEC. 105, 1999
[8] PL 106-113, SEC 701, 1999
[9] PL 109-59-Aug. 10, 2005 119 STAT. 1517

Appendix A: Denali Commission Act of 1998

(B) Four members who represent existing regional native corporations, native nonprofit entities, or tribal governments, including one member who is a civil engineer.

(C) Four members who represent rural Alaska regions or villages, including one member who is a civil engineer.

(3) TERMS.—

(A) IN GENERAL.—Except for the chairman of the Commission who shall remain a member of the advisory committee, members shall be appointed to serve a term of 4 years.

(B) INITIAL MEMBERS.—Except for the chairman of the Commission, of the 8 initial 11 members appointed to the advisory committee, 2 shall be appointed for a term of 1 year, 2 shall be appointed for a term of 2 years, 2 shall be appointed for a term of 3 years, and 2 shall be appointed for a term of 4 years. All subsequent appointments shall be for 4 years.

(4) RESPONSIBILITIES.—The advisory committee shall be responsible for the following activities:

(A) Advising the Commission on the surface transportation needs of Alaska Native villages and rural communities, including projects for the construction of essential access routes within remote Alaska Native villages and rural communities and for the construction of roads and facilities necessary to connect isolated rural communities to a road system.

(B) Advising the Commission on considerations for coordinated transportation planning among the Alaska Native villages, Alaska rural villages, the State of Alaska, and other government entities.

(C) Establishing a list of transportation priorities for Alaska Native village and rural community transportation projects on an annual basis, including funding recommendations.

(D) Facilitate the Commission's work on transportation projects involving more than one region.

(5) FACA EXEMPTION.—The provisions of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the advisory committee.

(c) ALLOCATION OF FUNDS.—

(1) IN GENERAL.—The Secretary shall allocate funding authorized and made available for the Denali access system program to the Commission to carry out this section.

(2) DISTRIBUTION OF FUNDING.—In distributing funds for surface transportation projects funded under the program, the Commission shall consult the list of transportation priorities developed by the advisory committee.

(d) PREFERENCE TO ALASKA MATERIALS AND PRODUCTS.—To construct a project under this section, the Commission shall encourage, to the maximum extent practicable, the use of employees and businesses that are residents of Alaska.

(e) DESIGN STANDARDS.—Each project carried out under this section shall use technology and design standards determined by the Commission to be appropriate given the location and the functionality of the project.

(f) MAINTENANCE.—Funding for a construction project under this section may include an additional amount equal to not more than 10 percent of the total cost of construction, to be retained for future maintenance of the project. All such retained funds shall be dedicated for maintenance of the project and may not be used for other purposes.

Appendix A: Denali Commission Act of 1998

(g) LEAD AGENCY DESIGNATION.—For purposes of projects carried out under this section, the Commission shall be designated as the lead agency for purposes of accepting Federal funds and for purposes of carrying out this project.

(h) NON-FEDERAL SHARE.—Notwithstanding any other provision of law, funds made available to carry out this section may be used to meet the non-Federal share of the cost of projects under title 23, United States Code.

(i) SURFACE TRANSPORTATION PROGRAM TRANSFERABILITY.—

(1) TRANSFERABILITY.—In any fiscal year, up to 15 percent of the amounts made available to the State of Alaska for surface transportation by section 133 of title 23, United States Code, may be transferred to the Denali access system program.

(2) NO EFFECT ON SET-ASIDE.—Paragraph (2) of section 133(d), United States Code, shall not apply to funds transferred under paragraph (1).

(j) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There is authorized to be appropriated out of the Highway Trust Fund (other than the Mass Transit Account) to carry out this section $15,000,000 for each of fiscal years 2006 through 2009.

(2) APPLICABILITY OF TITLE 23.—Funds made available to carry out this section shall be available for obligation in the same manner as if such funds were apportioned under chapter 1 of title 23, United States Code; except that such funds shall not be transferable and shall remain available until expended, and the Federal share of the cost of any project carried out using such funds shall be determined in accordance with section 120(b).

"(C) $5,000,000 shall be available for each of fiscal years 2006 through 2009 for payments to the Denali Commission under the terms of section 307 (e) [Clarification: 309(e)] of the Denali Commission Act of 1998 (42 U.S.C. 3121 note) for docks, waterfront development projects , and related transportation infrastructure.

SEC. 310. AUTHORIZATION OF APPROPRIATIONS.[10]

(a) In General.--There are authorized to be appropriated to the Commission to carry out the duties of the Commission consistent with the purposes of this title and pursuant to the work plan approved under section 4 under this Act, $20,000,000 for fiscal year 1999, and such sums as may be necessary for fiscal years 2000, 2001, 2002, and 2003

(b) Availability.--Any sums appropriated under the authorization contained in this section shall remain available until expended.

