

HOUSE FINANCE COMMITTEE
February 8, 2023
1:34 p.m.

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CALL TO ORDER

Co-Chair Edgmon called the House Finance Committee meeting to order at 1:34 p.m.

MEMBERS PRESENT

Representative Bryce Edgmon, Co-Chair
Representative Neal Foster, Co-Chair
Representative DeLena Johnson, Co-Chair
Representative Julie Coulombe
Representative Mike Cronk
Representative Alyse Galvin
Representative Sara Hannan
Representative Andy Josephson
Representative Dan Ortiz
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

None

ALSO PRESENT

Mike Anderson, Acting Infrastructure Coordinator, Office of the Governor; Nils Andreassen, Executive Director, Alaska Municipal League; Nicole Borromeo, Executive Vice President and General Counsel, Alaska Federation of Natives.

SUMMARY

PRESENTATION: FEDERAL INFRASTRUCTURE INVESTMENT and JOBS ACT UPDATE

Co-Chair Edgmon reviewed the meeting agenda. He asked committee members to hold questions until the end of each presentation. He discussed the joint role of working on the budget process. The Alaska Municipal League (AML) and the Alaska Federation of Natives (AFN) would give their

presentations as navigators/connectors between communities, tribes, regional corporations, and nonprofit organizations working with the State of Alaska for opportunities associated with the federal Infrastructure Investment and Jobs Act (IIJA).

^PRESENTATIONS: FEDERAL INFRASTRUCTURE INVESTMENT and JOBS ACT UPDATE

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MIKE ANDERSON, ACTING INFRASTRUCTURE COORDINATOR, OFFICE OF THE GOVERNOR, shared that he had been in the job four weeks and had replaced Miles Baker who stood up the initiative. He presented a PowerPoint presentation titled "Federal Infrastructure Investment in Alaska," dated February 8, 2023 (copy on file). He discussed that IIJA was a massive and historic piece of [federal] legislation that passed in November of 2021. He had heard people refer to the legislation as once in a century or once in a generation. He believed the bill would help Alaska build, update, and modernize its roads, ports, bridges, ferries, broadband, and rural sanitation. The bill would transform the state's energy, infrastructure, and economy for decades to come.

Mr. Anderson thanked the other presenters for being present and participating in the meeting. He stated that IIJA was an effort by a bipartisan coalition of U.S. senators. He elaborated that some of those involved had wanted \$1 trillion in new spending and others wanted to augment unspent COVID-19 funding with new funds. The bill was a five-year reauthorization of numerous established programs primarily in the U.S. Department of Transportation and the Environmental Protection Agency (EPA). The new monies totaled \$550 billion, which amounted to 46 percent of the bill and included broadband, energy and power, electric vehicles, cybersecurity, and resiliency measures. The majority of the funds would come through existing programs like U.S. Department of Transportation surface transportation, Federal Aviation Administration Airport Improvement Program, rural water, and other. He stated that it was primarily formula driven and included programs that had existed for a long time.

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Mr. Anderson stated that unlike the Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA), the IIJA funds were formula driven and would be distributed via a more traditional process. The state was not expected to receive tranches of funding or unrestricted direct funding. He explained that only a very small portion of the funding would fall under that category.

Mr. Anderson turned to an illustration on slide 3 reflecting the IIJA bill. The dark blue portion of the bubble chart reflected the traditional federal formula funding that regularly flowed to the state. The light blue portion reflected new spending. He stated the new spending reflected a massive amount of money. He detailed that of the \$550 billion in new money, \$284 billion was for transportation including roads, bridges, airports, ports, waterways, and other, and \$266 billion was for energy, power grid, broadband, water, resiliency, and environmental remediation.

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Mr. Anderson moved to an overview on slide 4 showing a pie chart of the IIJA funding by investment category. He noted that the numbers shown on the slides thus far reflected funding on a national level. A future slide would address the role of the Office of Infrastructure to parse out and track everything coming into the state and opportunities to apply for funds. He noted the pie chart showed the sheer diversity of things the bill provided throughout the U.S. economy.

Mr. Anderson moved to spending categories on slide 5 and provided a further breakdown of the information. The bill included \$110 billion for roads and bridges and Alaska was looking to see a 20 percent increase over the course of five years. The funding for railroads was directed at Amtrak and improving the Northeast corridor; there was not a significant portion of funding coming to the Alaska Railroad. He had a subsequent slide on ferry funding. He stated that Senator Lisa Murkowski had secured a sizeable portion of funding for Alaska that would make a substantial difference to the state. He highlighted funding for airports, ports, and safe streets initiatives to reduce roadway deaths and accidents. The list also included electric vehicle infrastructure and electric buses.

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Mr. Anderson did not have a slide specifically pertaining to broadband, but he touched briefly on the topic. He relayed that the Alaska Department of Commerce, Community and Economic Development (DCCED) had opened an Office of Broadband. He recommended a separate meeting where the committee could hear from the office about its work. He noted there was quite a bit of money coming into the state for broadband.

