

Denali Commission

Quarter 1 Commissioner Meeting

Via Microsoft Teams

Anchorage, Alaska

March 17, 2025

Minutes

Present:

Commissioners

Julie Kitka, Federal Co-Chair

Joelle Hall, Commissioner

Alicia Amberg, Commissioner

Nils Andreassen, Commissioner

Pat Pitney, Commissioner

Benjamin Mallott, Commissioner

Staff

John Whittington, General Counsel

Jocelyn Fenton, Director of Programs

Anne Stanislawski, Administrative Officer

Call to Order

Recording started at 12:56 pm AKST

FY 26 Draft Work Plan

Jocelyn Fenton, Director of Programs, Presented the FY 26 Draft Work Plan.

The FY 26 Draft Work Plan has shifted to broader, more flexible categories. The aim was to reduce siloing and better align our priorities with our statute.

Commissioner Joelle Hall called a motion to approve the FY26 Draft Work Plan, which was seconded by **Commissioner Nils Andreassen** and approved unanimously.

Federal Co-Chair Julie Kitka asked for further comments.

Nils Andreassen, in summary, added that "critical infrastructure" was one of the terms frequently used during the COVID pandemic. The draft plan has replaced the term "critical" with "public." He added that the work plan could shift from "public" to "critical" for both infrastructure and housing, as well as health and safety. **Commissioner Andreassen** also inquired about the "vision" for cybersecurity.

Julie Kitka, in summary, responded that the additional deployment of broadband and satellite coverage, as well as the ways people utilize it, will make a difference. We want to ensure that our critical infrastructure is protected against hacks and cybersecurity threats, which can compromise technology and its underlying infrastructure. However, also considering the community's needs to protect themselves in this new environment and line up partners that can work with us; it's an extensive area, Cybersecurity; we don't have a detailed plan on what to do, but it's a growing partnership that could happen with Homeland Security and others. That area is not going to go away. It's just going to grow.

Nils Andreassen, in summary, added that the expansion of broadband and satellite coverage is essential, but it must be paired with strong cybersecurity to protect infrastructure from threats. While there isn't a detailed plan yet, there is potential for partnerships, possibly with Homeland Security, to address these challenges. Cybersecurity is a growing, ongoing concern that must also consider community needs.

Julie Kitka, in summary, suggests that including this in the approved work plan could help attract partnerships with federal agencies, such as Homeland Security, to support areas where resources are lacking. Having it formally recognized may make it easier to secure agency transfers and fill resource gaps.

Commissioner Pat Pitney, in summary, it's a good idea to broaden the categories and allow flexibility to respond to opportunities and leverage additional funding. The concept of agency transfers is also valuable and worth considering.

Julie Kitka, in summary, the goal is to be bold yet cautious, strategically pursuing growth and new funding for the Denali Commission while staying aligned with executive orders and state direction. This approach ensures the agency is perceived as credible and essential rather than an outlier.

Nils Andreassen, in summary, has concerns about a recent executive order that eliminates non-statutory functions in some government entities. The question is whether the Denali Commission's plans align closely enough with existing law, suggesting that they may need to establish a more substantial legal basis for their actions.

General Counsel John Whittington, in summary, we recently responded to an executive order asking about the statutory basis for our work and how programs align with the law. Using last year's detailed work plan, we were able to tie all activities back to our statute, either directly (in the areas of water, energy, and transportation) or through broad language that supports rural development and infrastructure. The Denali Commission is confident that the current plan aligns well with legal requirements.

Jocelyn Fenton, in summary, during the reauthorization process, there was an effort to explicitly include the energy reliability and security program in the statute rather than relying on broader categories such as power and transmission. While it wasn't specified exactly as hoped, it's still covered. Overall, I believe the connections between our work and the statute are clear and should hold up under scrutiny.

Julie Kitka, in summary, we responded to the executive order on reduction in force and reorganization and are now awaiting further guidance from OMB for the next version of our submission.

Nils Andreassen, in summary, while reviewing the Denali Commission Act, I noticed that Section 304 states the Commission should solicit project proposals to develop the work plan. Is this currently being followed, or does the Commission instead define priority areas first and then request proposals?

Jocelyn Fenton, in summary, the work plan is informed by data and metrics from recent funding opportunity announcements (FOAs), especially since the unified FOA began in FY 2022. Previously, due to limited funding, the Commission had focused only on a few core programs, such as energy and infrastructure protection. Now, with the potential for increased funding of up to \$35 million, the work plan is being shaped by recent FOAs, and there may be a need to meet and decide how to allocate those funds. Fortunately, the Federal Co-Chair has the authority to reallocate funds as needed.

Julie Kitka, in summary, The Denali Commission previously solicited ideas for the work plan, which raised unrealistic expectations. When funding decreased significantly, there were even discussions about turning it into a simple grant program. The current approach is more measured to avoid overpromising. If funding increases, the Commissioners will need to carefully manage discretion and expectations, particularly in new areas such as the Housing Authority, where no resources currently exist. Any expansion should be conservative and closely aligned with the statute to avoid backlash while still allowing public input without raising false hopes.