SECTION 310 (no title provided)[11]

(a) The Federal Co-chairman of the Denali Commission shall appoint an Economic Development Committee to be chaired by the president of the Alaska Federation of Natives which shall include the Commissioner of community and Economic Affairs for the State of Alaska, a representative of the Alaska Bankers Association, the chairman of the Alaska Permanent Fund, a representative

[10] This was originally SECTION 309 when the Act was first passed in 1998. The SAFETEA-LU Act of 2005 renumbered this to SECTION 310.

[11] This section number was designated in the PL 108-199, SEC. 112, 2004. It now duplicates the numbering designated in the SAFETEA-LU Act above.

Appendix A: Denali Commission Act of 1998

from the Alaska Chamber of Commerce, and a representative from each region. Of the regional representatives, at least two each shall be from Native regional corporations, Native non-profit corporations, tribes, and borough governments.

(b) The Economic Development Committee is authorized to consider and approve applications from Regional Advisory Committees for grants and loans to promote economic development and promote private sector investment to reduce poverty in economically distressed rural villages. The Economic Development Committee may make mini-grants to individuals applicants and may issue loans under such terms and conditions as it determines.

(c) The State Co-Chairman of the Denali Commission shall appoint a Regional Advisory Committee for each region which may include representatives from local, borough, and tribal governments, the Alaska Native non-profit corporation operating in the region, local Chambers of Commerce, and representatives of the private sector. Each Regional Advisory Committee shall develop a regional economic development plan for consideration by the Economic Development Committee.

(d) The Economic Development Committee, in consultation with the First Alaskans Institute, may develop rural development performance measures linking economic growth to poverty reduction to measure the success of its program which may include economic, educational, social, and cultural indicators. The performance measures will be tested in one region for two years and evaluated by the University of Alaska before being deployed statewide. Thereafter performance in each region shall be evaluated using the performance measures, and the Economic Development Committee shall not fund projects which do not demonstrate success.

(e) Within the amounts made available annually to the Denali commission for training, the Commission may make a grant to the First Alaskans Foundation upon submittal of an acceptable work plan to assist Alaska Natives and other rural residents in acquiring the skills and training necessary to participate fully in private sector business and economic and development opportunities through fellowships, scholarships, internships, public service programs, and other leadership initiatives.

(f) The Committee shall sponsor a statewide economic development summit in consultation with the World Bank to evaluate the best practices for economic development worldwide and how they can be incorporated into regional economic development plans.

(g)There is authorized to be appropriated such sums as may be necessary to the following agencies which shall be transferred to the Denali commission as a direct lump sum payment to implement this section:

(1) Department of commerce, Economic Development Administration

(2) Department of Housing and Urban Development

(3) Department of the Interior, Bureau of Indian Affairs

(4) Department of Agriculture, Rural Development Administration, and

(5) Small Business Administration

Note: The following “open meetings” language is incorporated into the Commission’s energy program authorizations within the *Energy Policy Act of 2005*, PL 109-190, SEC 356. The Act does not specify it’s insertion into the enabling legislation.

Appendix A: Denali Commission Act of 1998

(c) OPEN MEETINGS-

(1) IN GENERAL- Except as provided in paragraph (2), a meeting of the Commission shall be open to the public if--

(A) the Commission members take action on behalf of the Commission; or

(B) the deliberations of the Commission determine, or result in the joint conduct or disposition of, official Commission business.

(2) EXCEPTIONS- Paragraph (1) shall not apply to any portion of a Commission meeting for which the Commission, in public session, votes to close the meeting for the reasons described in paragraph (2), (4), (5), or (6) of subsection (c) of section 552b of title 5, United States Code.

(3) PUBLIC NOTICE-

(A) IN GENERAL- At least 1 week before a meeting of the Commission, the Commission shall make a public announcement of the meeting that describes--

(i) the time, place, and subject matter of the meeting;

(ii) whether the meeting is to be open or closed to the public; and

(iii) the name and telephone number of an appropriate person to respond to requests for information about the meeting.

(B) ADDITIONAL NOTICE- The Commission shall make a public announcement of any change to the information made available under subparagraph (A) at the earliest practicable time.

(4) MINUTES- The Commission shall keep, and make available to the public, a transcript, electronic recording, or minutes from each Commission meeting, except for portions of the meeting closed under paragraph (2).