Mr. Anderson reviewed the work performed by the governor's Office of Infrastructure on slide 7. The office was currently in phase 1 of an opportunity tracker consisting of an extensive Excel spreadsheet including hundreds of IIA opportunities for Alaska. The office was coordinating with state agencies and keeping them apprised of the situation, in addition to supporting tribes, local governments, and agencies. Phase 2 of the project would be putting the opportunity tracker online that would enable the public to view where the money had been allocated. The legislature had funded the office with \$1 million undesignated general funds (UGF) the previous year and the governor's FY 24 budget included another \$1 million for the coming year. The funding would pay for his current position that would be filled eventually by a more permanent person in addition to a deputy, a data analyst, and an administrative support position.

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Mr. Anderson turned to slide 8 and addressed tracking opportunities and awards in Alaska. He reiterated information he provided on the previous slide. He reported there had been \$3.5 billion awarded to State of Alaska departments [in the first two years], much of which was Department of Transportation and Public Facilities (DOT) formula funding. Additionally, \$4.7 billion had been committed to Alaska to date for the five-year period. The number increased to \$5.5 billion when including funds to nonstate entities over the first two years and \$6.7 billion over the five-year period. He noted the funding could expand beyond the five-year period. He stated the numbers would continue to grow over the next several years.

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Mr. Anderson moved to slide 9 related to the Alaska Marine Highway System (AMHS). In January 2023, the Federal Transit Administration (FTA) had awarded AMHS \$285 million in six grant awards. He indicated the state intended to work with the legislature to match the funding.

Mr. Anderson turned to slide 10 and discussed significant competitive opportunities for Alaska. Much of the incoming funding was formula driven, but there were also significant competitive opportunities for the funding. He highlighted four areas including electric grid modernization, clean hydrogen technologies, carbon capture and sequestration, and rare earth and critical minerals.

Mr. Anderson discussed implementation on slide 11. He stated that Alaska was fortunate because the way the legislation was written included opportunities for Alaska. He listed areas where Alaska should be well positioned to compete:

- Tribal and Alaska Natives eligibility
- Historically underserved and hard-to-reach
- Multimodal transportation dependency
- Climate impacted
- Installed energy industry infrastructure
- High energy costs
- Rural and disadvantaged communities
- Minority and low-income populations

Mr. Anderson listed challenges for the state associated with the implementation (slide 11):

Challenges:

- Statewide planning, coordination and communication
- Responsiveness and prioritization
- Technical capacity and workforce availability
- Access to matching funds across all eligible recipients

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Co-Chair Edgmon acknowledged the heavy lift the bill involved in Washington D.C. that had eventually come together with incredible bipartisan cooperation. He lauded the state's Congressional delegation for their hard work. He highlighted that Senator Lisa Murkowski had been among the five republican and five democratic senators responsible for building the legislation that passed. He elaborated that Senator Dan Sullivan had addressed the legislature recently and had highlighted the billions of dollars of benefits including some that were not yet known. He stressed that without efforts by the late Congressman Don Young the bill may not have made it through.

Co-Chair Johnson thought Mr. Anderson's was aiming to provide a snapshot in time showing how much funding was available and how much Alaska would receive. She remarked it was hard to know how much funding would come into the state. She remarked that many times Alaska was countercyclical with the rest of the country where an increase in oil prices benefitted Alaska but created challenges in the Lower 48. She elaborated there was a shift of workforce between Alaska and the Lower 48 in terms of being able to find labor. She believed Alaska would likely be competing for workforce because of the influx of funding arriving across the country at one time. She asked if there was a possibility of extending the funds beyond five years. She questioned how the state would spend the funds if it did not have the labor and workforce to do so.

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Mr. Anderson stated that it depended. In some instances, the shelf life to spend was within the five-year parameters and in others it could be extended. He would follow up on the question. He understood Co-Chair Johnson's point about workforce and competing for the same things. He stated that part of the purpose of the Office of Infrastructure was to collaborate together and increase efficiency. He used a hypothetical example where three communities were going after the same project. He suggested that perhaps the office would work to encourage one community go after the funding and resources could be collaborated.

Co-Chair Johnson foresaw there would be a need to potentially extend [the expenditure window] on a case by case basis if possible.

NILS ANDREASSEN, EXECUTIVE DIRECTOR, ALASKA MUNICIPAL LEAGUE, added to the comments made by Mr. Anderson. He stated that while the bill was focused on a five-year period with funding opportunities within each of the five years, the time horizon for project deployment would likely be ten years.

Co-Chair Johnson asked how much funding was still available for application. She understood there were still funds coming onto the radar. She asked how much additional funding was anticipated that the state did not yet know about.

Mr. Anderson replied that quite a lot was still outstanding. He elaborated that agencies were in the infancy stages of getting out their notice of funding opportunities (NOFO). He characterized it as similar to a rolling admission. He stated that depending on the department or agency, some took longer, and others had a shorter timeline. He detailed that some of the larger energy projects required an applicant to submit a concept report before they could apply for a second phase.

