



Denali Commission

Fiscal Year 2015 Budget Justification

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

www.denali.gov

Denali Commission Budget Justification 2015.

Anchorage, AK, March 2014

Denali Commission

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



Denali Commission

Fiscal Year 2015 Budget Justification

As Submitted by the Denali Commission

March 2014

SECTION 1

- ▶ Budget Summary1
- ▶ Denali Commission Overview2

SECTION 2

- ▶ Summary of Performance6
- ▶ Financial Performance Overview.....7
- ▶ Program Summaries, Achievements, Funding & Strategies8
 - Energy
 - Transportation
 - Health
 - Training
 - Sustainable Priorities for Alaska Rural Communities (SPARC) Program
 - Water and Sanitation Energy Efficiency Program
 - Potential Fiscal Year 2014 Investments

SECTION 3

- ▶ Information & Program Evaluation.....33

SECTION 4

- ▶ Analysis of Resources.....35

SECTION 5

- ▶ Agency Restructuring & Work Process Design.....38

SECTION 6

- ▶ Ensuring Information is Publically Available.....41





Section 1

- ◆ Budget Summary
- ◆ Denali Commission Overview



Budget Summary

Please see the table below that enumerates the budgeted line items for Fiscal Year 2015 in accordance with our requested \$14 million.

FY 2015 Budget Request	Discretionary	Trans-Alaska Pipeline Liability	Total
<i>10 Personnel Compensation: Full-time permanent</i>	2,000,000	329,941	\$2,329,941
<i>40 Grants Subsidies and Contributions</i>	5,401,174	6,268,885	\$11,670,059
Total	\$7,401,174	\$6,598,826	\$14,000,000

The Inspector General Act requires the Commission to maintain an independent Office of Inspector General (OIG), which reports to the Federal Co-Chair and Congress. The amount of the Inspector General's budget for Fiscal Year 2014 was \$292,653. The amount in this 2015 budget justification requested for the Office of Inspector General is \$588,257. The amount of funding for training for Fiscal Year 2015 is \$9,500, as well as \$1,433 in support of the interagency IG council.



Denali Commission Overview

In 1998, national attention was focused on the immense infrastructure and economic challenges faced by rural Alaskan communities by the passage of the Denali Commission Act (full text available at http://www.denali.gov/images/denali_commission_act_of_1998.pdf). The Act became law on October 21, 1998 (Title III of Public Law 105-277, 42 USC 3121) thus establishing the Denali Commission (Commission).

The 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 and innovative 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.

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 will partner with tribal, federal, state, and local governments and collaborate with all Alaskans to develop basic public infrastructure and enhance the quality of life in Alaska's communities.



Denali Commission Overview (continued)

The Commission Act designates seven leading Alaskan policy makers, identified by their privately held positions, as the Denali Commissioners:

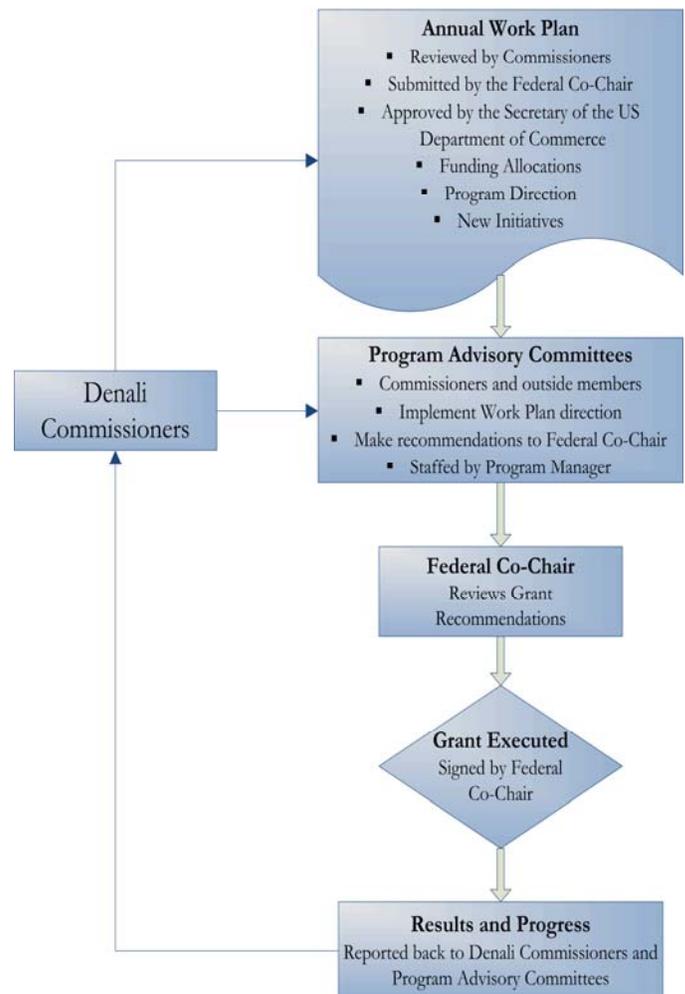
- ▶ Federal Co-Chair appointed by the U.S. Secretary of Commerce (*Vacant*)
- ▶ The Governor of Alaska, who serves as the State Co-Chair* (*Susan Bell*)
- ▶ Executive President of the Alaska American Federation of Labor and Congress of Industrial Organizations (*Vince Beltrami*)
- ▶ President of the Alaska Federation of Natives (*Julie Kitka*)
- ▶ President of the Alaska Municipal League (*Kathie Wasserman*)
- ▶ President of the Associated General Contractors of Alaska (*John MacKinnon*)
- ▶ President of the University of Alaska (*Patrick K. Gamble*)

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.

For Fiscal Year 2015, the Commission will develop and issue a two part annual work plan. Additional discussion is provided in section five—Agency Restructuring and Work Process Design.

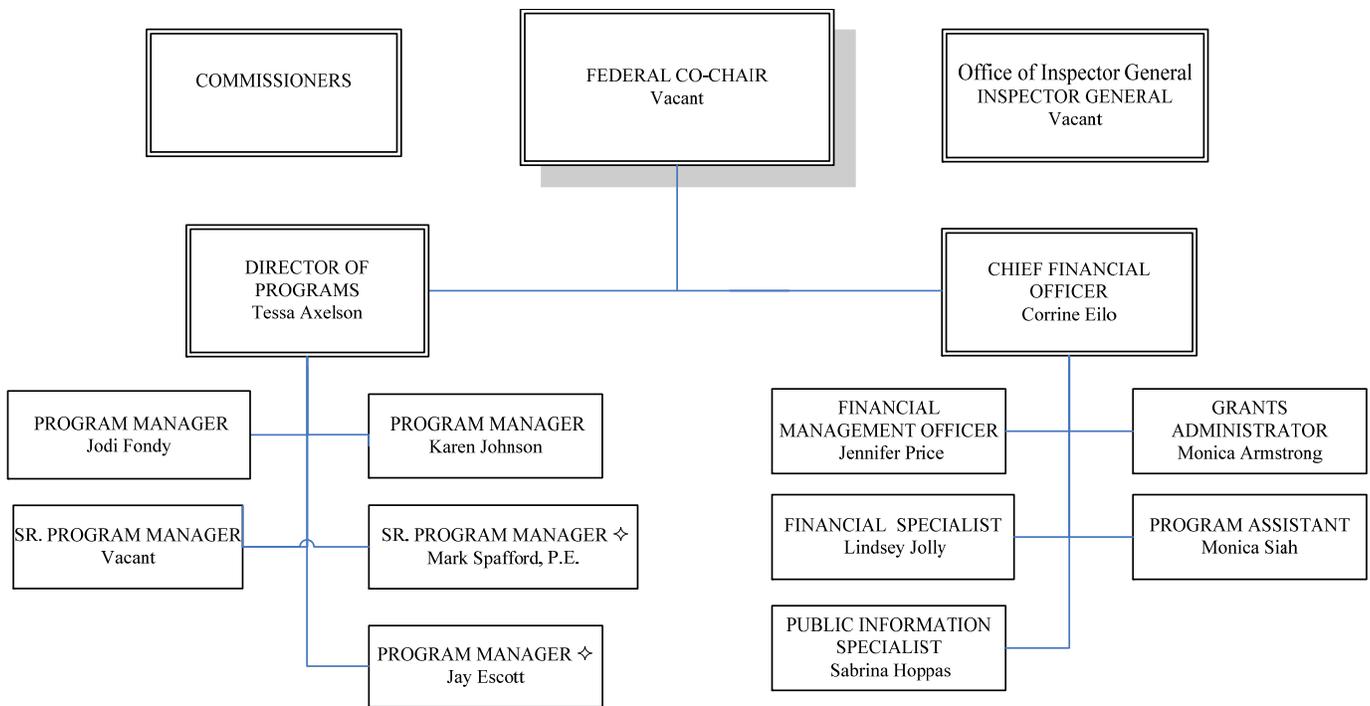
*The Governor has delegated this authority to the Commissioner of the Alaska Department of Commerce, Community and Economic Development (DCCED).