Other Accompanying Information
Appendix B:
Denali Commission FY10 Work Plan

Appendix B: Denali Commission FY10 Work Plan

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Economic Development
Washington, D.C. 20230

July 15, 2010

Mr. Joel Neimeyer
Federal Co-Chair
Denali Commission
501 L Street, Suite 410
Anchorage, Alaska 99501

Dear Mr. Neimeyer:

Thank you for your letter requesting Department of Commerce approval of the Denali Commission's Work Plan for fiscal year 2010. The Department has appreciated the opportunity to review and comment on the Work Plan and has asked the Economic Development Administration (EDA) to respond directly.

Pursuant to the authority vested in the Secretary by the Denali Commission Act, Public Law 105-277, I am pleased to notify you that the Work Plan is approved.

I look forward to working with you in the future. If you have any questions regarding this matter, please call me or Sean Cartwright, Chief of Staff, at (202) 482-2900.

Sincerely,

John R. Fernandez

Appendix B: Denali Commission FY10 Work Plan

Denali Commission Federal Fiscal Year 2010 Work Plan

Appendix B: Denali Commission FY10 Work Plan

TABLE OF CONTENTS

Section Page #

Appendix B: Denali Commission FY10 Work Plan

BACKGROUND

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 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 Public Law 105-277, 42 USC 3121).

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 forward an approved 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 notice 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 in the chart below.

Denali Commission FY 2010 Work Plan

Appendix B: Denali Commission FY10 Work Plan

FY 2010 APPROPRIATIONS SUMMARY

The Denali Commission has historically received several federal funding sources (identified by the varying colors in the table below). These fund sources are governed by the following general principles:

- In FY 2010 no project specific earmarks were directed.
- The Energy and Water Appropriation is eligible for use in all programs, but has 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 Energy and Water 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 Energy 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 may not be provided until later this spring.

All Energy and Water Appropriation 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 or a specific project.

All U.S. Department of Health and Human Services – 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 table below provides the following information, by fund source:

- **Total FY 2010 Budgetary Resources provided in the Omnibus Bill:** These are the figures that appear in various colors (i.e., blue, red, orange, etc.) and are the original appropriations amounts which do not include Commission overhead deductions. These funds are identified by their source name (i.e., Energy and Water Appropriation; USDA, RUS, etc.). The grand total, for all appropriations appears at the end of the FY 2010 Funding Table.
- **Total FY 2010 Program Available Funding:** These are the figures that appear in gray 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

Appendix B: Denali Commission FY10 Work Plan

5%, except in the case of RUS funds, where it is limited to 4%. The following appropriations language for the Energy and Water appropriation in FY 2010 allows the Commission to retain more than 5% of the Energy and Water for operational activities as it deems appropriate and prudent: ". . . *notwithstanding 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 FY 2010 Funding Table.

- **Program Funding:**
  These are the figures that appear in yellow and are the amounts of funding the draft FY 2010 Work Plan recommends, within each program fund source for program components.
- **Project Funding:**
  These are the figures that appear in yellow and in *italics* and are the amounts of funding the draft FY 2010 Work Plan recommends within each program fund source for specific projects.
- **Subtotal of Program Funding**
  These are the figures that appear in white and are the subtotals of all program funding within a given fund source. The subtotal must always equal the Total FY 2010 Program Available Funding.

Denali Commission FY 2010 Funding Table	**Totals**
FY 2010 Energy & Water Appropriation *For expenses of the Denali Commission including the purchase, construction, and acquisition of plant and capital equipment as necessary and other expenses, $11,965,000, to remain available until expended, notwithstanding the limitations contained in section 306(g) of the Denali Commission Act of 1998.*	**$11,965,000**
FY 2010 Energy & Water Appropriation - Program Available (less overhead – not limited to 5% in FY 2010 and designated as "up to")	**$9,965,000**
Energy	$8,665,000
• *Emerging Technology Projects*	*$2,241,607 (up to)*
• *Construction Contingency Funds*	*$2,193,393 (up to)*
• *Hoonah – Rural Power System Upgrade*	*$3,330,000*
• *Brevig Mission/Teller Intertie*	*$900,000*
Training Program	$1,000,000 (up to)
Pre-Development Program	$150,000 (up to)
Sponsorship Program	$150,000 (up to)
sub-total $	$9,965,000
FY 2010 USDA, Rural Utilities Service (RUS)	**$8,000,000**
FY 2010 USDA - Rural Utilities Service (RUS) - Program Available (less 4% overhead)	**$7,680,000**
Stebbins/St. Michael – Bulk Fuel Facility Construction	$730,630

