

JOINT HOUSE & SENATE FINANCE COMMITTEE  
February 11, 2003  
1:39 P.M.

TAPE HFC 03 - 16, Side A  
TAPE HFC 03 - 16, Side B

CALL TO ORDER

Co-Chair Harris called the Joint House & Senate Finance Committee meeting to order at 1:39 P.M.

MEMBERS PRESENT

Representative John Harris, Co-Chair  
Representative Bill Williams, Co-Chair  
Representative Kevin Meyer, Vice-Chair  
Representative Eric Croft  
Representative Richard Foster  
Representative Mike Hawker  
Representative Carl Moses  
Representative Gary Stevens  
Representative Bill Stoltze  
Representative Jim Whitaker

Senator Con Bunde  
Senator Lyman Hoffman  
Senator Donny Olson  
Senator Ben Stevens  
Senator Lyda Green  
Senator Gary Wilken

MEMBERS ABSENT

Representative Reggie Joule

Senator Alan Austerman  
Senator Lyda Green

ALSO PRESENT

Representative David Guttenberg; Representative Carl Morgan;  
Representative Ralph Samuels; Jeff Staser, Federal Co-Chair,  
Denali Commission; Yuri Morgan, Legislative Representative  
Denali Commission; Rachel Petro, State Co-Chair, Denali  
Commission, Office of the Lieutenant Governor; Tessa Delong,  
Graduate Intern for the Denali Commission; Joe Cladouhous,  
Norton Sound Health Corporation; Steve Agloinga, Norton  
Sound Health Corporation; Emily Hughes, Norton Sound Health  
Corporation; Helen Pootoogooluk, Norton Sound Health  
Corporation.

PRESENT VIA TELECONFERENCE

There were no teleconference participants.

GENERAL SUBJECT(S):

**OVERVIEW:  
DENALI COMMISSION**

The following overview was taken in log note format. Tapes and handouts will be on file with the House Finance Committee through the 23rd Legislative Session, contact 465-2156. After the 23rd Legislative Session they will be available through the Legislative Library at 465-3808.

LOG	SPEAKER	DISCUSSION
		<b>TAPE HFC 03 - 16, SIDE A</b>
000	Co-Chair Harris	Convened the Joint House and Senate Finance Committee meeting at 1:40 P.M. He noted the handout provided by the Denali Commission. (Copy on File).
		<b>DENALI COMMISSION</b>
006	JEFF STASER, FEDERAL CO-CHAIR, DENALI COMMISSION	Introduced Yuri Morgan, Legislative Representative for the Denali Commission.
032	YURI MORGAN, LEGISLATIVE REPRESENTATIVE DENALI COMMISSION	Stated that he had been assigned to the Denali Commission in order to represent the Legislature's interests in the business and programs of the Commission. He added that it was the intent of the meeting to outline what the Denali commission does. He added that he and Mr. Staser would leave a large block of time for questions and answers.
153	Mr. Staser	Described how the Denali Commission was achieving accountability.
227	Mr. Staser	Introduced key staff person, Rachel Petro.
307	RACHEL PETRO, STATE CO-CHAIR, DENALI COMMISSION, OFFICE OF THE LT. GOVERNOR	Explained that her job was to act as a resource for the State within the Administration and that she would be working to make the Commission more of a State program.
354	Mr. Staser	Reiterated the role that Rachel plays for the State of Alaska. He introduced Tessa DeLong, Ketchikan.
414	TESSA DELONG, GRADUATE INTERN FOR THE DENALI COMMISSION	Explained her role with the Commission working in problematic areas and most specifically with the health care and economic development.
445	Mr. Staser	Provided information on the Commission, which is a federal/state partnership.

