

DENALI COMMISSION MEETING

via ZOOM videoconference:
Anchorage, Alaska

March 21, 2022

MEETING MINUTES

PRESENT:

Commissioners

Garrett Boyle, Federal Co-Chair of the Denali Commission
Alicia Amberg, Commissioner
Nils Andreassen, Commissioner
Tyson Gallagher, Commissioner
Joelle Hall, Commissioner
Julie Kitka, Commissioner
Pat Pitney, Commissioner

Staff/Others

John Whittington, General Counsel
Jocelyn Fenton, Director of Programs
Janet Davis, Grants Officer
Liza Mack, Village Infrastructure & Transportation Program Manager
Katie Conway, Energy Program Manager
Kristen Reardon, Water/Sanitation, Victims of Crime, and Health Facilities Program Manager
Anne Stanislawski, Administrative Officer
Betty Caudle, Kron Associates

CALL TO ORDER

Federal Co-Chair Garrett Boyle called the meeting to order at 4:00 p.m. He mentioned the passing of Congressman Don Young last Friday and acknowledged Congressman Young's caring and hard work he did for the people of Alaska and that we would miss him.

GENERAL DISCUSSION

Federal Co-Chair Boyle stated that he wanted to have an open discussion with the Commissioners centered around three questions concerning the infrastructure funds coming to Alaska and how the Commissioners want to allocate them.

Question 1 - What do you think about the concept of one big infrastructure fund for IJA funds for Fiscal Year 2023 Work Plan?

Federal Co-Chair Boyle explained that with the additional funds coming from the infrastructure bill, he is proposing two options for the Fiscal Year 2023 Work Plan and would like feedback from the Commissioners.

Option A - would basically be status quo. We allocate specific amounts of funding into each program.

Option B - is to move everything from transportation, health facilities, housing and broadband down into the infrastructure funds so there's more open availability of funds. This infrastructure fund is deliberately broad so we can meet a community's need.

Commissioners liked the idea of Option B with more flexibility built in. This way if a community has been trying to complete a project for a long time, they can apply for these funds to get it completed.

Commissioner Kitka expressed concern about conflicts of interest due to the large amount of funds and resources coming to the State. She expects all kinds of ideas for projects. She also expressed concern that the Commission just doesn't just simply go down the State's priority list to fund projects without due diligence in making sure they meet the Denali Commission's mission. She said that over the years the Commission has been good at filtering out projects that don't meet our criteria and she can think of only two projects that she thinks the Commission shouldn't have funded and they were just because they were on the State's list..

Commissioner Hall asked about scoring criteria for projects. There was discussion among the Commissioners concerning criteria and ways to encourage villages to apply for funds. If an applicant shows how they will leverage the funds into more money for their project, they get a higher score. If they show inventive partnerships and collaboration, they get a higher score. Federal Co-Chair Boyle also mentioned that they are keeping an eye on some of the lowest capacity communities who will really need help to apply and then to implement a grant. We don't want to exclude them from this opportunity.

Commissioners discussed grant writers and how they may be experienced in writing basic grants, but the grant writers for the broadband grants will need to be on a whole other level due to the technological aspects of these projects and what's involved with logistics, and so on. Federal Co-Chair Boyle mentioned that he has been discussing with Commissioner Andreassen and Mr. Dave Beverage (ph) at ANTHC about supporting their grant writing systems, since they're already working with communities, instead of the Denali Commission standing up our own grant writing team. We don't need to re-invent the wheel.

Commissioner Kitka requested that a brief summary of each project application and the areas it's located in be compiled for the Commissioners to review to make sure the project meets the Commission's mission to support projects across Alaska.

Commissioner Gallagher spoke in support of the option with the most flexibility. He commented that in his daily review of the infrastructure bill, they are continually learning about existing rules, new rules and different interpretations. So, the option with the most flexibility will be the most helpful to the communities.