Joelle Hall, in summary, is concerned about unspent funds listed in a report, noting that some awards have ended but still show remaining balances. How does the federal government perceive this, and what happens to those leftover funds, especially when the amounts are significant?

Jocelyn Fenton, in summary, due to being short-staffed, we haven't yet processed no-cost extensions for some project awards. Despite the award end dates, the funds are still considered obligated by the Treasury. There is a rule requiring action, typically within one to two years after an award expires, to address or clear up those obligations.

John Whittington, in summary, under federal regulations (likely 2 CFR 200), agencies typically have up to a year after a project closes to finalize and close out awards. This may include de-obligating leftover funds, which are then returned to the Commission's accounts and marked as available for future obligations. Finance staff track the original funding source so the funds can be properly reused through future awards or contracts.

Jocelyn Fenton, in summary, with only four program managers overseeing over 200 awards, projects that have expired will either be de-obligated or extended if justified. The award list is meant to show the volume and types of projects, and all spending data is publicly reported. We are developing new one- to two-page program summaries, starting with energy reliability, bulk fuel, and housing, to showcase impact, funding, and communities served, aiming to highlight the Commission's work over the past 25 years.

Julie Kitka, in summary, there are two main funding risks: frozen transfers from other agencies (pending resolution by those agencies per our guidance) and the possibility of a deep review of our database using external tools, which could trigger further scrutiny. We are working to show that the Denali Commission is efficient and aligned with federal priorities to avoid such reviews. Despite the uncertainty and ever-evolving guidance, our team is actively managing grants, reallocating funds, like \$24 million in bulk fuel storage, and adjusting administrative resources to prevent unused funds from being reclaimed.

Jocelyn Fenton, in summary, while we considered using the remaining \$24 million from IJA for a bulk fuel proposal, we've currently set it aside through a journal entry to reserve it for the upcoming FOA. We'll revisit if a separate action is needed to preserve the funds for their intended purpose.

Nils Andreasson, in summary, pointed out that there's \$172 million in outstanding funds, ten times the Commission's annual budget, making it a significant management challenge. Some awards date back to 2015, with delays from certain state agencies. He suggests identifying repeat offenders. There has also been no broadband investment since 2023, so future work in this area may require new skills. Energy remains the most significant funding category, while economic development awards are relatively small. Comparing average award sizes across categories helped to provide a better understanding of funding distribution, and it was noted that there was a wait for THUD (Transportation, Housing, and Urban Development) funding.

Nils Andreassen, in summary, the points discussed contribute to shaping the categories in the work plan. Although there are no significant takeaways, the Commission needs to remain aware of the status and progress of outstanding awards. This is not to suggest any changes at this point but rather to emphasize that it's something worth monitoring.

Julie Kitka, in summary, I appreciate the issue being raised and fully agree. If there are completed grants still pending, it's important to review the oldest ones, going back 10 years, and determine the next steps. It may have been overlooked over time, but it doesn't make sense to let it continue. The Denali Commission is committed to reviewing the situation and returning with a plan that won't be ignored.

Commissioner Alicia Amberg, in summary, asks Commissioner Andreassen whether DOT is a major offender when it comes to agencies not moving funding or acting on awarded projects at the state level.

Nils Andreassen, in summary, answers no and says it's Alaska Energy.

Jocelyn Fenton, in summary, some of the older projects will be closing soon, especially those with the Alaska Energy Authority, as they've updated their indirect rate and now require closing out old awards and moving to new ones for better accounting. Many of these older projects involved maintenance and improvements, expanding existing work by adding communities to service networks. It's one of the older awards that should be closed and reallocated under the new 30% or higher indirect rate.

Nils Andreassen, in summary, how will that affect their budgets and the work that they perform?

Jocelyn Fenton, in summary, Organizations that establish a modified indirect cost rate, such as the Alaska Energy Authority, account for the broader costs of managing a project, including leadership, administrative, and support staff not directly billed to the project. Indirect costs can be significant; for example, universities may have rates as high as 50%. With the recent update to 2 CFR 200, effective October 1, the de minimis rate increased from 10% to 15%, which impacts budget negotiations by allowing recipients to claim more indirect costs—potentially reducing available funds for direct project work. Balancing this is an ongoing challenge.

Nils Andreasson, in summary, does the Denali Commission's policy allow all grantees to renegotiate those terms retroactively?

Jocelyn Fenton, in summary, yes, if they request it.

John Whittington, in summary, circling back to Commissioner Andreassen's question about soliciting project proposals. For the past 7 to 8 years, after the Commissioners' initial review and approval of the work plan, the Commission holds an Alaska-specific public comment period before submitting it to the Federal Register. This extra step, though not required by statute, was added because the Federal Register rarely generated meaningful local feedback.