Denali Commission Decision Making Process



Denali Commission Overview (continued)

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. In Fiscal Year 2014, staffing reductions occurred at the Commission. Through attrition, five positions were vacated: Senior Program Manager, two Program Managers, an Administrative Specialist and an Information Technology Specialist. The following chart illustrates the Commission’s Fiscal Year 2014 organizational structure.



↔ These two individuals are employed with the Commission in a part-time capacity

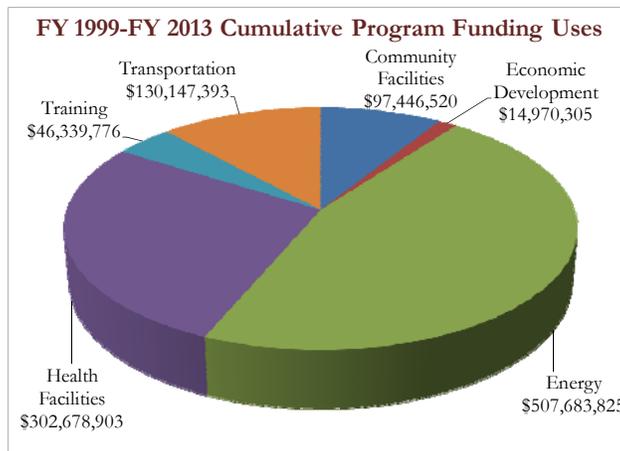
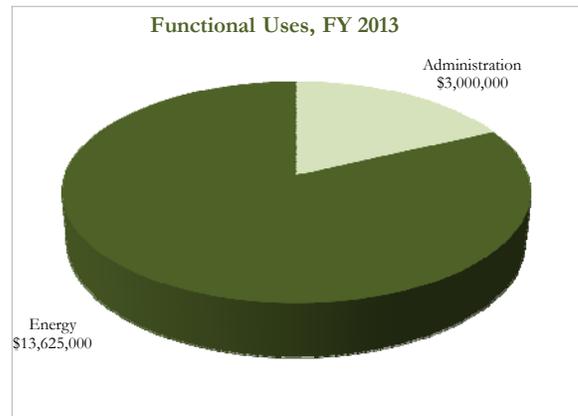
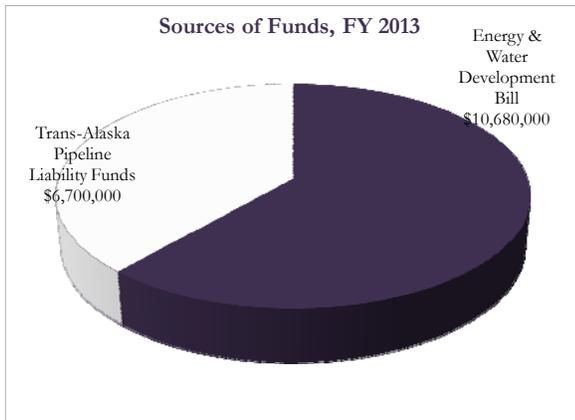


Section 2

- ◆ Summary of Performance
- ◆ Financial Performance Overview
- ◆ Program Summaries, Achievements, Funding and Strategies:
 - Energy
 - Transportation
 - Health
 - Training
 - Sustainable Priorities for Alaska Rural Communities (SPARC) Program
 - Water and Sanitation Energy Efficiency Program



Summary of Performance



FUNCTIONAL USES OF FISCAL YEAR 2013 BUDGETARY RESOURCES

The Fiscal Year 2013 Commission budgetary authority primarily funded and administered the following program and functional areas:

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

Administration

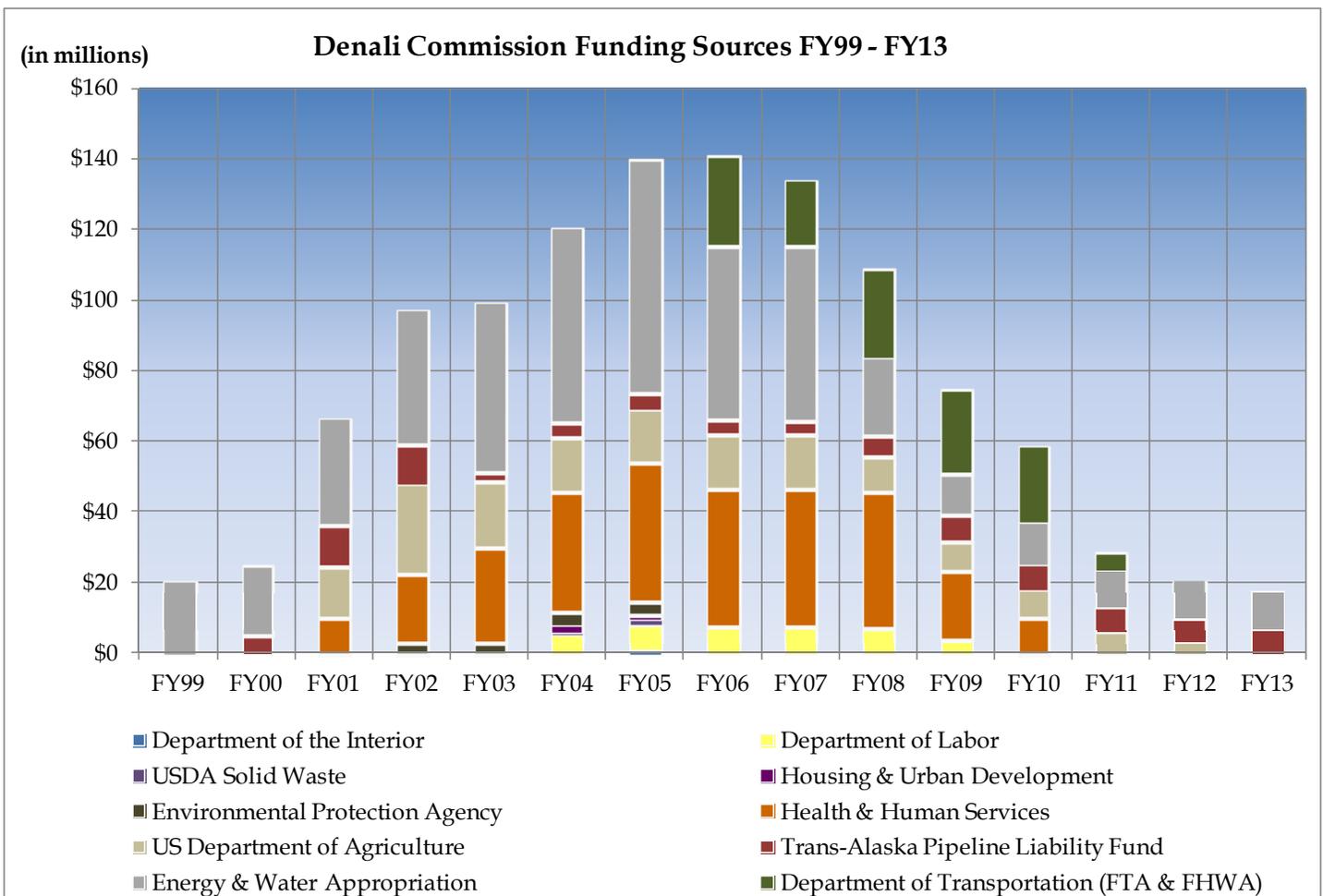
- ▶ Salaries and contracts
- ▶ Initiatives toward sustainable rural communities and accountability goal areas



Financial Performance Overview

As of September 30, 2013 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 (completed audits available at www.denali.gov/finance#audit).