Commissioner Kitka asked about the ability to partner with other federal agencies, as we near the end of the fiscal year. For example, in the past the Department of Agriculture was able to partner with the Denali Commission to repurpose \$200 million at the end of the fiscal year. If we don't have the various programs in place like we usually do, will we lose the ability to pitch our programs to these federal agencies and lose out on year-end funding.

And we should look at what we did differently with the village that we are working with for relocation. We funded a project manager that could give confidence for a whole string of other funders that the project is going to be managed and pieced together. I think that's a good model that we can use again in seeking funding partners for projects.

Commissioner Andreassen agreed with Commissioner Kitka's point and proposed Option C. Keep all the original programs in place and funded at \$500,000. Then up to \$2.75 million can be adjusted within those infrastructure categories to respond to need. So, basically have the same ability to move things around but still expressing priorities.

Federal Co-Chair Boyle liked Nils' proposal to keep the programs funded and a priority, but also keep the flexibility to a maximum. Commissioner Kitka added that we should write a letter to our congressional delegation advising them of our categories, the funds are not sufficient, and can they reach out to other federal agencies for additional funds for our programs that match their priorities.

Federal Co-Chair Boyle commented that we can always move money around in future years. If one program has a lot of applicants one year, we can move money around for Fiscal Year 2024 to meet that need. His office is currently working with Senator Sullivan's office to increase the Commission's amount of appropriation. And he will definitely be working with our delegation to get us transportation specific money now that it is re-authorized. He's also reaching out on a few other programs as well.

Federal Co-Chair Boyle asked Commissioners again if they agreed with Nils' proposed Option C. They stated that they did.

Question 2 - Where do we apply \$4 million unallocated funds?

Federal Co-Chair Boyle then stated that Option C left \$4 million unassigned. Did the Commissioners have any input on where to apply that money.

The Commissioners discussed some type of loan program. Julie didn't think people would be looking for loans at this time with all these grant funds available. And the Commissioners agreed that it was not enough funds for a loan program. Nils asked if the Denali Commission could use the money to create a revolving loan fund. For example, some villages need to spend

money up front that is reimbursable, but they may not have the cash on hand. So, this fund would be used for those situations. It's not to make money from them, it's just to help them get their project started. Federal Co-Chair Boyle responded that he's not sure if the Denali Commission is able to have that type of fund. If it is, it may involve Julie, who would be chair of the economic development committee, and Tyson, who would have to appoint these regional advisory committees who would then recommend projects to be funded for economic development reasons. So, he's not sure how viable this suggestion is. It would take a lot of digging to look into that.

He asked if there were any other ideas on where the \$4 million should be applied. Tyler asked about workforce development. With all this new infrastructure coming online, we'll need people not only to build them, but to operate them afterwards. Do we have enough people trained up for that?

Commissioner Amberg added that she and Commissioner Hall spoke about workforce development a couple of weeks ago and she thinks that there is a lot of disconnect around this issue. She has been in conversation with various trade groups, such as oil and gas, mining, construction and so on. While it's good to invest money into the various training programs, that's not going to work if you aren't able to get people to attend these programs. She's hearing from existing training programs that they're not able to get people to go through and complete their program. She wondered if an ad campaign, similar to what the tourism industry did last year, would help in this situation.

Commissioner Gallagher thought that was a good idea. While his focus has been on broadband, he is realizing that once this infrastructure is built, will there be enough data technicians and IT technicians to not only support and maintain these systems, but to also help us grow our internet economy.

Commissioner Hall added that she has been discussing this issue with Labor Commissioner Ledbetter and through these conversations realizing that we need to reach a much younger audience, such as junior high and freshman students, in recruiting and training for these positions. Not only for broadband, but also a plumber or an electrician based in a village to support water/wastewater facilities or the local health clinic. Everyone in a village or region could benefit from a journeyman plumber living and working nearby. Concerning the advertising campaign, you're not going to reach the target audience of young people through ads on the 6 o'clock news. You have to get creative and reach them through TikTok and Instagram.