		The Commission was created in 1999 as a result of legislation drafted by Senator Stevens in 1998. The law provided for five statewide organizations to participate as voting members along with the two co-chairs, one State and one federal. He referenced the slide shown. The Commission has been pursuing the principle themes of energy and health.
536	Mr. Staser	The Commission has completed or under construction 50 health clinics. He noted that there are principles which the Commission will be accountable for: <ul style="list-style-type: none"> <li>• Effective and efficient</li> <li>• Implement policy</li> </ul>
607	Mr. Staser	Referenced the Denali Commission's website. (Presentation & slides provided to Committee only). He noted that any person in the State could access the web site. He walked members through on how to use the site. Logging on to the site and entering the 'public reports'.
652	Mr. Staser	From the database, every project that the Commission is involved with is indicated. He suggested 'clicking' on the project map referencing the project charts. Mr. Staser explained how to zoom into map areas.
805	Mr. Staser	Data is populated by the State database. Each project is presented with the status of the project is represented in the database.
1006	Mr. Staser	Denali Commission has helped train many people for jobs. He referenced the "report by the Committee" icon indicated on each site.
1109	Mr. Staser	Referenced the 'Performance Indicators'. The same thing indicated to the federal government is reported and available to each and every citizen. He emphasized that all this information is available to everyone who can use a computer. He stressed that this is what 'accountability' looks like.
1201	Mr. Staser	Pointed out that partner agencies are checking on the plans, which is the future of the program.
1229	Mr. Staser	Referenced the "project reports" icon.
1254	Mr. Staser	Explained how to print the reports.
1347	Mr. Staser	Mentioned that using the site makes accessing any report easy.

1405	Representative Foster	Noted that Joe Cladouhous from the Norton Sound Health Corporation was present at the meeting. Mr. Cladouhous introduced the members of his agency.
1501	Mr. Staser	Explained that some of the projects were 'sub-casts' of the larger projects and each was separately funded. He explained that the program was created as an Excel sheet but it could be downloaded as a file.
1603	Mr. Staser	He demonstrated other features of the 'Program Icon'. The program update will provide the monthly information.
1656	Mr. Staser	The report indicates the one person responsible for everything in the energy area. All partner agencies are listed such as Alaska Industrial Development Export Authority (AIDEA) and Alaska Village Cooperative (AVC). He noted that they have requested proposals with other partners in that entity can help to deliver quicker and cheaper. In order to guide what currently happens at the Denali Commission, there are policy-guiding groups. He emphasized that the projects are not prioritized.
1800	Representative Stoltze	Asked about resources of the Commission going toward communities with economic distress issues.
1844	Mr. Staser	Stated yes. The law indicates that the word 'rural' should not be defined. It is important to look at the federal rationale for becoming involved. Each program has its own distress criteria. He asked if it would make cost effective sense for a primary health clinic. He noted that there is a steering committee for health concerns. That Committee lays out the guidelines regarding clinics. He emphasized that there are projects underway in all the cities in Alaska.
1948	Mr. Staser	He noted that the Commission is dealing with the challenge of how to prioritize the next power line extension. He asked what the criteria should be. Until that criterion is established, the Commission will be 'stumbling' in that area. The Commission should not be deciding where to put the next power line extension; that should be a State or regional plan. The Commission attempts to do well in whatever they do. The eligibility is there and the Commission guides the

		action taken. The five commissioners are non-State, non-federal employees.
2041	Mr. Staser	Continued, Each of the staff, on the program side is borrowed from an agency. The Commission's overhead rate is about 2% and 98% of the money goes into projects. When a staffer arrives on the team, they each have individual capacity that is unique to them. He noted that Mr. Morgan was the program manager for everything that has to do with 'access'.
2131	Mr. Morgan	Noted that there is a question that the Commission often receives regarding assistance. The delegation in Washington D.C. has asked that access and transportation is something that the Legislature can address. The Commission's response is if that is needed, then the State will do it. To date, an allocation is in the basic information-gathering mode. The goal is to understand what opportunities exist for the Commission to participate in access. Access means land, sea & air.
2248	Mr. Morgan	Discussed that the Commission has identified the community needs and has met with various agencies and departments. He added that they have asked many people what should be needed in the State of Alaska. He noted that there are four issues, which have resulted. <ul style="list-style-type: none"> <li>• Authority</li> <li>• Privatization</li> <li>• Delivery</li> <li>• Sustainability</li> </ul>
2351	Mr. Morgan	Noted that Senator Lisa Murkowski last week created a bill authorizing the Denali Transportation System. That would authorize a funding level in the bill that Department of Transportation & Public Facilities currently gets. He advised that the Denali Commission had gone to many interested parties to determine how they feel about the language of that bill and how it should be changed or modified.
2444	Mr. Morgan	Reminded members that the Denali Commission is a federal agency.
2525	Mr. Morgan	He added that the final decisions are up to the communities and the Commission.
2538	Mr. Morgan	Addressed forthcoming issues.