Sources of Funds



Energy Program

Program Summaries, Achievements, Funding & Strategies

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*

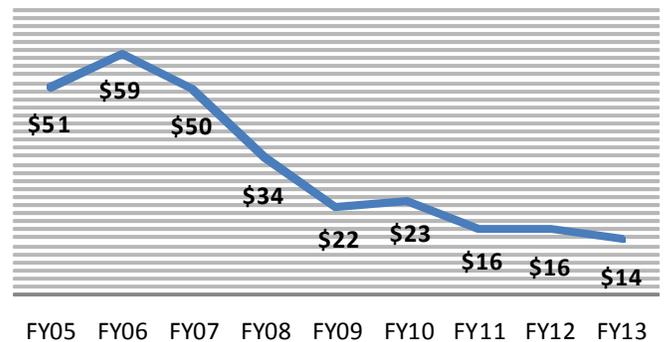
PROGRAM OVERVIEW:

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 that are “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 via barge service during the summer, 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

Energy Program Funding (millions)



carry out the work. Legacy energy program (RPSU, BFU and intertie) projects are identified by energy program partners and reviewed and selected by Commission staff. The program is dynamic: priorities fluctuate throughout the year based on design decisions, due diligence and investment policy considerations, site availability, and the timing of funding decisions.

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’s universe of need reflects 114 bulk fuel facility upgrades and 66 rural power system upgrades that



Energy Program

have been completed. The bulk fuel universe indicates over 50 communities are still in need of this basic infrastructure and the rural power system upgrade remaining universe includes approximately 56 communities. 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. An intertie can remove the need for a new power plant, and reduce fuel storage requirements in one or more of the intertie communities. A renewable project can also be proposed in conjunction with a deficiency list project to reduce the dependence on diesel fuel and the fuel storage requirements. Therefore, the legacy program may also include these types of energy infrastructure.

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, 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. In Fiscal Year 2013, the Commission accomplished:

- ✓ *The completion of 3 bulk fuel facilities, 2 rural power system upgrades, 1 emerging energy technology project, and energy efficiency upgrades in 13 communities.*
- ✓ *Funding for 4 bulk fuel facilities, 2 rural power system upgrades, 1 rural power system design, and 1 bulk fuel facility design.*
- ✓ *An annual update to the comprehensive universe of need report for bulk fuel facilities and rural power system upgrade universe, which provides current, reliable resources to the Denali Commission and partners for future projects.*

To date, the Commission has dedicated more than \$507 million to energy projects – 46% of the Denali Commission's resources over the past thirteen 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 November 2012 to discuss the Fiscal Year 2013 draft work plan, universe of need and project updates, and policy review.

Energy Advisory Committee Members:

- John MacKinnon (Chair) *Denali Commissioner, Associated General Contractors of Alaska*



Energy Program

- Vince Beltrami *Denali Commissioner, Alaska AFL-CIO*
- Dr. Brian Hirsch *National Renewable Energy Laboratory*
- Eric Marchegiani P.E. *U.S. Department of Agriculture–Rural Development*
- Robert Martin
- Brad Reeve *Kotzebue Electric Association*
- Dr. Daniel White *University of Alaska Fairbanks, Institute of Northern Engineering*

FISCAL YEAR 2015 ENERGY PROGRAM GOALS:

In Fiscal Year 2015, the Energy Program will continue to participate in the development of legacy projects such as bulk fuel storage facilities, rural power system upgrades, interties, and alternative energy technologies. In addition, the program plans to focus on sustaining existing infrastructure in rural communities by improving energy efficiency and operations of high energy consumers such as community sanitation systems and schools. These improvements will reduce the amount of diesel needed and lower the costs of operations which will directly impact costs to residents.

The Commission is awaiting an opinion from the Government Accountability Office (GAO) on the use of the Trans Alaska Pipeline Liability Fund (TAPL) interest funds for projects other than bulk fuel tank replacement projects such as mooring points for safer delivery of fuel to community bulk fuel tanks, energy audits, and energy efficiency improvements to reduce diesel consumption. The scope with which we can accomplish these initiatives is directly associated with the outcome of the pending GAO opinion.

PROGRAM PARTNERS:

- Alaska Center for Energy and Power (ACEP)
www.uaf.edu/acep
- Alaska Energy Authority
www.aidea.org/aea
- Alaska Village Electric Cooperative
www.avec.org
- U.S. Department of Agriculture Rural Utility Service
www.usda.gov/rus/electric
- National Energy Technology Laboratory (NETL)
www.netl.doe.gov
- U.S. Department of Energy
www.doe.gov
- National Renewable Energy Laboratory (NREL)
www.nrel.gov
- U.S. Environmental Protection Agency
www.epa.gov

FISCAL YEAR 2013 PROJECT HIGHLIGHTS:

STEBBINS BULK FUEL STORAGE FACILITY

The Commission, in partnership with Alaska Village Electric Cooperative, funded a new bulk fuel storage facility to serve the communities of Stebbins and St. Michael, Alaska. The two communities are located along the western coast of Alaska and are connected by road. The fuel storage capacity is 860,000 gallons, which provides adequate supply for power generation and heating fuel for the two communities annually. The project was constructed on a new gravel pad and elevated on pilings. Shortly after completion, a winter storm caused flooding in Stebbins. The design and construction of the new storage tanks prevented a flood event, while the old fuel storage tank location was flooded.



Energy Program



The new Stebbins Bulk Fuel Storage Facility



Stebbins Flood

RUBY RURAL POWER SYSTEM UPGRADE

The Commission, in partnership with the State of Alaska, Alaska Energy Authority (AEA), funded a new power plant in Ruby, Alaska. The community of nearly 200 residents is located in interior Alaska. The new power plant was brought online in fall 2012 and includes new efficient generators, a control panel with automatic switchgear to ensure the most efficient combination of generation is used, and a heat recovery system to deliver heat recov-

ered from the generators to the washeteria.

MEANS AND STRATEGIES:

The Energy Program is led by one Program Manager. Management of construction projects is carried out by utilizing program partners to oversee project management functions. The Commission's Energy Program has been actively engaged in supporting initiatives around renewable and alternative energy, specifically emerging energy technologies, and encouraging state and private investment in innovation toward improving the energy needs of rural Alaska communities. While the focus of the Commission's energy program continues to address basic storage and generation needs, options for more cost effective and energy efficient technologies are being explored. Recent examples include small in-river hydrokinetic turbines for electric generation, seawater heat-pumps, wind-diesel grid stability components, thermal solar panels, wood pellet boiler systems, and more.

The Commission, through the engagement of its Energy Advisory Committee, will be evaluating how these projects can integrate with existing initiatives toward the goal of low cost availability of reliable energy to Alaska residents. At a time when diesel fuel prices can reach upward of \$8.00 to \$9.00 per gallon in rural communities, the energy crisis in rural Alaska is a critical focus of the Commission.



Energy Program**FISCAL YEAR 2013 PROJECTS**

Title / Project Description	2013 Energy Funds
St. George Bulk Fuel Upgrade Construction	\$1,000,000
Tatitlek Bulk Fuel Upgrade Construction	\$1,472,000
Emmonak Bulk Fuel Upgrade Construction	\$3,200,000
Nunam Iqua Rural Power System Upgrade Construction	\$760,000
Emmonak Rural Power System Upgrade Construction	\$4,800,000
Sccammon Bay Bulk Fuel Refurbishment	\$320,000
Pilot Station Bulk Fuel Upgrade Design	\$450,000
Koliganek Rural Power System Upgrade Design	\$300,000
Marine Header/Mooring Point Coordination	\$400,000
TOTAL	\$12,702,000

*Not inclusive of administrative fees to program partners



Transportation Program

PROJECTS FUNDED:

- ⇒ *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 & Mooring Points*

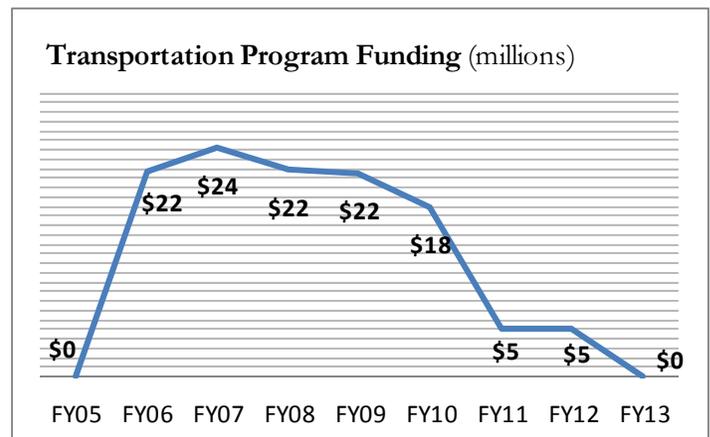
PROGRAM OVERVIEW:

The 2005 Highway Trust Fund reauthorization legislation created a Denali Commission Transportation Program and authorized \$25 million in road (\$15 million) and waterfront development (\$10 million) for fiscal years 2005 through 2009. Subsequent Continuing Resolution actions by Congress provided funding for fiscal years 2010 and 2011. The program, by statutory mandate has focused on improving local and regional transportation infrastructure throughout rural Alaska.