This is an ideal situation where we can pool our money. Commissioner Ledbetter said that she had some money for this issue, the Denali Commission can put money towards this, and I'm sure the University of Alaska has money they can add to the pot. We're all trying to find the same student, and we can direct them to one of our three portals. Our message has to be that our state needs you. It needs everyone to train, work and support our infrastructure into the future.

We not only need to train our workforce, but also retain them. We can do this through camps for students, such as construction camps, or a camp that teaches basic skills, what it means to go to a job, that kind of thing. There are several nonprofits that already do this type of thing. And we

have rural training centers. It's getting a group of people together, spending some money, and then figuring out how we're going to get all these kids to take these jobs.

Commissioner Pitney stated that we will either have to import our workforce or figure out how to get our young people to want these jobs. We show them the path. We have to appeal to our junior high student, our freshmen, and say, we will get you through high school and actively engaged so you can be part of this workforce because we're not very many people and we need every one of you.

Commissioner Hall stated that she signed up for the grant symposium April 12th, as she wanted to learn more about this infrastructure bill and how the grants will work. What will be required, what's the match, and so on. Commissioner Andreassen stated that there will be a discussion on workforce development during this symposium. Commissioner Pitney added that she has to be in Juneau during those days, but she has two people attending and presenting, Michelle Ryzeks (ph) and Terri Cothran (ph), in her stead.

Commissioner Hall added that in looking at the initial list of IJJA dollars, the first work will be dirt work, which is done by laborers, teamsters and operating engineers. While the apprenticeship programs for these three fields are getting full, we haven't really talked about water/wastewater and weatherization. Who will do that work in rural Alaska? So, more workforce development dollars would always be helpful in terms of the Denali Commission mission in particular. But in general, we have a problem.

Commissioner Pitney stated that usually we have about a year's notice that a project is coming. We have some time to get the trainers in there in advance of a project. The University may not be the best option, as it would depend on what we're training them on. If it's the Cisco broadband, we might be able to help with that. If it's dirt work or plumbing work, that may not be us.

Commissioner Kitka recommended that the Denali Commission send an inquiry to the regional tribal consortiums about partnering with them on matching workforce to the projects coming forward. We would execute memorandums of agreement and possibly push out some coordinating funds and let them do it. They know their villages, they know their workforce, they know their gaps. But also, it gets them involved. It's a partnership. We'd be doing contracts with mature contractors on that. They have a responsibility in their area, and they really care about the people in their communities getting these job opportunities.

Commissioner Pitney responded that this would be part of the promotion to get into the workforce and get the training necessary. Some strategy around that would be a good investment. And we could practice on a couple of places that we know other money's coming in, not necessarily IJJA money.

Commissioner Hall responded that we have a \$20 million dock going in at Cordova, with the RAISE's funds. And there's another one in Haines as well. Cordova is on the road system, and they're approved. Federal Co-Chair Boyle stated that the Cordova port project has been

approved, but they're struggling to find matching funds. And in general, due to costs increase, the \$20 million might not go as far as they thought at first.

Commissioner Hall stated that as she understands how local hire works in rural Alaska, it's not necessarily a path to a career. So, to Pat's point, the NOFO goes out to do a project in a specific community. It's a wastewater, it's an underground storage tank. It's something that's in our line of business, right? A medical clinic. I think historically what has happened is the people who bid on these contracts are generally 8(a)'s, associated with the 8(a)'s or it's some kind of a construction that's used to working in the community. Then they do a mixture of local hire, and they try to hire as many people from the community as they can. And then they bring in their labor force that works wherever they are based out of--Nome, Bethel, Kotz, Anchorage. And so, they have a floating work pool that works like that.

The downside of this is that these can be short projects where you don't have enough people on the ground in the community in a registered apprenticeship program. So, they're not getting a career. So, if you're not in a registered apprenticeship, you can't be working alongside a journeyman. Then you're just doing something on the job, but it's not working towards a career.