2550	Co-Chair Harris	Inquired how the issues of sustainability are determined.
2558	Mr. Morgan	Replied that when something is built, it must be determined how much it will cost to build but also how much it will cost to operated and maintain. He asked how to determine who would take care of the structure and where that money would come from. The guidelines need to be adapted.
2636	Senator Bunde	Questioned the relationship of Mr. Morgan and whom he works for.
2665	Mr. Morgan	Explained he works for Legislative Audit, Representative Samuels and that he was paid through the Legislature. He noted that he works with the Denali Commission because the Legislature believes that the Commission 'is a good idea'.
2727	Senator Bunde	Did not remember that position being funded by Legislative Budget and Audit (LBA) Committee previously. He commented that Mr. Morgan was a 'Liaison' and also working for the Denali Commission.
2750	Mr. Staser	Responded, referencing a slide indicating the position currently held by Mr. Morgan. He emphasized that the Denali Commission needs input from the State in order to undertake the needed projects.
2832	Mr. Staser	He noted that Creg Johnston was the previous staff member working for the Commission. There are additionally, nine federal staff members located throughout the State. He noted that Mr. Morgan keeps tracks of all the work done by the Commission in the State. The permanent staff positions are hired and fired through the federal Co-Chair.
2944	Mr. Staser	The program 'stuff' is not federal work. If the State policy is to have Davis-Bacon wages required, then there will be fewer clinics as there is a funding ceiling, which includes cost and labor combined.
3030	Mr. Staser	He emphasized that the role of the Legislature has been invaluable for the Commission to do the correct thing.
3044	Representative Foster	Noted that when session began this year, he requested an update of what the Commission was doing and that Mr. Morgan came to his office and outlined all the Commission's projects.
3113	Mr. Morgan	Added that his role could be defined and that it is not static. He reminded members that he did work for them.

3124	Senator Bunde	Noted that not only was he working as a Legislature Liaison but that he was assigned also to other projects.
3143	Mr. Morgan	Responded that his loyalty was work as the Legislature Liaison.
3153	Mr. Staser	Noted that it was a 'secondary' duty that provides focus. He added that the position brings together various State interests. Mr. Morgan is doing essentially staff research in order to determine State priorities.
3241	Representative Hawker	Pointed out that Mr. Morgan's primary role was to do whatever the Legislature chooses him to do. Otherwise, he will address the larger activities of the Denali Commission. He conceded that it was a well-structured line of authority.
3338	Mr. Staser	Stated that the Denali Commission wants to be a learning and responsive agency. He referenced the performance indicators.
3410	Mr. Staser	Referenced the website and the monthly reports. Program updates, hit the subscribe button and insert your email address and then every month you will be updated.
3455	Mr. Staser	Advised that there is so much going on within the Commission. He stressed that this is a unique partnership between the federal and State government. He acknowledged the amount provided through the non-profits. Mr. Staser noted that the Commission cannot do the work alone. The strength exists within the collaborative efforts of all entities involved.
3607	Mr. Staser	Commented on the number of people that have been to Alaska and support the work of the Denali commission.
3633	Co-Chair Harris	Asked about the rural road situation and the Denali Commission's access to minerals and energy projects.
3657	Mr. Staser	Stated that there is nothing that prohibits that from happening now if it is consistent with the federal law that provides the funding.
3719	Mr. Staser	Added that the new legislation currently introduced on the U.S. House Floor to fill gaps within the federal system. Some standards are only appropriate for the areas that they are in and would not be appropriate for rural Alaska. He asked if there is something that needs to be done that no one else can do. He