The program also includes a legislatively-mandated, nine member Transportation Advisory Committee (TAC) made up of rural leaders from tribal, native corporation, and city/borough government entities. The Committee, which has become a core element of the program's success, meets twice a year to provide project and policy guidance. The TAC is chaired by the Commission's Federal Co-Chair. The TAC typically meets in the winter to conduct a project selection process, and in the summer to review project development status and issues.

In June 2012, Congress passed MAP-21, a short term Highway Trust Fund reauthorization that did not include

Program Summaries, Achievements, Funding & Strategies



authorization or funding for the Transportation Program. However, program staff continue to manage a portfolio of road and waterfront development projects expected to be complete by the end of fiscal year 2015.

The Transportation Program has developed successful partnerships with agencies expert in Alaska project delivery. For roads, these include the Federal Highway Administration's Western Federal Lands Highway Division (WFLHD), and the Alaska Department of Transportation and Public Facilities. In addition, the Commission also works with an array of capable city and borough governments, tribal governments and tribal non-profits entities on road program projects.

In waterfront development, the Commission has partnership with the US Army Corps of Engineers (USACE) has proved exceptionally successful in needs analysis, design and construction of local shoreline infrastructure development. In addition, the Commission works with local coastal communities that have port and harbor project delivery capability.



Transportation Program

ROADS PROGRAM:

This element of the Transportation Program has focused on local roads and community connector roads. As the program has matured, it has selected and executed a new generation of unique transportation projects aimed at the vehicle fleet operating in most of the more remote Alaska communities. In addition to standard local road improvement projects, the Commission is working with local and regional entities in the design and construction of board roads and plastic grid roads. While both construction materials are used within a local road network, plastic grid roads are also used in settings of up to 10-miles in length to access subsistence areas and to provide inter-village connections.

In addition to design and construction projects at the local level, the Commission has sponsored a number of critical transportation infrastructure analyses related to storm evacuation routes for coastal communities and road connections between isolated villages and the State Highway System in the state's interior region.

WATERFRONT DEVELOPMENT PROGRAM:

This element of the Transportation Program has focused on port, harbor, boat launch ramp and barge landing infrastructure in rural communities along the state's coastline and major rivers. The program has also partnered with regional governments in larger port projects that act as redistribution points for freight and fuel moving to rural communities.

In addition to these traditional waterfront development projects, the Commission, working in partnership with the USACE, has responded to a pressing need for improved barge landing facilities. Throughout rural Alaska,

tug and barge operations are the primary delivery vehicle for heavy freight and fuel to off-road communities, adding substantial transportation costs to already high product costs. Using historic transportation plans and barge operator interviews as a starting point, the Commission and USACE analyzed barge operations in every rural community and assigned infrastructure improvements to each operation. With a goal to provide cost-effective improvements, the resulting Barge Landing Study identified a mooring point system that would work at most river communities and some coastal communities. An inexpensive piling-based system allows barges to tie to shore instead of having the tug hold barges on shore under power. The result is faster, safer, more secure freight and fuel transfer, with less environmental impact to habitat and navigation due to shoaling created by tugs under power. Both communities and barge operators have commended the engineering solution for meeting an important need. Because the projects are small at the individual community level, the Commission has bundled a number of communities into single construction contracts, providing both a bid package attractive to high-quality contractors, and an exceptionally cost-effective project delivery method.

PROGRAM OUTCOMES:

The program continues to perform a partnering/funds bundling function that has proven exceptionally successful for development of rural transportation infrastructure development. Local city and tribal governments, boroughs and regional tribal non-profits and state agencies all have some funds available for projects, but often not enough total funding to accomplish needed improvements.

The Commission's statutory flexibility to combine its



Transportation Program

funds with all other local, state and federal funds has resulted in a pattern of bringing project sponsors and funding agencies into partnerships, which then engage in efforts to ensure project scopes of work are fully developed and costs are fully understood. From that planning effort, it is often the case that full funding can be developed. At times there are up to four funding elements to construction projects.

To date the Commission has a total of 207 projects in the following categories:

- ☑ *24 Road and Waterfront Development Projects in Planning, Design or Construction*
- ☑ *86 Roads Projects Complete*
- ☑ *97 Waterfront Development Projects Complete*

FISCAL YEAR 2013 PROJECT HIGHLIGHT:

TEVYAQ TRAM RECONSTRUCTION

In Fiscal Year 2014, a long-awaited and much needed construction project to reconstruct the Tevyaq Tram was completed. This project is both a reflection of the unique transportation infrastructure needs in remote parts of Alaska and the Commission's commitment to execute vehicle fleet-appropriate transportation improvement solutions.

The tram, constructed by the Bureau of Land Management (BLM) in 1958 and patched up each year by locals provides a critical connection between Kuskokwim River communities and the Bering Sea coast. Following a series of river-slough-lake passages, people from the river communities are able to safely access valuable subsistence resources on the coast, including marine mammals, large

game, birds and bird eggs, fish and grasses needed for baskets and traditionally clothing insulation. The alternate route to and from the resource area is a long distance run down the lower Kuskokwim River and then an extended open water run along the coast. This route presents such significant safety challenges as to be virtually untenable as a transportation route. Over time, as boats became larger and outboard motors started to be used, the transit between the final slough on the river system and the lake that provides access to the coast became increasingly challenging.

The ramps, winches and tram platform deteriorated beyond maintenance repair capabilities, and yet, replacement was beyond the funding capability of local communities. The Association of Village Council Presidents, the region's tribal non-profit, submitted the project for Commission consideration in 2010. Following project selection criteria that support high-value, cost-effective projects that serve multiple communities, the project was approved. It assigned to Commission partner, WFLHD.

WFLHD took on the unique project, quickly coming to understand through community meetings how anxious lower Kuskokwim River communities were to see the project constructed. WFLHD had to take appropriate time in a challenging site to carefully conduct topographic surveys, geo-technical and structural studies, right of way research and perform a thorough environmental documentation process. There was also an ongoing discussion with tram users. Over the course of two years, WFLHD, the Commission and area communities were able to design an upgraded tram replacement. The successful construction contractor also saw the importance of the project to the region and went out of its way to make sure there was both local hire on the project and that the project was constructed to a high standard that will meet local needs long into the future.



Transportation Program

The improvements include better ramp approaches, a heavier winch system for bringing boats onto the tram and heavier tram planking. Importantly, the project also includes a new pedestrian walkway along the tram to improve safety for people pushing their boats over the tram's flat section, while also reducing environmental impacts. This lesson of hardening tundra surfaces used for transportation purposes was drawn from the Commission's work on board roads and plastic grid roads, and was put to good use in this application. The area communities, and the regional tribal organization that brought the project to the Commission, are pleased to have this new generation of safe access to and from the coast in place.



A boat is used to test the new tram



The tram undergoes final inspection

To date, the Commission has dedicated over \$130 million to transportation projects – 12% of the Denali Commission's resources over the past thirteen years.

TRANSPORTATION ADVISORY COMMITTEE:

TRANSPORTATION ADVISORY COMMITTEE

MEMBERS:

- (Vacant) 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'oyil'ots'ina, Limited*
- Ray Richards *Doyon Limited*
- Randy Romenesko P.E. *Consultant*



Transportation Program

- Walter Sampson *NANA Regional Corporation*
- Carvel Zimin Jr. *Bristol Bay Borough Assembly*

FISCAL YEAR 2015 TRANSPORTATION

PROGRAM GOALS:

As road and waterfront development projects move to completion, some funding is returning to the Commission. Road project completions are returning small sums and it is apparent that those few projects remaining in the construction phase will likely absorb all available funds for construction management oversight by WFLHD and some anticipated construction phase cost overruns. This is due in part to the Commission's request to WFLHD to increase construction inspections at remote sites.

Waterfront development projects include one borough-sponsored dock expansion design that is progressing satisfactorily and two construction projects that are also moving forward satisfactorily. There is some return of project funds from recently closed out projects and it is the Commission's intention to bundle these funds in order to continue its work on barge landing mooring points.

