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November 18, 2004

Jeff Staser
Federal Co-Chair
Denali Commission

Honorable Loren Leman
State Co-Chair
Denali Commission

Gentlemen:

Attached is a consolidated report from each of the four major work groups that have been established under the umbrella of the Denali Commission's interagency Memorandum of Understanding (MOU).

Some time ago, the different work groups developed major objectives to be achieved for the 2004-2005 period. This was undertaken to more tightly focus the efforts of each work group. More recently, at my request, each work group provided a brief outline of the current status of their efforts, together with a list of specific items within each objective that they plan to accomplish over the next year.

The Denali Commission MOU work groups have demonstrated that when agencies work together, much can be accomplished. I am confident that by concentrating on a limited number of tasks, the work groups will be even more productive in the coming year.

Once you have had the opportunity to review the attached report, the work group chairs and I would like to meet with you to discuss the work plan in greater detail.

Sincerely,

A handwritten signature in black ink, appearing to read "B. B. Allen".

B. B. Allen
State Director, USDA Rural Development and
Implementation Chair, Denali Commission MOU

Enclosure



CONSOLIDATED REPORT

WORK GROUPS – DENALI COMMISSION MOU

Submitted to:

Jeff Staser, Federal Co-Chair
Loren Lemman, State Co-Chair

By:

Bill Allen, MOU Implementation Chair

November, 2004

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I. SUSTAINABLE UTILITIES WORK GROUP

(Chairs: Federal - Bill Allen, State Director, USDA Rural Development; State – currently vacant)

1. RCA regulatory changes to allow future capital replacement costs for water/sewer/electric utilities to be included in the rate base.

Current Status: RCA reviewed a petition on June 24, 2004 from the Denali Commission and others, and determined that the subject needed additional information. Accordingly, the petition was denied, a new docket was opened and a Notice of Inquiry was released on October 5, 2004 to allow interested parties to participate in the discussion of this issue.

One Year Goal:

- Assist RCA in developing a full record that can be a basis of new rate regulations specifically tailored to rural Alaska utilities.
- Assist in the regulations drafting process.

2. Define “sustainability” in quantified terms, with specific criteria to determine if infrastructure built with grant funds will be sustainable.

Current Status: The Denali Commission has defined “sustainability” on two levels – conceptual (must be able to cover operation, maintenance, renewal and replacement costs) and project specific (business plan balances revenues and expenses) bases.

One Year Goal:

- No additional work scheduled under this goal.

3. Develop a proposal to set aside a portion of new utility grant funds for future capital costs.

Current Status: The Alaska Dept. of Environmental Conservation has drafted amendments to EPA and USDA RD federal appropriations language to authorize broader use of funding from those agencies to Village Safe Water for water, sewer and solid waste facilities.

One Year Goal:

- Monitor federal appropriations language, and follow up according to outcome.

4. Develop recommendations for use by granting agencies to develop / modify criteria used to allocate grant funds among competing applicants.

Current Status: Initial work on investigating the feasibility / desirability of blending the CIP (State) and SDS (Indian Health Service/Alaska Native Tribal Health Consortium) sanitation facilities systems has been undertaken.

One Year Goal:

- To have better integrated CIP / SDS application and scoring systems devised and in place by January 2006.

5. Establish incentives for the consolidation of utility systems.

Current Status: Two pilot projects are in place for water/sewer utilities services and a third is in the making.

One Year Goal:

- Validate operational cost estimates for a fully functional rural utility cooperative (RUC)
 - (a) Establish RUC best practices from operational data.
 - (b) Estimate/project best value criteria for selecting a multi-community utility organization option when studying strategies for community utility operations improvement.
- Validate unit cost estimates for ANTHC Utility Association member services, such as utility customer billing.

6. Denali Commission pilot competition to reward innovation in sustainable utility projects.

Current Status: Denali Commission staff member has assigned the task of developing a recognition plan for innovative sustainability.

One Year Goal:

- A “pilot” award program will be developed.
- Denali Commission will participate with the Alaska Municipal League Awards Program in recognizing significant achievements with regard to sustainability.

II. HOUSING & INFRASTRUCTURE WORK GROUP

(Chairs: Federal – Colleen Bickford, Field Office Director, HUD; State – Dan Fauske, CEO/Executive Director, Alaska Housing Finance Corporation)

1. Define priorities for Elder Assisted living / Supportive Housing.

Current Status:

Agencies and current initiatives:

- Denali Commission is funding three licensed assisted living facilities (Homer, Galena, and Bethel).
- Alaska Housing Finance Corporation (AHFC) continues existing GOAL and Senior Housing loan programs.
- The Alaska Mental Health Trust Authority (The Trust) has formulated an implementation work group; focused on their beneficiaries, of which elders are one. Supportive housing for elders will be a priority.

One Year Goal:

- Encourage the State of Alaska and the Tribal Health Providers to provide coordinated input into elder supportive housing priorities.
- Ask the Alaska Association of Housing Authorities (AAHA) to provide an assessment, by region, of perceived elder housing needs.
- Agencies will continue outreach and provide incentives to rural stakeholders and potential partners to integrate elder housing needs.
- Encourage inclusion of elder supportive housing into larger regional health facilities strategies.