		noted that they do not have a program yet to address the fundamental needs in Alaska. There are a lot of common interests and looking the Commission is looking for the common ground. There is no indication that Congress will be funded at the authorization level proposed by the U.S. Senate.
3850	Mr. Staser	He noted that they are currently basing staff on the possibilities of the "what if's".
3906	Representative Foster	Noted the gradual decrease in the State general fund match monies. He validated the work provided by the Commission over the years. He stated that it was the only thing that has provided "hope" for rural Alaska. He asked the future of the program.
3945	Mr. Staser	The federal FY04 budget has not yet been released. All those numbers are operating under last years proposed budgets. Every single regional authority throughout the US has been cut. The budget that the President requested for the Denali Commission is \$63 million dollars. The present budget proposal has been forwarded to Congress. He noted that Senator Stevens has been held hostage over this proposal for many years. He reiterated that the President's budget was fair based on his budget priorities.
4123	Mr. Staser	Continued, if the U.S. goes to war, we cannot count on federal money. The State cannot count on federal funds and the State needs to get into a sustainable economy. If there was a plan, the State could execute it. He spoke to the public infrastructure to create economic opportunities. It is important to drop the cost of power to help the communities, and get the workforce development issues under control.
4224	Senator Wilken	Thought that that there is not a way to have multi year funding to avoid the appropriation angst.
4243	Mr. Staser	Replied that was correct. Currently, the Commission does not have multi year funding. It has been requested.
4252	Senator Wilken	Asked about the status of the T-21 authorization for service transportation.
4306	Mr. Staser	That bill is in draft form in the House of Representatives. It is the largest

		Committee in the Congress. There are many people that have to come together to make it work. There must be agreement and acknowledged that the staff is working with the draft of the bill.
4330	Mr. Morgan	Added that this is just beginning. The State can only provide input at this time.
4349	Mr. Staser	Interjected that the staff needs to get all their comments in by the end of month.
4402	Senator Wilken	Asked if that would continue to be at six years, \$400 + million dollars.
4416	Mr. Staser	Replied that the bill was for a six-year authorization. Within that bill, if the money is coming from the Highway Trust Fund, it is inherent that the appropriation will come with the authorization.
4444	Senator Wilken	Asked if there was anything that the Legislature could do to help with that effort.
4455	Mr. Staser	Replied that there is a model for how that works in other parts of the country.
4522	Mr. Staser	Added that in the absence of a plan, it makes it more difficult for the federal delegation.
4538	Senator Wilken	Suggested that was what the Legislature should be working on.
4550	Mr. Morgan	Added that before there can be a plan assembled, everyone should be 'working off the same page'. He noted that they are working with Department of Transportation & Public Facilities in that regard. They are the largest agency database of information. The challenge is to gather all lists from each page.
4634	Senator Wilken	Listed the four categories of focus: <ul style="list-style-type: none"> <li>• authority</li> <li>• project prioritization</li> <li>• delivery</li> <li>• sustainability</li> </ul>
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4700	Senator Wilken	Commented that the presentation had been well prepared.
4616	Mr. Staser	Pointed out that the packet contained a map of the United States with a map of Alaska super imposed over the top of it indicating the transportation risks.
4520	Co-Chair Williams	Mentioned the access system and how that it could affect the Alaska ferry system.

4452	Mr. Staser	Noted that the Commission does not use the word 'transportation' but rather the word 'access' to get every citizen access to whatever citizen should have access to. He noted that the Commission depends heavily on the Department of Transportation & Public Facilities and the non-profit groups that represent some of the Native communities to get the issues on the table. The State of Alaska already has several plans completed.
4335	Senator Bunde	Asked about the Commission's funding summary.
4242	Mr. Staser	Reviewed the Commission's funding summary. Base funding comes from the federal government. There is an automatic funding source managed by the U.S. Coast Guard from the Trans-Alaska Pipeline Liability Fund. Discussed the USDA Rural Utilities Service funding and he added that the Environmental Protection Agency (EPA) funding was new.
4021	Mr. Staser	Observed that another chart had been added demonstrating the matching funds. He emphasized a need to be fiscally responsible.
3933	Senator Bunde	Observed that the total funding is a little over \$200 million dollars. He reminded members that future federal dollars is not guaranteed. He was concerned with unrealistic expectations throughout the State.
3822	Mr. Staser	Stated that the Commission shares that concern. He referenced the unfunded federal mandates to create underground fuel tank storage. He added that the Denali Commission was going to try to do 172 bulk fuel projects.
3718	Senator Bunde	Questioned what enforcement and the transferring of ownership meant.
3704	Mr. Staser	Explained that sometime training is needed to allow communities to get their tanks up to standard. Sometimes communities are encouraged to band together for economy of scale projects. He questioned what the State would do to drop the insurance cost to the facilities so that the communities can afford to operate them.
3534	Mr. Staser	Observed that the Commission is currently looking at what constitutes a sustainable community.
3503	Senator Hoffman	Asked what is being accomplished. The