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
- 22 Regional Tribal Non-Profit Organizations

MEANS AND STRATEGIES:

The program is led by a Senior Program Manager and is additionally supported by a Contractor who is directed by the Senior Program Manager.

The TAC did not meet in Fiscal Year 2013 because there was no project selection process during the winter, and a summer meeting to review project development proved difficult to schedule. The committee is scheduled to meet in the spring for a project and policy review. It is essential to continue TAC meetings as funds come back into the Commission from completed projects and other projects, especially those in the construction phase experience cost increases. Prioritization of landing sites in key regions across Alaska were also a key focus.



Transportation Program

Denali Commission FY14-FY15 Waterfront Transportation Projects - Universe of Need			
Community	Phase	Project	Funding Amount Needed
Priority Mooring Point Projects - Phases 1-4 - Planning/Design/Construction			
Chefornak	Planning/Design	Phase 1 & 2	
New Stuyahok	Planning/Design	Phase 1 & 2	
Nunapitchuk	Planning/Design	Phase 1 & 2	
Toksook Bay	Planning/Design	Phase 1 & 2	
Chignik	Planning/Design	Phase 1 & 2	
Hoonah	Planning/Design	Phase 1 & 2	
Hyder	Planning/Design	Phase 1 & 2	
Levelock	Planning/Design	Phase 1 & 2	
Manokotak	Planning/Design	Phase 1 & 2	
Old Harbor	Planning/Design	Phase 1 & 2	
Pelican	Planning/Design	Phase 1 & 2	
		Planning/Design Estimate	\$250,000
Akiachak	Construction	PH3 Moorings	
Goodnews Bay	Construction	PH3 Moorings	
Kongiganak	Construction	PH3 Moorings	
Upper Kalskag	Construction	PH3 Moorings	
McGrath	Construction	PH3 Moorings	
		Construction Estimate	\$1,300,000
Buckland	Construction	PH4 Moorings	
Fort Yukon	Construction	PH4 Moorings	
Galena	Construction	PH4 Moorings	
Kiana	Construction	PH4 Moorings	
Noorvik	Construction	PH4 Moorings	
Nulato	Construction	PH4 Moorings	
Stevens Village	Construction	PH4 Moorings	
Tanana	Construction	PH4 Moorings	
		Construction Estimate	\$2,600,000
		Total Funding Needed for Mooring Points	\$4,150,000
Barge Landing Improvement Projects			
Eek	Construction	Construction Estimate \$1.7M	
Nondalton	Construction	Construction Estimate \$2.0M	



Health Facilities Program

Program Summaries, Achievements, Funding & Strategies

PROJECTS FUNDED:

- ⇒ *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 of 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 “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 expanded to include other initiatives like domestic violence facilities, elder housing, primary care in hospitals, emergency medical services equipment and hospital designs.

The Commission determined early on that the agency could improve the status of health infrastructure in the state through investing in the renovation, repair and replacement of rural health facilities. In 14 years, the Health Facilities Program in conjunction with the US Department of Health and Human Services has contributed to 140 primary care clinics, 20 elder supportive housing fa-

cilities, 49 primary care in hospitals projects and 20 behavioral health facilities. Currently, 10 clinics are in the construction phase and 13 are in the planning or design state.

With federal health infrastructure funds declining, the Commission’s Health Facilities Program has shifted to providing more technical assistance to rural Alaskan communities in the development of capital project and business planning efforts for health facilities.

Commission partners have worked hard to complete projects under budget. Some examples where these savings have helped other communities are:

Shismaref Clinic Renovation and Expansion project was funded with re-programmed savings from other projects. Construction of this facility will begin in the summer of calendar year 2014.

Venetie Clinic – was recently funded with reprogrammed funds; construction will begin in the summer of calendar year 2014.

Koyukuk Clinic – was recently funded with reprogrammed funds; construction will begin in the summer of calendar year 2014.

RURAL ALASKA CLINIC ENERGY EFFICIENCY:

As federal infrastructure investments, in the form of new or renovated rural Alaska health clinics through the Denali Commission, approach \$300 million, the agency is compelled to shift its attention to the long term sustainability of those facilities. A building’s expected lifespan in



Health Facilities Program

Alaska is shortened by extreme weather, permafrost, inconsistent energy sources, and varying levels of standards of operations and maintenance. During Fiscal Year 2014, the Commission will continue assessing its ability to mitigate some of the shortened lifespan by examining ways to improve the energy efficiency and operations of the clinics statewide.

In this endeavor, the Commission will continue to work with Program Partners to prioritize rural clinics to assess through energy audits. Concrete energy efficiency measures will be identified and prioritized and the top measures will be implemented. As a result of investments in Fiscal Year 2013 with the Commission's program partner, the Alaska Native Tribal Health Consortium (ANTHC), the Commission completed energy efficiency upgrades on 13 Yukon Kuskokwim Health Corporation (YKHC) health clinics, three Norton Sound Health Corporation (NSHC) health clinics and two Tanana Chiefs Conference (TCC) clinics. The Commission provided approximately \$260,000 for the project, and estimates \$58,000 per year in annual savings for the clinics. The Commission will continue this work in 2014.



Training Program

Program Summaries, Achievements, Funding & Strategies

PROJECTS FUNDED:

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

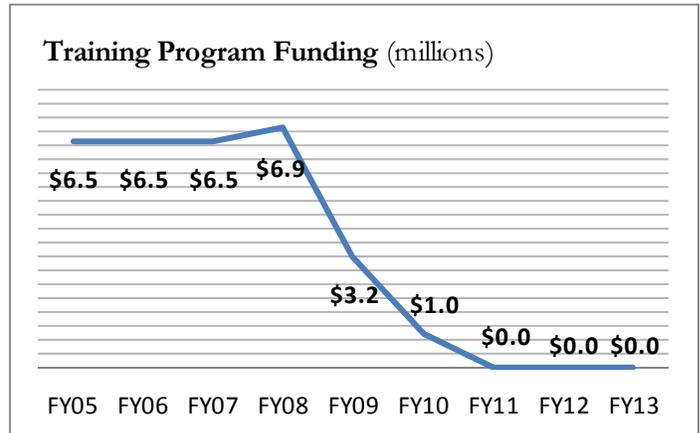
PROGRAM OVERVIEW:

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

The Training Program prioritizes training projects that create jobs and employment opportunities, leverage funds from other sources and demonstrate regional planning and coordination. Training Program funds are dedicated to training activities that are directly related to student costs such as instruction, books, tools, tuition, lodging and transportation.

The Denali Commission selects major program partners for Training that have the capacity to provide training and education and carry-out the goals and objectives of the Commission. Through competitive opportunities facilitated through these major partners, other organizations are engaged to conduct specific training projects.

Funding for the Training Program has traditionally come from two sources – the Commission’s Energy and Water base appropriation and the U.S. Department of Labor (USDOL). Fiscal Year 2011, was the first year since the program’s inception that a direct budget was not allo-



cated to the Training Program. Absent new funding, Training Program activities are limited to projects with program partners that have prior year funds available on existing grants.

PROGRAM OUTCOMES:

The Denali Commission places job training at the center of its comprehensive plan for economic growth in Alaska. Over the last decade, the Commission has made significant strides in assisting rural communities to build competent and qualified workforces in a variety of industries, including health care, construction trades, facility operations and maintenance, and administrative fields.

Program partners reported the following training outcomes in the program for Fiscal Year 2013:

- ☑ *Alaska Department of Labor: 137 individuals completed training courses or received certificates in construction and maintenance and operation of Denali Commission projects.*
- ☑ *Alaska Works Partnership: 17 individuals completed and received construction certificates and place in construction apprenticeships.*



Training Program

- ☑ *The University of Alaska: 402 students completed coursework in Community Health Aide, Dental Assisting, Medical Office/Health Care Reimbursement, and Medical Lab.*
- ☑ *Construction Education Foundation: 53 students obtained certificates in Construction Education.*

Commission staff continuously work to improve 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 migrating from rural areas to urban areas to escape the high cost of living in rural Alaska where fuel can run over \$8 per gallon. Commission staff are working with statewide and regional entities to create training initiatives that are linked to jobs that target energy efficiency and energy conservation. These initiatives not only help lower the cost of living in many rural communities, but also help to create hundreds of new jobs.