And so that's the rub of local hire in rural Alaska from what I know. The jobs that locals get hired for because it's short-term work, these are not career building skills, this is just finding people where they are and putting them to work where they are. And the main workforce that comes in is, by definition, relatively migratory since they move from community to community. It's probably, mostly based in rural Alaska. But they move around building in rural Alaska.

However, if you have a long-term project, say 2-4 years, like the building of the port in Nome, then you really could have construction workers who start in the apprenticeship program, whether union or non-union, and they start rolling through and there's going to be enough work there to get the hours they need to become a full laborer, a real plumber, a real electrician. Plumbers, electricians need 10,000 hours, which is not an insignificant amount. Alicia's nodding her head yes.

Commissioner Hall went on and stated that the broadband will be on another level. They will need to dig to lay down fiber optic cable, so it's hard for her to tell how that will turn out. And once we get clarity about water and wastewater and weatherization, I think there will be interesting conversations for training people in rural Alaska.

Federal Co-Chair Boyle responded that we do have a pretty good idea about water and wastewater because of all the funding that's going to ANTHC. There are 27 unserved communities that they are going to put water in. He's hearing from ANTHC that they will have \$1.8 billion worth of work over the next eight to ten years. His concern is after building it, you also need to hire and train local folks to maintain it. A key component of workforce development we need to be involved in as well.

He went on to ask the Commissioners if they wanted to increase the amount of funding allocated to workforce development over the million dollars proposed in the Fiscal Year 22 Work Plan?

And should we make the big infrastructure pot of money open to workforce development projects as well?

Commissioner Amberg responded yes to both questions. Commissioner Hall agreed as well. Commissioner Kitka said yes. Commissioner Gallagher stated that he supports it. Commissioner Andreassen asked where the money would come from.

Federal Co-Chair Boyle responded that it would come from the big pot of infrastructure money. Commissioner Pitney asked about the extra \$4 million. We want the concept of a loan program but \$4 million is not big enough for that.

Federal Co-Chair Boyle stated that we have two different paths. One, the year-by-year work plans that we have, we talked about maintaining the lines of effort for each program, so we'd have that line in the water. But then we'd create kind of an open, flexible pot to respond to needs that we could take some money from that and plug it into the workforce development.

We could certainly use the \$4 million here, if that's what you want. Commissioner Pitney stated workforce development with an emphasis on promotion and linkage. Commissioner Andreassen commented if we move funds around then open up the infrastructure fund to include workforce development in addition to infrastructure projects. Correct? Federal Co-Chair Boyle replied yes. The Commissioners agreed that idea works.

Federal Co-Chair Boyle stated that one idea he had for the unallocated \$4 million was to set up an emergency fund broken down as \$800,000 over five years. For example, if a village's washateria burned down, we have money available immediately to help them. If we don't spend all the emergency funds that year, we can roll that money into the next year's infrastructure fund or carry it into the emergency fund. We can add the unallocated money into energy, we can add it to village infrastructure, we can add more money into workforce development. It's entirely up to the Commission.

Commissioner Gallagher stated that he liked the idea of an emergency fund. He thinks there will be sticker shock in the communities when the barges show up and fuel prices are now twice what they were a year ago. That \$4 million is almost just planning for inflation and higher prices this year, in some respects. But if there are other types of emergencies that the Denali Commission needs to respond to, he would support those also. Commissioner Pitney agreed that sticker shock will be quite bizarre for some people this year.

Commissioner Kitka shared an idea that she thought might be considered between programs and emergency. She came across this when she participated in a round table discussion on search and rescue. She asked if commissioners remembered those Pilot Station hunters that got stranded for seven days. And it took a long time to get evacuated out and safe. But we spent a lot of time with the National Guard and others going through the elements of that. And one of the things she was very surprised to find out is that these search and rescues at the local level are all volunteer. But those search and rescues that are well funded have raised the money themselves and they top out having \$5,000 and then they're well-funded to pay for the fuel for search and rescue.