Denali Commission FY 2010 Work Plan

Appendix B: Denali Commission FY10 Work Plan

Igiugig – Rural Power System Upgrade	$1,350,000
Yakutat -- Rural Power System Upgrade	$3,150,000
Pending Bulk Fuel or RPSU project to be selected per Energy Program Prioritization Process as outlined in the FY 2010 Work Plan	$1,500,000
Conceptual Planning/Design for Bulk Fuel and RPSU	$949,370
sub-total $	$7,680,000
FY 2010 Trans Alaska Pipeline Liability (TAPL) Trust	**$7,084,606**
FY 2010 Trans Alaska Pipeline Liability (TAPL) – Program Available (less 5% overhead) – Estimate	**$6,730,376**
Stebbins/St. Michael -- Bulk Fuel Facility Construction	$6,730,376
sub-total $	$6,730,376
FY 2010 DHHS - Health Resources & Services Administration (HRSA) *The Committee provides $10,000,000 for the Denali Commission. The fiscal year 2009 comparable level was $19,642,000 and the budget request for fiscal year 2010 did not include funding for this program. These funds support the construction and renovation of health clinics, hospitals and social service facilities in rural Alaska, as authorized by Public Law 106-113, to help remote communities in Alaska develop critically needed health and social services to Alaskans in remote rural communities as they are in other communities throughout the country. The Committee expects the Denali Commission to allocate funds to a mix of rural hospital, clinic, long-term care and social service facilities, rather than focusing exclusively on clinic funding.*	**$10,000,000**
FY 2010 DHHS- Health Resources & Services Administration (HRSA) – Program Available (less 5% overhead)	**$9,500,000**
Primary Care	$7,267,400
Igiugig – Primary Care Clinic	*$1,000,000*
Ekwok – Primary Care Clinic	*$1,600,000*
Kasaan – Small Primary Care Clinic	*$800,000*
Kaltag – Primary Care Clinic	*$1,818,400*
Design Pool and Program Management, ANTHC	*$2,049,000*
Behavioral Health	$492,900 (up to)
[Projects are undergoing due diligence and vetting process at publication. No specific projects are named at this time.]	
Primary Care in Hospitals	$734,700 (up to)
Petersburg - Radiology Equipment	*$36,733*
Bartlett Regional Hospital - Blood Chemistry Analyzer	*$52,500*
Mt. Edgecumbe - Fluoroscopy Radiography	*$100,000*
Wrangell Medical Center - Mammography Equipment	*$43,000*
Kanakanak Hospital - CT Scan Equipment	*$100,000*

Denali Commission FY 2010 Work Plan

Appendix B: Denali Commission FY10 Work Plan

Providence Seward - Electronic Health Records	*$100,000*
Providence Kodiak - Infant Security System	*$28,919*
Ketchikan General Hospital - Breast Biopsy Equipment	*$76,500*
Central Peninsula Hospital - Medication Verification System	*$97,976*
Providence Valdez - Patient Services Equipment	*$7,996*
Sitka Community Hospital - Surgical Equipment	*$91,076*
Elder Supportive Housing	$805,000 (up to)
Kenai Peninsula Housing Initiatives, Soldotna (6 units)	*$770,000*
Program Management, AHFC	*$35,000*
Health Program: Technical Assistance & Strategic Planning	$200,000 (up to)
sub-total $	$9,500,000

FY 2010 Federal Transit Administration (FTA) – Estimate *$5,000,000 from section 3011 (FTA) for docks and harbors;*	**$5,000,000**
FY 2010 Federal Highway Administration (FHWA) – Estimate *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 $14,040,000 from section 1960 (FHWA) for Denali Access System Program.*	**$19,740,000**
FY 2010 Additional Transportation Funding – Estimate	**$2,300,000**
FY 2010 Transportation – Program Available (less 5% overhead) – Estimate	$25,688,000
Transportation Program: Docks & Harbors - Estimate	13,688,000
Transportation Program: Roads -Estimate	12,000,000
sub-total $	$25,688,000
TOTAL FY 2010 Federal Appropriations - Estimate	**$64,089,606**
TOTAL FY 2010 Federal Program Available – Estimate	**$59,563,376**

FY 2010 PROGRAM DETAILS & GENERAL INFORMATION

The following section provides narrative discussion, by each of the Commission Programs identified for FY 2010 funding in the table above, in the following categories:

- Program History and Approach
- FY 2010 Project Description
- FY 2010 Project Selection Process
- FY 2010 Program and Project Policy Issues (as applicable)

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.

Appendix B: Denali Commission FY10 Work Plan

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 FY 2010, 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.

Energy Program

Legacy Program

The Energy Program is the Commission's original program and is identified as a "legacy" program. The program focuses on bulk fuel facilities (BFU) and rural power system upgrades/power generation (RPSU) across rural Alaska. About 94% of electricity in rural communities is produced by diesel and about half the fuel storage in most villages is used for these power plants for distribution. Alternative means of generating power can reduce the capacity needed for fuel storage and ultimately reduce the cost of power to the community.