Acquiring particular kinds of professional occupational endorsements is a challenge for rural residents. With Commission funding, the University of Alaska has 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 care for their families and jobs, while at the same time, earning essential occupation endorsements.

To date, the Commission has dedicated more than \$46

million to training efforts – 4% of the Denali Commissions resources over the past thirteen years.

FISCAL YEAR 2015 TRAINING PROGRAM

GOALS:

For over 30 years, Federal and State entities have invested billions of dollars into rural Alaska infrastructure to ensure the health, safety and welfare of rural Alaskans. Roads, health clinics, schools, power generation systems, water and sewer systems, airports, communication facilities, renewable energy technologies, ports, community and commercial buildings, washeterias*, homes and permanent structures of many types are now in place. Consequently, when new infrastructure is built, new technology comes with it and at times the local workers or incumbent facility technicians are not properly trained on how to maintain the new building systems. Thus, some rural Alaska infrastructure investments are not being maintained properly and/or are being operated in ways that unnecessarily increase the operational costs.

Since January 2012, the Commission has facilitated a monthly working group to address these operation and maintenance concerns - the Rural Alaska Maintenance Partnership (RAMP). The RAMP members are funders, building owners, maintenance providers who believe that an inadvertent lack of maintenance of rural facilities has occurred, and remains in effect, due to a lack of training, communication and coordination.

RAMP members believe that through collaboration, rural facility maintenance can be provided more efficiently. The RAMP program aims to protect state and federal investments by: 1) improving building energy efficiencies,

*A Washeteria is a community facility ranging from 1500-2000 square feet which contains washers, dryers, showers, and toilets. These facilities are typically constructed in communities that do not have residential hook ups to water and sewer.



Training Program

2) reducing operational costs to owners, 3) design coordination to synchronize building systems, and 4) building local capacity and create more local jobs. To do this, RAMP has identified two specific goal areas, managed by two separate subcommittees. The first goal area is economic development to create business opportunities in each of the five climate regions of Alaska. The second goal area is workforce development to build capacity locally so jobs are transitioned from itinerant workers (trained technicians not from the local community) to local workers thus reducing operation costs of travel and per diem.

RAMPs mission statement: *To create a self-sustaining facility and operations maintenance system that develops the capacity of rural Alaskans to operate and maintain their infrastructure in a manner that protects and enhances the health, safety and sustainability of rural communities and their residents.*

The following are estimated fiscal needs in Fiscal Year 2015 (to be funded by the RAMP program partners):

Estimated Need	Description
\$200,000	To complete a statewide feasibility study
\$250,000	To complete five regional business plans at \$50,000 each
\$1,000,000	To help regional training centers build and develop industry partners and sustainable facility maintenance programs

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

MEANS AND STRATEGIES:

The Training Program is led by one Program Manager. Management of training projects is carried out by the Program Manager utilizing program partners to oversee project management functions. The Commission’s Training Program has been engaged in initiatives that support the construction, operations and management of the Denali Commission’s Energy, Health and Transportation programs. Although the Commission’s training program continues to prioritize basic construction training that enables local residents to compete for jobs created by the Commission, other areas of workforce development continue to be explored to strengthen the competency and qualifications of the workforce in rural Alaska.



Sustainable Priorities for Alaska Rural Communities (SPARC) Program

PROPOSED TYPES OF SERVICES AND PROJECTS:

The SPARC Program at Denali Commission expects to contribute to the overall sustainability of a select number of rural Alaska communities each year. Services to the communities may include:

- ▶ Project conceptualization, framing and planning;
- ▶ Assistance with securing and coordinating funding;
- ▶ Technical assistance in developing project management-type skills, tailored to the community's and project's needs; and,
- ▶ Comprehensive approach to infrastructure improvement projects in the villages.

Additionally, the following types of services could be offered as part of the SPARC program activities in a community:

- ▶ Community infrastructure assessment and consultation: How does this one infrastructure improvement project fit in to the rest of the community's plans? Are there synergies that can be captured at this juncture?
- ▶ Evaluation: Pre- and Post-project (skills, abilities, capacity).
- ▶ Community and Social Engagement: This optional component proposes to address the informal and/or future leaders in the community, in order to both share with them the learning experience, and learn from them about their own communities.

PROGRAM OVERVIEW:

As the geography and cultures of peoples varies widely across the state of Alaska, so do the needs and capacities of rural Alaska villages, cities and communities. After 13 years of awarding mostly “transactional” grants that resulted in the construction of numerous bulk fuel tanks, generators, interties, roads, docks, and clinics, the Commission has experienced a significant decline in federal budget authority for its historical programs. However, the agency continues to receive requests from rural Alaska communities for technical assistance in planning and executing their respective infrastructure improvement projects.

Communities' infrastructure needs run the gamut from basic sanitation systems to more cost effective energy solutions. Layered on the bricks-and-mortar needs are the less visible needs reflecting gaps in local knowledge and leadership capacity for navigating project development, business planning and fundraising. Both the infrastructure and capacity issues form the backdrop of community sustainability.

Rural Alaska communities are challenged these days by dwindling supplies of capital grant monies and aging, failing infrastructure and high costs of energy. Many village populations are declining as residents immigrate to locations with more and reliable resources for family health, education, and economic stability.

Sustainability of any particular village is not guaranteed, but experience points to several “legs of the stool” that must be present for a community to survive. These required components include: affordable, reliable energy;



Sustainable Priorities for Alaska Rural Communities (SPARC) Program

safe and affordable housing; a quality education system; an accessible and capable health system; a safe and sanitary environment; a functioning local government, community infrastructure management capabilities, and a healthy economy. The SPARC Program aims to strengthen communities through technical assistance with infrastructure development and enhancing the leadership capacity of local residents.

PROGRAM OUTCOMES:

Strengthen the skills of rural Alaska community leaders to better be enabled to manage these types of infrastructure improvement tasks, or to wisely procure the services of a consultant to do so.

SPARC PROGRAM ELIGIBILITY:

Any rural Alaska entity with ownership of infrastructure assets project may be eligible. Projects can be singular in nature (stand-alone), projects that create system-wide changes (for example, a project which affects how villages across Alaska deal with energy efficiency improvements) or, innovative legacy impact concepts (for example, the establishment of a new financing model for large infrastructure projects). Selected projects shall demonstrate a high level of community ownership and engagement, and shall have a dedicated, committed 'Champion'.

Priority will be given to those communities that:

- Do not have a property tax base;
- Demonstrate a high level of administrative and/or public works capacity need;
- Have a viable project (funding is either in place or anticipated);

- Can leverage more than one funding source;
- Provides a platform for the Commission to model partnership, innovation, leveraging, policy development;
- Provides a forum for other communities to learn from;
- Demonstrate a conscious thoughtful and comprehensive approach to community planning; and,
- Reflect community consensus on this particular project.

FISCAL YEAR 2015 SPARC PROGRAM GOALS:

In the coming fiscal year, program staff will continue to document the significant infrastructure needs across rural Alaska. These areas have included:

- Project Facilitation;
- Interagency Coordination of various types of infrastructure projects in a community and region;
- Regulatory Advocacy and Permitting;
- Federal/State Property Transfer Investigation;
- Grant Application Assistance, Preparation and Funding Advocacy; and, Project Management (contract document development assistance, design and construction assistance).

The highest demand for technical assistance and project funding identified by SPARC program activities has been in the area of reducing the overall cost to operate and maintain existing infrastructure in rural Alaska. This has included water and sanitation systems, rural school district buildings and housing. SPARC will contribute technical assistance and funding towards the planning, design and construction of infrastructure improvements related



Sustainable Priorities for Alaska Rural Communities (SPARC) Program

to the improvement of existing and new rural Alaska infrastructure. SPARC will also continue to foster inter-agency coordination (specifically, planning and scheduling) for the various types of infrastructure projects that are occurring in a particular community and/or region.

PROGRAM PARTNERS:

SPARC program potential partners could include any agency with ties to rural Alaska. This will include State and Federal Agencies, Local Economic Development Corporations as well as Regional Tribal Non-Profit and Profit Organizations.

MEANS AND STRATEGIES:

The SPARC program is led by a Program Manager. In the effort to identify gaps in service and infrastructure needs in rural Alaska and in continuing to develop the SPARC program, the Program Manager will continue to identify on-going agency partner projects and develop community contacts to better coordinate and develop them.