		goal is to allow people to be more self sufficient and responsible. The Denali Commission is allowing people to do that. The driving force is to sustain projects. He pointed out that there has been a lack of emphasis on maintenance.
3329	Representative Foster	Recalled that during the late 1980's, large projects would occur in the rural areas, where the contracts would be won and operated by out-of-state entities without a local hire. He emphasized the changes that had been made by the Commission toward local hire.
3214	Mr. Staser	Pointed out that there is a balance between financing and the results. Life cycle projects are important. Research and development are critical components. He admitted that the question should be asked whether we are using our resources to our greatest advantage.
3045	Senator Wilken	Requested information on the efforts to address water and sewerage concerns.
3012	Mr. Staser	Observed that the Commission does not handle village safe water. The management team of the Village Safe Water is doing a good job at identifying lessons learned over the past couple years. However, the water sewage systems are not built in concert with a sustainability plan. Currently, there is a inter agency collaboration resulting in a steering committee to determine specific criteria for sustainability. That committee is lead by Ernesta Ballard from Department of Environmental Conservation and Bill Allen from USC Rural Development.
2902	Mr. Staser	Acknowledged that the Commission does have concerns regarding the village safe water, but that is not their program.
2845	Senator Olson	Report on the radio regarding the number of projects undertaken by the Denali Commission. He mentioned the concerns with the village of Shishmaref and their need to move that village.
2758	Mr. Staser	Replied that the situation in that village is not unique. There has been an assessment to determine which communities are at risk, what are the costs to mitigate the risk and the cost of relocation. He noted that they are meeting with the appropriate agencies
2720	Mr. Staser	Noted that they were working with Norton

		Sound to determine what makes the best sense. Questions are being asked regarding if a community can be moved and still meet the needs of what is important. He noted that it was discussed in January with the commissioners and will come back in April with a more clarified resolution. Access to health care is essential. He mentioned that communities at risk for being moved would need to redesign their health facilities.
2626	Senator Olson	Questioned if Mr. Staser was saying that they had the ability to fund a temporary facility. He asked what would be told to the workers at the health care facility.
2601	Mr. Staser	Replied that there are both State and Federal program funds. The State does have an emergency program. They are more able to respond and perhaps there could be an interim solution.
2457	Senator Olson	Noted that Mr. Joe Cladous, Norton Sound Health Corporation could address funding a temporary facility.
2445	Mr. Staser	Acknowledged that there are options. The bottom line will come in after their April, 2003 meeting.
2410	Senator Olson	Applauded the representatives from the Norton Sound Health Corporation.
2328	Mr. Claudous	[testimony inaudible].
2318	Mr. Staser	Stated that was why the meeting had been scheduled in Nome.
2314	Co-Chair Williams	Asked who manages the construction projects.
2303	Mr. Staser	Replied that the Commission partners with various agencies. Norton Sound is a partner. He noted that they give the feds the ability to opt out of any of those partnerships.
2231	Senator Bunde	Asked when the report would be available.
2215	Mr. Staser	Reported that by the scheduled meeting in April something would be available for distribution.
2152	Mr. Staser	Pointed out that preparation and distribution of the report was a part of Mr. Morgan's job.
2135	Mr. Staser	He added that Mr. Morgan could provide a briefing of the anticipated contents of the report.
2108	Representative Foster	Commented on the "drying up" of the general fund and how the situation has caused grasping within the villages. He

		stressed that the Denali Commission was keeping rural Alaska going.
2086	Mr. Staser	Appreciated the support. He added that the Commission was "just the meeting place". He reminded members that the work of the Commission was a collaborative effort.
2017	Co-Chair Harris	Mentioned that accountability and sustainability are important concepts for Alaska at this time. He acknowledged that the needs continue to grow as the budget decreases. There needs to be an economic availability to maintain any projects undertaken. Sustainability needs to be present. He voiced appreciation for the role of the Commission.
1913	<u>ADJOURNMENT</u>	The meeting was adjourned at 2:57 P.M.