And she thinks that with the earlier freeze ups in the rivers and the salmon shortage and people moving to other sources of food on that, we're going to put a lot more stress on search and rescue in this environment. And the amount of money that is supporting the whole volunteer search and rescue is nothing. And she really thinks that it would be very worthwhile to see if we could even allocate \$100,000 or \$150,000 to support these volunteer search and rescues to beef up their capability with all the things that they're dealing with. It kind of falls in -- not quite emergency but at the local level it is emergency. So, just a thought.

Federal Co-Chair Boyle responded that we'll explore if we can actually do that or not. He assumes that the Commission could, but he will double check that. He thinks it's an interesting concept and thanked Julie for bringing it up.

Commissioner Pitney stated that not connected to budget, but to search and rescue is the drone development and commercialization. When we have a public service mission, we can run drone as beyond line of site testing. And so, to the degree that we begin to think about how to integrate search and rescue with our work to develop the beyond line of site safety protocols of drone flight. We're working with FAA and FCC to work on the protocols and the changes necessary that we can use Alaska as the place where we can get the first commercial beyond line of site work.

And search and rescue, supplies to villages, mining camps, coastal communities that might be cut off for whatever. It's all there. Actually, Merck is sponsoring a demonstration on sending medical supplies from one community to another community. If we keep in mind the opportunities within what we're doing, to be part of the test process of drones, that will get us to commercialization much sooner. Opens up so many avenues for our State. So -- not a separate budget line at all but just awareness.

Commissioner Kitka responded that's the type of innovation the Denali Commission needs to be known for in doing these partnerships. And Pat is absolutely right. Search and rescue using that drone technology to expand, them testing that out, we shore that up. I think we're going to be looking at another fish disaster. Or people moving around looking for food sources and ending up in the ocean in crafts not meant for the ocean. Those Pilot Station hunters did not get salmon, and so they were moving out in boats to go after beluga and seals in order to supplement their food source. And that's where they got caught up in the freeze ups too fast and boats couldn't handle that.

If we could shore up the system that works to help to save people's lives -- and it's simple things such as marking trails so that people know which direction to go during a storm, fuel the volunteer search and rescues by funding their small budgets on that. And then to also expand drone capability to these search and rescue efforts--that would save lives.

And she thinks the Denali Commission would want to have some innovation going on, not just running programs. There would be a lot of interest in that. But that beyond line of site, she thinks if we could stimulate, maybe even fund a pilot in one region with that, she thinks we'd get a big reception. A positive reception from the communities.

Commissioner Pitney responded why don't we connect the regional group with the drone program, at a minimum. Or even have a session with this group on that.

Commissioner Kitka responded that beyond search and rescue, maybe we ought to consider setting aside some resources for innovation and innovative approaches and testing out new models of collaboration. She thinks given all the pots of money we have all over, we want to be incentivizing people to come up with better ways to collaborate, ways to stretch resources, ways to pull together other private sector, foundation funding, other things on that. Maybe we ought to think of in the terms of an innovation fund.

Commissioner Hall asked if this could be part of the rubric that moves you up the scoring platform to be funded for infrastructure projects. She likes Julie's idea, but she also thinks there should be a component where we score projects that are more innovative in a way of organizing the resources or a new way of doing something. For example, there are people who are going to be working in Nome and trying to link into the eventual construction on the Nome Port. She thought it was clever that people are aware that something big is coming and they are going to hook onto the big thing and try to leverage it for more. It's valuable.

Federal Co-Chair Boyle thanked Pat for bringing this up. Not only is it a good match for some of the issues that Julie's talking about, but it's a long-term economic development item for us to explore as well, which fits our mission. And, Joelle, we can certainly explore ways to tie innovation into our grant scoring rubric and just see where that goes. On to our next question.

Question 3: What do the Commissioners think about a five-year long spend plan?

As Federal Co-Chair Boyle explained, most other agencies are getting their money on five years. So, if we're going to try to match up all the other money that's coming into the State and provide matching funds for their grants, having a similar time frame to spend our funding made sense to him. However, he wanted feedback from the Commissioners.