The Alaska comment period invites input specifically from Alaskan residents, communities, and organizations through email, written comments, and phone calls. These comments are then shared with the Commissioners, who can decide whether to revise the work plan before final approval. This process helps fulfill the statutory intent of engaging local entities, even though it doesn't formally solicit project proposals. This step will follow any vote to approve the current work plan.

Julie Kitka asks for additional comments.

Nils Andreassen, in summary, appreciation to the staff, especially Julie, for all the hard work and time put into this effort, as well as for managing everything else on our plates.

Julie Kitka, in summary, A motion to adopt the work plan and move it to the next stage would be appropriate, pending agreement from the Commissioners. Moving forward quickly is important due to uncertainties with how the Secretary of Commerce and the current administration may respond. The Commission can engage with the public by hosting consultations or public Zoom meetings to solicit recommendations from communities and organizations. A particularly valuable topic would be identifying regulations that align with this administration and focusing on those that should be changed, modified, or withdrawn, especially those that create barriers. This aligns with the

administration's priorities and provides insight into community concerns while also managing expectations about available funding. The motion is then called to a vote and seconded by Commissioner Hall. The motion passed unanimously.

Julie Kitka, in summary, will provide updates on feedback from the Office of Management and Budget (OMB), the Department of Commerce, and the administration regarding the Commission's status and work plan. If necessary, the Commission is prepared to develop alternative plans.

Nils Andreassen, in summary, suggests using the upcoming Infrastructure Symposium as an opportunity to hold a listening session with Alaskans to gather input on removing burdens or barriers. There is also the option of holding such a session virtually at a later time.

Julie Kitka, in summary, supports holding a session at the Infrastructure Symposium to gather public input, particularly on issues such as access to resources. In discussions with OMB, access to resources was seen as a key component alongside military, security, and civilian infrastructure. Many people would likely voice concerns about regulations that need to be changed, making the proposed workshop especially valuable.

Provides an update on the dual-use charter workgroup, co-chaired by Major General Torrance Sachs and Josh Reback. The group is being formed and has received a draft to begin work, with the first meeting to be led by General Sachs, who is focused on addressing state priorities, particularly in terms of access to resources.

Commission members will be notified about meetings and are encouraged to attend or provide feedback. This group has the potential to drive funding and identify priorities; however, some issues may be overlooked without broader input.

The workgroup will be a six-month-long committee and will not be authorized to speak on behalf of the Denali Commission or to the press due to the sensitive and volatile nature of the topic. The dual-use concept is not exclusive to this group; others may also pursue their initiatives. There is growing interest in the subject, particularly from state legislators.

Commissioners agreed.

Julie Kitka, in summary, we're still in the process of putting together the **Technology and Innovation** working group. I need to identify a chair and co-chair for that.

As for our **Efficiency Models** working group, we're exploring compacting, examining multi-year compacts, interregional and statewide models, and how they might hold up under the new administration. A new executive order was released today regarding tribal sovereignty that references compacting in a negative light, and we need to be thoughtful about how we frame it.

Instead of saying compacting is good just because it gives tribes the flexibility to use funds however they want (which this administration may not support), we will emphasize that compacting represents a meeting of the minds between the government and tribes, agreeing on goals, resource use, and a results-based approach. That narrative is going to be much more effective.

Jocelyn Fenton, in summary, emphasizes the significant potential in resource development and the importance of keeping this in mind when speaking with your member organizations. The Denali Commission's focus on public infrastructure can be a powerful partner to industrial development. Working together, the two could make resource projects more appealing to communities while also delivering the needed services.

Real improvements: barge landings, roads, power, and transmission. For example, we met with Donlin Gold last week and brainstormed about the pipeline they're planning from Southcentral to the Crooked Creek area. There is extra capacity in the 14-inch line they're permitting, which could open doors for energy access in the region, perhaps through feeder lines, a regional utility, or even transporting liquefied fuel by river. It's a big opportunity for the Kuskokwim area, and energy access like this can transform rural economies.

Consider how the Denali Commission can support infrastructure, such as access roads or utilities, that align with industrial efforts. Another example is Santos, which has a dual-use boat launch serving both their operations and local resource needs.

I'm energized by these conversations and the possibilities they bring. We'll be meeting soon with the Alaska Forestry Association and the Resource Development Council, continuing to raise awareness about the Denali Commission's work and how we can help move rural Alaska forward.

Julie Kitka, in summary, I take the Trump administration's executive order on Alaska resources very seriously. They appear to be fully committed to prioritizing development in Alaska. The administration is likely to put significant resources behind it. This could be a unique opportunity to advance infrastructure projects in transportation, energy, and other areas, which may not be feasible at other times. Therefore, it's wise for us to consider how we can contribute to advancing things while this opportunity remains available.

Meeting adjourned.