Water and Sanitation Energy Efficiency Program

PROPOSED TYPES OF PROJECTS TO BE FUNDED:

- ⇒ *Water Treatment Plant/Washeteria Building Weatherization*
- ⇒ *Heating and Ventilation Control Improvements*
- ⇒ *Energy Efficient Lighting Upgrades*
- ⇒ *Renewable Energy Technology Deployment and Project Development Assistance*
- ⇒ *Construction of Heat Recovery System*
- ⇒ *Building Commissioning and Re-Commissioning*

PROGRAM OVERVIEW:

Water and sanitation facilities in rural Alaska represent one of three core infrastructure types that utilize the majority of energy resources in a community (housing and schools represent the other two main energy demands in a community). In recent past, a Commission program partner, the Alaska Native Tribal Health Consortium (ANTHC), completed energy audits of over 40 water and sanitation systems throughout rural Alaska and identified potential energy efficiency measures and improvements in each. Potential energy savings of approximately \$700,000 per year were identified with a one-time capital investment of approximately \$1.275M as a result of this effort. In short, the results of the energy audits completed to date, indicate that for each \$1 spent on energy retrofits, rural communities and the State of Alaska will realize savings of approximately 50 cents annually.

It is also estimated that there are upwards of 40 other water and sanitation systems throughout rural Alaska that could realize savings with similar investments. Currently,

there is no source of funding dedicated to providing for energy efficiency improvements (planning, pre-construction and construction activities are included in this) in rural Alaska for water and sanitation systems.

PROGRAM OUTCOMES:

The program would provide a source of funding for energy efficiency improvements in water and sanitation systems throughout rural Alaska. Providing a source of funding for water and sanitation system energy efficiency projects has the potential to save rural Alaska communities and the State of Alaska hundreds of thousands of dollars a year according to the work completed to date by ANTHC. A direct benefit of the reduced cost of operating and maintaining water and sanitation systems in rural Alaska is increased access to clean water for residents which will improve their health and safety and community sustainability.

WATER AND SANITATION ENERGY EFFICIENCY PROGRAM PROJECT SELECTION:

Communities to receive energy efficiency improvements will be prioritized based on several factors. These factors may include the following:

- ▶ *On-going or planned water and sanitation construction in the community;*
- ▶ *Circulating community Water Main Systems; and,*
- ▶ *Capital Investment and Expected Energy Savings.*

Because of the existing sanitation facilities construction funding prioritization system, the Commission will work with partners such as ANTHC to prioritize communities



Water and Sanitation Energy Efficiency Program

that will receive energy audits as well as physical improvements, as part of this program. This will allow for synergies to occur with funded facilities construction projects (economies of scale, logistics, etc.) and thereby reduce the ultimate cost of the energy efficiency project.

FISCAL YEAR 2015 WATER AND SANITATION ENERGY EFFICIENCY PROGRAM GOALS:

The goals for Fiscal Year 2015 will be to develop a program with stakeholders for the reduction of energy costs in water and sanitation systems in rural Alaska communities. The program framework would include how to utilize existing program partner sanitation funding priorities and integrate energy efficiency improvement projects into these existing priority lists. The table below outlines a demonstration five-year program to provide energy efficiency improvements to approximately 70 community circulating water systems. In some communities, water is heated and circulated to prevent freezing water mains.

Although the table shows service first to communities with circulating water systems (due to their high energy needs), it is likely that other sanitation energy efficiency improvements would be in order for conventional water and sewer systems. Program details would be further refined as the Commission and our program partners step forward in developing solutions to high energy costs for rural sanitation. As noted in the table, there have been approximately 40 sanitation energy audits recently completed by the ANTHC, and these have served to provide preliminary guidance on developing a sanitation energy efficiency program.

Proposed 5-year program to address energy efficiency needs for 70 circulating water systems						
	Energy audits	Cost (avg. \$15K/audit)	Construction	Cost (Avg. \$75K/project)	Outcome measures	Cost (Avg. \$1K/project)
2012/13	25 completed with DOE \$	0	0	0	0	0
2014	20	\$300K	20	\$1.5M	0	0
2015	15	\$225K	20	\$1.5M	20	\$20K
2016	10	\$150K	20	\$1.5M	20	\$20K
2017	0	0	10	\$750K	20	\$20K
2018	0	0	0	0	10	\$10K
Subtotals	70	\$675K	70	\$5.25M	70	\$70K
Total cost	\$5,995,000					



Water and Sanitation Energy Efficiency Program

PROGRAM PARTNERS:

- Alaska Native Tribal Health Consortium
www.anthc.org
- State of Alaska Village Safe Water Program
ww.dec.state.ak.us/water/vsw/index.htm
- Community Development Quota Organizations
www.wacda.org
- Indian Health Service
www.ihs.gov
- U.S. Environmental Protection Agency
www.epa.gov
- Regional Tribal Non-Profit Organizations

MEANS AND STRATEGIES:

The water and sanitation energy efficiency program will be led by a subject matter expert and the Commission's Energy Program Manager. Commission staff will also continue to develop and record the universe of need list that will serve to assist with identifying funding needs and priorities.



Potential Fiscal Year 2015 Investments

The table on page 39 summarizes the possible Commission investments in Fiscal Year 2015. As discussed in other sections of this document, the Commission will undertake a new approach in considering capital and non-capital investments. Commissioners will consider two parts of the statutorily required annual work plan. The first part (Part “A”) will be for typical capital construction projects, and the second part (Part “B”) will consider non-capital investments that may in time, through due diligence and relationship-building with prospective program partners, identify future capital investments in subsequent fiscal years.

For Fiscal Year 2015, it is expected that all of the Trans-Alaska Pipeline Liability Fund investments will be for capital construction of bulk fuel tank farms – the Commission’s historic use of these funds. There is a pending US Government Accountability Office request that may allow the Commission to invest in projects that reduce the demand for diesel fuel in rural Alaska villages. However, even with an opinion that would allow the Commission to fund more than bulk fuel farms, it is unlikely that the Commission can adequately complete appropriate due diligence for alternative TAPL investments in Fiscal Year 2015.

For the Commission’s Fiscal Year 2015 discretionary budget, Commissioners will have the opportunity to consider investing all of the available funds into capital construction projects, or use a portion of the funds to develop and complete the due diligence necessary for proposed new programming to address the high cost of energy in rural Alaska and sustaining, maintaining and protecting existing infrastructure. It is expected that Commissioners will have most of Fiscal Year 2015 to consider a number of alternative Part “B” investments, and near the end of Fiscal Year 2015, if they have determined that the Part “B” investments are not yet fully vetted, these funds can be applied to Part “A” capital construction projects. Listed in the table below are five example Part “B” investments (i.e. Pre-development program, START program, village technical assistance, sanitation energy efficiency program and the RAMP program) that Commission staff and program partners have already developed or are in the process of developing. Commissioners may elect to fund these programs at the levels listed in the table, or at different funding levels or not at all based upon public input as outlined in the Denali Commission Act for the annual work plan process.



Potential Fiscal Year 2015 Investments

FY2015 Discretionary Budget	Description	Estimated Amount
	Personnel Compensation and Benefits	\$1,500,000
	Contractual Services and Supplies	\$1,800,000
	Part "A" investments (capital construction such as bulk fuel farms, power plants, etc.)	\$2,585,000
	Part "B" investments	
	Pre-development program	\$300,000
	START program	\$300,000
	"Village technical assistance and capacity building projects	\$400,000
	Sanitation energy efficiency program	\$250,000
	RAMP program	\$250,000
	Subtotal, Discretionary budget	\$7,385,000
FY2015 Trans-Alaska Pipeline Liability Fund	Personnel Compensation and Benefits	\$330,750
	Part "A" investments (capital construction such as bulk fuel farms, power plants, etc.)	\$6,284,250
	Subtotal, TAPL budget	\$6,615,000
	Total, FY2015 Denali Commission budget	\$14,000,000



Section 3

- ◆ Information and Program Evaluation



Information and Program Evaluation

The Commission will continue to undertake program evaluation efforts in Fiscal Year 2015, while at the same time developing and implementing new evaluation systems for new or emerging programs.

Since its inception in 1998, the Commission has utilized an evaluation methodology in its two primary programs: Energy and Health Facilities. The Commission has worked aggressively to plan, design, equip and construct or renovate health facilities in underserved communities throughout Alaska. Similarly, the Commission and its partners have developed a needs list for bulk fuel tank farms and rural power system upgrades across Alaska. The Commission will continue to make updates to both programs. Specifically, the Health Facilities program will continue to analyze the communities that remain throughout the state with unmet needs. Moreover, staff will evaluate the benefit that has been provided in the areas of cost reduction, improved access to health care and quality of health care services to rural communities that have received new or renovated primary care clinics with Commission funding.