Commissioner Pitney stated not more than five years. And all the other Commissioners agreed with Federal Co-Chair Boyle's proposal.

Federal Co-Chair Boyle stated that he was done with his questions for the Commissioners and opened the floor for any other questions or comments from the Commissioners.

Commissioner Kitka asked Commissioner Gallagher if the Governor might be willing to put state money into the Denali Commission? Because the Denali Commission is a federal-state partnership Why not have the State put some money in too?

Commissioner Gallagher responded that the Governor is very interested and open to the State adding funds. Last legislative session we wrote over \$15 million of our federal highway authority over to Denali. And I think we might have finally have the MOU done on that with Garrett.

We have discussed kind of an infrastructure pot of money. Whether that stayed with the state, whether it went to AML, or whether it went to the Denali Commission. Those ideas have been bounced about.

So, Julie, to answer your question, yes, we'd be really interested in the State of putting some money to Denali Commission, especially if there are some things that the Governor knew were priority items that Denali could kind of move quickly on, I know that that would probably be well received.

Commissioner Gallagher continued that he wanted to brief everyone on the fact that they've been having a lot of good conversations the Senate Finance Committee. They have an interest in creating an Office of Infrastructure or kind of an office of infrastructure investment that can be a point of synchronization and coordination to make sure the logistics of things are lined up. So, as we go to the implementation side of this from State's perspective, I think that's a piece that policy makers are interested in focusing in on as well.

Commissioner Kitka thanked Commissioner Gallagher and stated that she thinks this is one of those unique times where the State can step up and then Garrett can deploy it.

Federal Co-Chair Boyle added that funds coming directly from the State are much easier to work with than the excessively long process they've been dealing with through Federal Highways. However, we're very close to getting done with the process, and we're told that money should actually be transferred over to us this month. Hopefully, we can start moving that out the door in our version of a unified NOFO that we're looking at in April.

Commissioner Kitka suggested that the Denali Commission write a letter to the Governor and tell him about the different programs we are funding to see if he could either match fully or at least 50% to make the dollars stretch more. And then when we push the funds out to the communities, it takes care of the State's portion of doing it and also gives the State credit of being a partner in funding that too. But we just use the same system. We just have more resources in each of those buckets. I think that would be something reasonable to ask the Governor about.

Commissioner Gallagher responded that both the Governor and several legislators either bring up in committee or ask him if there's an opportunity for a community as a project. If the Commission came forth and said, here's three or four projects that we want to do and we want to partner with the State to do it. So, if the state would kick in whatever amount of dollars and the Commissioner has funds allocated, that would be a helpful thing. The Governor would be interested in that discussion and bring that to legislative leadership and say, let's try to find a way to do this.

Commissioner Kitka asked Garrett if he could set up that phone call and pull together our top two or three projects so the State can help stretch our dollars. Garrett responded that he'll have something ready by Wednesday for Commissioners to review.

Commissioner Kitka added that she thinks the Governor really would be open to ideas. And the

more he understands what the Denali Commission is and how it is a federal-state partnership, how he's got somebody there co-chairing that we'd be surprised at how willing he would be. She thinks it would be great. She also asked that Denali Commission staff provide a matrix of all the things that the Denali Commission has funded historically. Sharing this with the Governor would give him an idea of the depth of projects that the Commission funds across the state.

Commissioner Pitney shared that she is trying to recruit someone for the University who is aware of what the university can do, aware of the State as a whole, and yet analyze the bill and linking the capacity here with partners and connections made through the Denali Commission. Garrett asked Pat to send her person his way when she's onboard.

Federal Co-Chair Boyle thanked the Commissioners for attending today's meeting. He received some very valuable feedback from them. Based on today's discussion, they will re-draft the work plans and present them next week for the Commission's approval.

Federal Co-Chair Boyle adjourned the meeting at 5:28 p.m.