2. Develop procedures to insure proper planning and coordination of new housing and infrastructure; including identification of funding sources for each component and the roles of the different partners.

Current Status: During the Building Our Communities II workshop held in April, 2004, sessions were offered addressing this goal.

One Year Goal:

- See Goal #5 of Planning Work Group.

3. Expand programs designed to provide standard housing for teachers, health professionals and law enforcement personnel stationed in rural Alaska.

Current Status:

- The Denali Commission's 2004 statewide teacher housing survey established baseline information on teacher housing needs in all rural school districts. The survey identified three levels of housing need: high, moderate and low.
- Denali Commission funding leveraged loans for four teacher housing projects in the high need category with AHFC providing project oversight.
- AHFC continues to administer a separate teacher housing and health professional housing program.
- In September 2004, the AHFC Board voted to approve purchase of HUD Section 184 guaranteed loans which will expand homeownership

opportunities statewide. Creative possibilities for larger housing development projects are in discussion.

One Year Goal:

- Encourage regional and local partners to assume more of a leadership role in the development of teacher housing, law enforcement personnel and health professional housing in rural Alaska.

4. Promote collaborative funding for research of healthy, durable and economically sound housing in rural Alaska.

Current Status: USDA Rural Development and Alaska Housing Finance Corporation (AHFC) have funded a statewide housing assessment by the Cold Climate Housing Research Center.

One Year Goal:

- Complete statewide housing assessment and report major findings to the Housing and Infrastructure Work Group.

III. PLANNING WORK GROUP

(Chairs: Federal – Gillian Smythe, Special Projects Director, USDA Rural Development;
State – Mike Black, Director, Division of Community Advocacy, DCCED)

1. Finalize regional support initiatives and get Commission approval. Distribute to MOU partners and encourage implementation.

Current Status: Discussions are underway or are scheduled with appropriate entities in three regions and preliminary contacts have been made with one other entity.

One Year Goal:

- Finalize regional support initiatives in two regions.
- Begin work on regional support initiatives in two other regions.

2. Refine methodologies for the development of community plans, and initiate community planning forums and training.

Current Status: Community planning template developed, reviewed and approved.

One Year Goal:

- Establish internet links for use by communities to pull up information needed for developing community plans.
- Test links and community planning template by developing the required information for a single community.

3. (a) Continue to promote and enhance the DCCED / community mapping. Support the map update process as well as storage for easy access and utilization.

(b) Promote the completion of the 14(c)(3) plans for rural communities.

Current Status: In 2002 and 2003, mapping in 33 communities in three regions (Aleutians East Borough, Lake & Peninsula Borough and the Bristol Bay area) has been undertaken. Most of this mapping is now complete and has been distributed in data and hard copy form. In 2004, new mapping partnerships were developed and field work completed in an additional 35 villages in the Lower Kuskokwim, Bering Straits and Southeast Alaska regions. DCCED staff are currently working in several new regions of the State to establish partnerships and secure funding for the 2005 field season.

One Year Goal:

- Complete community mapping in 38 new communities.
- Schedule community mapping for 25-35 additional communities. Likely candidates are communities in the vicinity of Bethel, plus villages in the Tanana Chiefs and Copper River regions.
- Research the need and desirability for reinstating a land management group equivalent to the former Land Managers' Forum or identify an existing organization to meet the desired coordination objectives.
- Provide outreach to appropriate forums on 14(c) issues.

4. Identify major regional planning initiatives that have economic, workforce development and community implications that should be supported by the funding agencies.

Current Status: The major regional planning initiatives identified are ARDORS, Economic Development Districts (EDD), Resource Conservation and Development Districts (RC&D), Community Development Quota (CDQ) organizations and organized boroughs.

One Year Goal:

- Action on this goal is deferred pending an assessment of the capability of DCCED's Division of Community Advocacy to undertake additional assignments.

5. Promote pre-construction checklist to project funding agencies.

Current Status: Work on developing the pre-construction checklist is complete.

One Year Goal:

- Have the checklist in use by the major funding agencies within the next year.

IV. INSURANCE WORK GROUP

(Chairs: Federal – currently vacant; State – Rachael Petro, Denali Commission / Lieutenant Governor's Office)

1. Publish report summarizing findings of Insurance Work Group.

- (a) Report will review the findings of broadening insurance coverage options for publicly funded infrastructure in rural Alaska communities.
- (b) Report will include all options discussed as potentially affordable insurance mechanisms for rural communities.
- (c) Report will outline options requiring legislative or administrative changes in State or Federal laws and/or regulations.

Current Status: Report exists in draft documents submitted to the Denali Commission's Government Coordination Subcommittee in January 2004.

One Year Goal:

- Finalize report with concurrence of all work group members.
- Make report available for distribution and use to all work group members and Denali Commission partners.

2. Form recommendation(s) for opportunities and strategies to educate rural communities on the importance of risk management and insurance coverage and mandate employment of risk reduction strategies on publicly funded infrastructure.

Current Status: Work Group has discussed many times, but no formal recommendation(s) have been made.

One Year Goal:

- Finalize recommendation(s) for risk management and insurance education..
- Form recommendation(s) for employment of mandatory risk reduction strategies, such as sprinkler systems, use of fire retardant building materials, etc., on publicly funded infrastructure.
- Make recommendation(s) part of final report.