In Fiscal Year 2015 the Commission will continue to evaluate all programs based on program progression and project outputs. Furthermore, the Commission as a whole will be examining how it may better leverage resources with other program and funding partners and perhaps most importantly, how it can better demonstrate programmatic outcome accomplishments.



Section 4

- ◆ Analysis of Resources



Analysis of Resources

At any given time Denali Commission staff and partners are engaged with several hundred grants and/or projects in various stages of planning, design and construction. Program partners range from sophisticated line agencies to small village-level organizations. The ability to deliver timely, sustainable projects with the right level and type of oversight and guidance, while also being nimble and agile, requires constant attention. Commission leadership emphasizes the paramount importance of public integrity, transparency and accountability. The Commission maintains an aggressive staff training program and uses the latest in grant processing technology through the U.S. Department of Health and Human Services. During Fiscal Year 2013, staff received training from the Office of Management & Budget, U.S. Department of Health and Human Services and the Government Accountability Office. To keep staff size at an optimum level, the Commission contracts with other federal “lines of business” at the U.S. Department of the Treasury, Bureau of Fiscal Service to provide services in the areas of finance, human resources, procurement and travel. In addition, for the advancement of governmental accountability, the Commission relies on a network of federal experts through its Business Board Advisory Committee, which include members from various government agencies.

GRANTS MANAGEMENT ELECTRONIC PROCESSING AND REPORTING SYSTEMS

The Denali Commission has two electronic web-based systems for Grants Management: GrantSolutions for processing proposed awards and post award amendments and the Commission Project Database for reporting progress on funded awards.

The Commission utilizes GrantSolutions (www.grantsolutions.gov) to manage the electronic processing of every award from start to finish. The award starts with the posting of announcements of funding opportunities, receipt and review of applications, issuance of funded awards, the generation of post award amendments, to the close out of each award.

The Denali Commission’s on-line project database (www.denali.gov\dcpdb) continues to be a transparent tool through which the Commission communicates performance to our constituents. Displaying information on every project the Commission has ever funded, this database displays funded amounts, expended amounts, narrative progress reports and photos of projects. Ultimately, the effectiveness of the Commission is measured in the number of lives that are improved as a result of the taxpayers’ investment in a particular program.

TRAVEL

Concur Travel Solutions, the travel system used by the Denali Commission, is an end-to-end online travel service for federal agencies. Concur Travel Solutions supports the entire government travel process, which includes planning and authorizing travel, making reservations, delivering electronic tickets, calculating and approving reimbursements, and archiving data. Concur Travel Solutions increases the number of self-service transactions thus reducing travel-management costs. In Fiscal Year 2014, the Commission converted to Concur Travel Solutions in accordance with the



Analysis of Resources

newly issued GSA contract.

HUMAN RESOURCES

The realm of human resource (HR) management for the federal workforce is complex and large. From position classification to employee benefits to payroll administration, HR tasks demand a level of training and experience that recognizes the personal impacts these services have on Denali Commission employees every day.

The enabling legislation of the Commission exempts the agency from some parts of federal Title 5, affording the management at the Commission uncommon flexibilities in hiring qualified personnel. This has allowed the Commission to continue to be agile and nimble, proactively responding to Alaska's needs and new federal mandates, while still maintaining a lean federal staff.

To ensure the Commission provides the best HR services to our federal staff, we have engaged the U.S. Treasury's Fiscal Service Administrative Resource Center in Parkersburg, West Virginia, to administer the official human resources duties. Fiscal Service has an entire branch of highly educated and trained human resources professionals who are available to all staff for consultation and assistance.

PROCUREMENT

When the Denali Commission needs to obtain goods or services required to operate the agency office or programs, we do so under Federal Acquisition Regulations (FAR). This set of regulations embodies the philosophy of the federal government to support, to the degree practical, small and disadvantaged businesses when procuring goods and services. Small businesses are the backbone of the American economy, and the FAR recognizes and implements guidance that encourages contracting with those small businesses. Competitive solicitations among responsible contractors results in the best value to the Government, and that has fostered new and mutually beneficial relationships between businesses and the Commission.

The federal government requires that performance-based work statements be written, to maximize the application of the contractor's knowledge and experience in achieving the Government's goals. The Denali Commission has competitively procured goods and services over the past several years which include: program management services, technical assistance services, computer software and hardware, photography services, and graphic design services.

Because the authority to obligate federal funds rests with Contracting Officers, we partner with the U.S. Treasury's Bureau of the Fiscal Service Administrative Resource Center in Parkersburg, West Virginia, which has a procurement branch staffed with highly educated and qualified Contracting professionals.



Section 5

- ◆ Agency Restructuring & Work Process Design



Agency Restructuring and Work Process Design

AGENCY RESTRUCTURING

Agency restructuring has been underway for the past several years as annual appropriations have been reduced. Effectively, the Commission has cut staff in half through normal attrition and not backfilling the positions. It is expected that this staffing pattern will continue while being mindful that the agency must continue managing a portfolio of existing grants, as well as complete necessary due diligence for future investments.

With the assistance of the US Office of Personnel Management the Commission, in the past year, has identified a new personnel model. Historically, the Commission hired staff to manage specific programs and these individuals then became subject matter experts in the field. The reduced level of funding in recent years has made employing full-time subject matter experts unsustainable. Commission staff will become “generalists” who understand the nuances of how the Federal Government does business (i.e. Federal contracting, grant making, budgeting, travel, etc.). As needed, the Commission will hire subject matter experts for a short duration intermittent position, or will contract for these services. The subject matter experts will provide advice and guidance to Commission staff as needed and then the agency and the subject matter expert will part ways once their professional skills are no longer needed.

WORK PROCESS DESIGN

The most significant work process design change for the Commission centers on the statutorily required annual work plan, which outlines the Commission investments for the fiscal year in question. Historically, the annual work plan included a list of capital investments and some non-capital investments. With a change of investment strategy to focus on sustaining, maintaining, and protecting existing infrastructure it is appropriate to reflect this change in the work plan process. The Commission will issue two parts to an annual work plan. “Part A” will be the typical infrastructure that the Commission has invested in the past. This would include bulk fuel farms, power generation systems, etc.

As we transition to new investments to address the high cost of energy and sustaining existing infrastructure, there will be a need for appropriate due diligence and strategic planning for the future work of the Commission. We have found that new programs that include pre-construction activities and studies that will help inform future capital investments attract significant attention. These non-capital investments would be “Part B” of the annual work plan and would be discussed over the course of the fiscal year in question.

In Section two of this Fiscal Year 2015 budget justification document three examples of the future work of the Commission have been described: 1) Sustainable Priorities for Alaska Rural Communities Program, 2) sanitation energy efficiency, and 3) Rural Alaska Maintenance Partnership. It is likely that all three programs would require some preliminary funding to further define the proposed program. With this preliminary funding the Commission would be able to explore other funding sources, business modeling, project prioritization methodologies, and agents to carry out the proposed work. Furthermore, additional due diligence in developing a universe of need and a list of prioritized capital funding would be needed.

It is expected that a capital project prioritization list would be developed from programs in “Part B” of the annual work plan non-capital investments. In time these prioritization lists will be used for future “Part A” annual work plan capital



Agency Restructuring and Work Process Design

investments. With the agency restructuring of employing subject matter experts it is expected that the Commission will carry out appropriate program due diligence on “Part B” non-capital investments with support and guidance from subject matter experts. When programs mature to “Part A” capital investments, Commission staff (i.e. generalists) will then guide the program development.



Section 6

- ◆ Ensuring Information is Publically Available



Ensuring Information is Publically Available

The Commission’s project database is an integrated, online management reporting and tracking tool for Commission projects. The Project Database is used to manage the electronic reporting of award data by recipients, and is also available to the general public to view every award and project funded by the Commission. This database provides all project information, and encourages public viewing and sharing of information particularly through the reports module function. The Project Database also enables Commission staff to manage projects through the use of milestones and retrieve “at-a-glance data” of major project criteria including: the scope, award, theme, schedule, budget and reporting.



Denali Commission Budget Justification 2015.

Anchorage, AK., March 2014

Denali Commission

510 L Street, Suite 410

Anchorage, AK 99501

Telephone: 907-271-1414

Toll Free: 888-480-4321