Alternative/Renewable Program

The *Energy Policy Act of 2005* established new authorities for the Commission's Energy Program with an emphasis on alternative and renewable energy projects. 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 Energy and Water appropriation funding. To date, the Commission has co-funded a number of renewable projects and each year new initiatives are considered. In 2007, the State of Alaska passed legislation and funded the Renewable Energy Program (REP) which modeled the project selection process set forth by the Commission's early investment.

Emerging Technologies

With the advent of the REP, more resources to meet commercial-ready renewable technology needs are now available. The area of emerging technologies, meaning pre-commercial yet post-research/development, has become an appropriate role for the Commission. A solicitation was conducted in FY 2009 identifying over $50 M in project requests (and only $4 M in available funds). Similar to the REP, this initiative is a leveraging opportunity with the State of Alaska in considering the development of an emerging technology fund that could accept funds from multiple sources to meet these ongoing needs. The goal of the program is to fund pilot projects for applied research and further technologies focusing on replication in rural Alaska so they are commercially viable and ultimately eligible for REP.

Other Renewable Initiatives

In addition to the emerging technology program, the Commission has funded energy efficiency efforts with the goal of energy cost reduction and leveraging of funding sources. The Commission will continue to track opportunities under the American

Appendix B: Denali Commission FY10 Work Plan

Revitalization and Recovery Act (ARRA) and to provide supportive incentives, financial or otherwise, to utilize such opportunities. For example, in FY 2009 the Commission provided match funding to tribes that submitted group applications to the Energy Efficiency and Conservation Block Grant program under the Department of Energy. In doing so, the barrier of administering grants by small tribes was minimized and potential funding losses were avoided. The Commission received 8 eligible group applications, representing 106 Alaskan tribes, totaling $456,710 in Commission funding and leveraging over $4 M of federal funding. While the FY 2010 Work Plan allocates all renewable funds toward emerging technologies, it also recommends that if funds become available to support efforts to incentivize energy efficiency or other stimulus opportunities around energy for rural Alaska be considered allowable. No funds are currently set aside for these needs.

The FY 2010 Work Plan outlines a strategy to balance the Energy Program in both legacy and renewable components, providing up to $2.24 M of available program funds specifically toward the emerging technology program which is pending passage by the Alaska State Legislature. If match for this program is not provided, this funding shall be reallocated to legacy projects.

The project amounts listed below are estimates and final award documents may vary based on changes in match by project and receipt of funding.

FY 2010 Project Descriptions:

Bulk Fuel Projects					
Recipient/ Impacted Community	**Project Description**	**Total Project Cost**	**Denali Commission Cost**	**Cost Share Match***	**Project Selection Methodology**
TBD	TBD	TBD	$1,500,000	TBD	TBD
Stebbins/ St. Michael	AVEC – Bulk Fuel Facility Replacement serving both communities in conjunction with power plant, standby power plant, distribution modifications, recovered heat and intertie between villages.	$8,290,000	$7,461,000	$829,000	AVEC nominated
RPSU Projects					
Yakutat	AEA – Rural Power System Upgrade. New powerhouse and distribution system. Waste heat recovery to school and pool.	$3,500,000	$3,150,000	$350,000	AEA - nominated
Hoonah	AEA – Rural Power System Upgrade. New diesel powerhouse and heat recovery system in conjunction with pursuant hydro, geothermal, wood heating and intertie to	$3,700,000	$3,330,000	$370,000	AEA - nominated

Appendix B: Denali Commission FY10 Work Plan

	Pelican.				
Brevig Mission/ Teller	Submarine Cable Intertie	$1,000,000	$900,000	$100,000	AVEC – nominated
Igiugig	AEA – Rural Power System Upgrade. Renewal of existing powerhouse including waste heat recovery to washeteria and water plant in conjunction with hydrokinetic project.	$1,500,000	$1,350,000	$150,000	AEA - nominated
Contingency**	Commission to hold	$2,193,393	$2,193,393	0	N/A
If additional funds become available the following Bulk Fuel and RPSU projects may proceed (not listed in priority order):					
Chenega Bay	RPSU	TBD	TBD	TBD	AEA nominated
Ekwok	Bulk Fuel Facility	TBD	TBD	TBD	AEA nominated
Emmonak/ Alakanuk	Intertie (state funded), BF Facilities and Power Plant in Emmonak	TBD	TBD	TBD	AVEC nominated
Kipnuk	Bulk Fuel Facility	TBD	TBD	TBD	AEA nominated
Levelock	RPSU	TBD	TBD	TBD	AEA nominated
Mekoryuk	RPSU	TBD	TBD	TBD	AVEC nominated
Napakiak	RPSU	TBD	TBD	TBD	AEA nominated
Red Devil/ Sleetmute	Intertie	TBD	TBD	TBD	AEA nominated
Ruby	RPSU	TBD	TBD	TBD	AEA nominated
Stebbins/St. Michael	AVEC – main power plant in Stebbins, distribution mods., stand-by power plant in St. Michael, recovered heat and Intertie Construction	TBD	TBD	TBD	AVEC nominated
Alternative/Renewable Energy Projects					
Emerging Technology Program	Applied Research renewable energy pilot projects.	$2,241,607	TBD	pending	Selection process in SB150 and accompanied HB

FY 2010 Program & Project Policy Issues

Cost Share Match

The approved FY 2008 Denali Commission Policy Document requires and prioritizes cost share match for funded projects. In implementing this policy, the Energy Advisory Committee (EAC) has provided guidance on the appropriate match requirements. In

Appendix B: Denali Commission FY10 Work Plan

general, projects with match will be prioritized, and a final match policy will be implemented once other match funding sources are known for FY 2010.

Sustainability Policy
As a renewed effort toward sustainability, all energy design and construction grants will proceed after business plans are reviewed and approved by Commission staff. Additionally, Commission staff is expected to be engaged throughout the planning process of projects to assure policy requirements are adhered to earlier in the process.

Construction Contingency Pool
The Commission has historically handled construction cost overruns on an ongoing basis, with the requirement that those in excess of 10% be reported to Commissioners via an "exceptions report". Concurrently, Commission staff has been critical of project budgets in keeping with the investment policy requirements that per unit costs be considered as part of due diligence when making project decisions. Consequently, either risks are taken on part of program partners in their original project budgets, or extra contingency is worked into project budgets. In an effort to spread available funds further the project budgets listed above do not include contingency funds. Instead, a Construction Contingency Pool in the amount of up to $2,193,393 is dedicated for the Commission to meet these needs.

FY 2010 Project Selection Process
Legacy Program (Bulk Fuel/RPSU)
Due to the nature of the due diligence requirement of energy projects, seasonal logistics in Alaska and funding restrictions (i.e. TAPL funds may only be used for bulk fuel projects) -- a project may not progress as quickly as another. Further, cost estimates may change from the FY 2010 Work Plan development to the actual grant execution. The projects are prioritized in the list above, and will progress to construction as a project attains all due diligence requirements; projects may proceed out of priority order and costs may vary from the above numbers to the actual grant document. All match requirements will remain intact given these considerations.

Emerging Technologies Program
Pending state legislation creates a project selection process involving two phases. A review committee was established with representatives name-identified in the legislation. The Commission replicated the process and suggests the same process be used in FY 2010, pending state funding for the program. In summary, applicants in the first round submit a letter of interest which the review committee narrows to a list of second round applicants that are invited to submit a more thorough proposal and present to the review committee face to face. The review process will to the extent possible follow that set forth in pending state legislation however final project/grant approval is subject to approval by the Federal Co-chair.

Health Facilities
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 FY 2010 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, 95 clinics have been completed; 29 are in construction; and approximately 110 are in the conceptual planning/business planning/design phases.

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. In priority order, those stages of completion are:

1. Having a recently approved business plan
2. Having a completed (100%) design
3. Cost share match status
4. Ranking in the 2000 Rural Health Facility Needs Assessment

Finally, all of these are considered in regard to the 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 (populations of less than 100) as an area for improvement in terms of cost containment and sustainability. Consequently, the Commission has funded a pilot design project to create a cost effective, energy efficient clinic prototype for these small communities. The result of work to-date is the 35% designs of three small clinics – one around 700 square feet, one approximately 850 square feet, and the third close to 1,000 square feet. These 65% design documents for three prototype clinics will allow the construction of right-sized, energy efficient community health clinics in small communities. It is common for health services in small Alaskan communities to be provided by part-time Community Health Aides/Practitioners. Furthermore, emergency medical services and preventive health services are of paramount importance to the residents of these small villages, and these clinics will allow for the safe, consistent provision of these.. The design team has included a professional architect/engineering firm and representatives from a diversity of interests and expertise, including the tribal health system, practitioners, eventual owners/operators, and funding agencies. The 65% designs are anticipated in late spring, with a pilot project being constructed from one of the three designs in a rural Alaska location in early fall 2010.

The Health Facilities Program is evolving. What began ten years ago with an assessment of rural Alaska health facility needs grew into a $40 M a year infrastructure program by 2005. Over the course of its history, the Commission has invested $191 M in health projects, contributing to the construction of 95 clinics and the planning efforts of another 100.

The projects presented here reflect the process for prioritization recommended and endorsed by the Health Steering Committee. In compliance with recently adopted procedures for the Denali Commission Work Plans, the Health Program must propose specific projects for FY 2010 funding. Projects presented here are aligned with the appropriation conference language, as follows:

> *The Committee expects the Denali Commission to allocate funds to a mix of rural hospital, clinic, long-term care and social service facilities, rather than focusing exclusively on clinic funding.*

For historical context, the following reflects the allocation of Health Facilities Program appropriations across the program component areas:

Fiscal Year	Primary Care Clinics	Primary Care in Hospitals	Elder Supportive Housing	Behavioral Health	Other Program Areas
2007	$ 37,119,040	$ 2,500,000	$ 0	$ 5,063,000	$ 637,000
2008	23,319,040	4,000,000	5,840,890	5,000,000	0
2009	14,758,102	1,526,746	1,901,420	1,017,831	0

Allocation of Program Resources Across Program Component Areas:

Primary Care Clinics	Primary Care in Hospitals	Elder Supportive Housing	Behavioral Health
$ 7,267,400	734,700	805,000	492,900

Up to $200,000 will be made available for technical assistance and strategic planning. This allocation scenario, recommended by the Health Steering Committee, distributes available funds across the breadth of program areas.

Appendix B: Denali Commission FY10 Work Plan

FY 2010 Prioritized Project Descriptions

Community	Project Description	Total Est. Project Cost	Denali Commission Share (Est.)	Cost Share Match (Est.)
Igiugig	1,600 SF primary care clinic	$2,000,000	$1,000,000	$1,000,000
Ekwok	1,600 SF primary care clinic	$2,000,000	$1,600,000	$400,000
Kasaan	900 SF primary care clinic	$1,000,000	$ 800,000	$200,000
Kaltag	2,058 SF primary care clinic	$2,273,000	$1,818,400	$454,600
Chistochina	6,000 SF Multi-use facility; 3,000 SF clinic	$3,443,120	$2,754,496	$688,624
Chalkyitsik	1,642 SF primary care clinic	$1,855,373	$1,484,299	$371,074
Shaktoolik	2,650 SF primary care clinic	$2,700,000	$2,160,000	$540,000
Arctic Village	2,067 SF primary care clinic	$1,694,016	$1,524,614	$169,402
Akiachak	3,200 SF primary care clinic	$3,094,400	$2,784,960	$309,440
Takotna	900 SF primary care clinic	$1,000,000	$800,000	$200,000
Wales	Relocation & renovation of primary care clinic	$855,000	$769,500	$85,500
Venetie	2,147 SF primary care clinic	$1,751,952	$1,576,757	$175,195
Napakiak	2,600 SF primary care clinic	$2,514,200	$2,262,780	$251,420
Circle	1,647 SF primary care clinic	$1,343,952	$1,209,557	$134,395
Tyonek	2,580 SF primary care clinic	$2,146,560	$1,931,904	$214,656
Willow	8,000 SF Community Health Center	$4,808,000	$4,327,200	$480,800
Hoonah	4,000 SF primary care clinic	$3,116,000	$2,804,400	$311,600

Appendix B: Denali Commission FY10 Work Plan

TOTAL	**$31,608,867**

Due to the nature of the due diligence requirement of Primary Care projects, a project may not progress as quickly as another. The projects are prioritized in the list above, and will progress to construction as a project attains all due diligence requirements; projects may proceed out of priority order.

The competitive proposal processes for the elder supportive housing and primary care in hospitals programs were completed in January 2010. Specific projects proposed for FY 2010 funding are included in the FY 2010 Funding Table.

The Commission's major program partner for behavioral health projects is the Alaska Department Health and Social Services (A-DHSS), which maintains a prioritized list of infrastructure needs related to behavioral health. The Health Facilities Program will continue to work with A-DHSS to address the prioritized needs, as projects attain the due diligence standards of the Commission.

As denoted above, if viable, sustainable, and vetted projects in the behavioral health, primary care in hospitals, and elder supportive housing programs will not utilize all of the allotted funds in those component areas (by June 2010), the remaining funds will be re-programmed to the legacy primary care clinic program.

Prior Year Reprogramming of Project Funds:
While care is taken to obligate program funds to viable projects with reliable cost estimates, occasionally a project will not move forward to construction, or will experience a cost savings. In those instances, the Commission staff will identify to Commissioners and the Federal Co-Chair how prior year project funds will be utilized. Historically the Health Facilities Program has funded a mix of health projects. Prior work plans have indicated unexpended funds in Health component areas other than primary care would revert back to primary care projects. As the legacy focus of the Health Facilities program is primary care clinics, a large percentage of funds will be re-programmed to that component area. However, consideration is typically given to ensure that a wide variety of projects in the areas of rural hospitals, clinics, long-term care and social service facilities is supported.

The Denali Commission Health Facilities Program must at this time re-program $6,871,470 in unexpended prior year funds. The funds to be re-programmed are time-limited (they must be expended within five years of the original appropriation), so the money must be used for projects that will be ready to move to construction in calendar year 2010 or early 2011. The following three primary care clinic projects have a high probability of moving into construction in 2010 or early 2011:

Community	Project Description	Denali Commission Share (Est.)
Chistochina	3,000 SF primary care clinic	$ 2,754,496
Chalkyitsik	1,642 SF primary care clinic	$ 1,484,299

Appendix B: Denali Commission FY10 Work Plan

Akiachak	3,200 SF primary care clinic	$ 2,784,960
		$ 7,023,755*

* This amount exceeds the available balance of reprogrammable funds by $152,285 – which will be transferred from the design pool budget line in the FY 2010 Work Plan.

If these projects should not proceed to construction as expected the Commission will utilize the prioritization methodology outlined in the health facilities program section above to identify other projects.

Training

The Training Program was instituted by the Commissioners as a standalone program in 1999 to ensure local residents were trained to construct, maintain and operate Commission investments in rural Alaska. From 1999 to 2003, it was the general policy of the Commission to appropriate 10% of Energy and Water funds to support the Training Program. In 2004, US Department of Labor (USDOL) began direct appropriations to the Commission to support rural training and continued this support through 2009.

In 2010, the Commission was not appropriated training funds from USDOL, but the FY 2010 Work Plan includes funding for the program in the amount of $1,000,000 from the Energy and Water appropriation for the continuation of workforce development in rural Alaska.

The Commission's Training Program has been critical to building the capacity of rural communities through training and employment. In February 2009 the Alaska Department of Labor (A-DOL), Research and Analysis Section released an employment and training report that specifically evaluated the participants who completed training funded through the Commission between FY 2001 and FY 2007. This report concluded that the participants' wages increased 64.4% and their employability increased 12.1%.

The following is a list of training partners who have been funded by the Commission to carry-out training programs responsive to the Training program goals:

- Alaska Department of Labor and Workforce Development
- University of Alaska
- Alaska Works Partnership
- Associated General Contractors/Construction Education Foundation (CEF)
- First Alaskans

The FY 2010 Work Plan is based on the two primary goals. First, to use the remaining FY 2009 funds in the amount of $3,209,100.00 to continue legacy priority.

Secondly, in response to an early policy of the agency, that approximately 10% ($1 M) of the Energy and Water appropriation be provided to the FY 2010 Training Program to ensure its continuation. When combined with prior year funds that were only recently received by the agency from Federal USDOL, this will allow the Commission to continue the program and fund substantial workforce development in rural Alaska.

Denali Commission FY 2010 Work Plan

Appendix B: Denali Commission FY10 Work Plan

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 Federal Co-Chair 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 consensus among agencies and communities that the 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 partners.

The Program is generally a competitively-bid contractor or materials-based system grounded in Title 23 CFR. These strict project development and construction guidelines have presented some challenges to the 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 program partner sponsors to 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.

In FY10 the program will increase its focus on barge landings at rural communities. These projects range from one or two mooring points 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 the U.S. Army Corps of Engineers (USACE) have prepared a barge landing analysis that will be utilized to identify projects in FY10. The universe of need for the first generation of projects is in the range of $40,000,000.

The Committee met on January 13-14, 2010 to select the road and waterfront development projects and program priorities for FY10 and forwarded those to the Federal Co-Chair for final approval.

Other Program and Policy Issues

Pre-Development Program

The Commission intends to continue to engage in the Pre-Development program in FY 2010. Pre-Development is a joint collaboration between the Alaska Mental Health Trust Authority, the 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 projects 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.

The amount of $150,000 will provide funding for the pre-development program for FY 2010.

Sponsorship Program

The Commission plans to continue conference sponsorships in FY 2010. Commissioners reinstated Conference sponsorship funding for events that were consistent with the Commission's mission and values in 2006.

Sponsorship activities provide a positive venue for communicating Commission activities. Sponsorship opportunities also provide Commission outreach to a wide variety of events and audiences. Events sponsored by the Commission promote key programmatic areas that are key to the Commission's values and mission, including efforts in alternative-renewable energy conferences, health, training and leadership and transportation.

In FY 2010 this program will be funded in the amount of $150,000. Events funded will be in line with the major program areas at the Commission and will have a statewide focus.