Mr. Andreassen elaborated that just two hours earlier the second round of port improvement development program funds NOFO was released for \$662 million in available funds. He stated there were still some programs identified in the first round of funding that had not been released by U.S. DOT. Additionally, many of the U.S. Department of Energy (DOE) programs were still available. He believed there were numerous awards from the first year that had not yet been released, which would be followed by a second year of funding opportunities.

Co-Chair Edgmon noted that Representative Cronk had joined the meeting at 1:45 p.m.

Co-Chair Johnson stated it was exciting to know there were more opportunities forthcoming. She encouraged departments to continue looking for funding opportunities.

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Representative Hannan looked at the Office of Infrastructure within the governor's office that had been funded with \$1 million in the FY 23 budget. She referred to the additional \$1 million operational request for the office. She remarked it was a \$2 million office with four staff to assist in the 30 percent grant programs. She asked whether additional costs should be anticipated in departments serving the grants. She explained that the Department of Commerce, Community and Economic Development (DCCED) would need to do the grant applications in collaboration with local governments.

Mr. Anderson responded that there were several agencies within DCCED that had asked for additional funds in the governor's budget for grant implementation. He stated there was a recognition within departments that they may be woefully understaffed in the specific area given the volume of incoming funding.

Representative Hannan had concern about spending that much money [on the Office of Infrastructure] just to have someone oversee someone doing the work. She understood it was a complicated thing. She did not know what a NOFO looked like, but she imagined it took some translation. She stated that with the previous tranches of [federal] COVID-19 funding received, AML had to spend significant time translating to communities. She observed it was a lot of money at the administrative top instead of getting the grants out. She wanted to ensure the focus was on getting the competitive grant funding to communities. She understood that the bulk of the bill was structured in a formulaic fashion, and she was not fearful that DOT would struggle to figure out how to apply for preexisting programs; however, she wanted to ensure there was application support for communities that had not been successful in getting water and sewer in the past.

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Mr. Andreassen replied it was a collaborative effort. He highlighted that the legislature had also provided funding to AFN and AML in FY 23 to provide support to communities. He anticipated the collaboration and need continuing in the future. He clarified that the role of the Office of Infrastructure was not to do the work agencies were doing or writing grants that agencies would be building up the capacity to also write grants for. He added the departments

did not currently have the capacity. The real value of the Office of Infrastructure was the broader external collaboration and making certain there were not missed opportunities. He saw the office augmenting the capacity of the agencies, strengthening the collaboration between current partners, and bringing in additional planning efforts at the regional level between the private sector, nonprofits, tribes, and local governments.

Representative Ortiz looked at the third bullet point on slide 2 indicating that many programs required a 20 percent non-federal match. He highlighted that a 20 percent match would have a significant impact on the state's funding source. He asked if the administration was committed to partnering with the legislature to receive every federal dollar possible.

Mr. Anderson answered that he was present representing the Office of Infrastructure. He would follow up on the question. He noted the governor's FY 24 budget included \$156 million to help capitalize and maximize on \$1.5 billion in federal funds.

Co-Chair Edgmon thought the representatives from AFN and AML could likely help respond to the question.

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Representative Ortiz looked at national five-year totals for broadband on slide 6. He asked for detail about the \$20 billion designated for promoting affordability and equity. He remarked that when there had been efforts to expand broadband at the state level much of the money had been used up by the providers. He explained that the broadband may have been reaching areas, but the rates were exorbitant.

Mr. Anderson replied that the entity doing the majority of the distribution was the National Telecom Information Administration (NTIA). He detailed that NTIA had broken the category down into four programs. The first was the digital equity program, which would be very large. He elaborated that the State of Alaska Office of Broadband received \$567,800 to come up with a digital equity planning program; the planning effort was being administered by the Rasmuson Foundation. Second was the Broadband Equity Access and Deployment (BEAD) program, which would bring a minimum of

\$100 million into the state. There was \$500 million in seed funding for Office of Broadband planning efforts. The BEAD program had \$42 billion to dole out, which would be announced later in the year. The third and fourth were the Middle Mile and Tribal Broadband Connectivity programs. He asked Ms. Borromeo to expound on his answer.

NICOLE BORROMEO, EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL, ALASKA FEDERATION OF NATIVES, replied there would be billions of dollars that would come to Alaska in two ways. The first was through a formula grant. She explained that every state had been mapped. Alaska's maps were deficient and needed to be changed in many areas. She noted that AFN, the state, and many of the telecom providers believed the way the federal government had mapped the underserved and unserved communities was very deficient in almost all regions of the state. The second revenue stream would be through competitive grants. She explained the Office of Infrastructure was needed to help get "us" in the room to compete and advise entities on when grants were coming. She stated there was significant ground to cover and "many hands make light work." She intended to review the tribal set-asides AFN was tracking. She stated the more eyes and ears the state could have in far corners of Washington D.C., Juneau, and everywhere in between, would enable the state to capitalize on the funds.

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Representative Galvin stated that she had heard from U.S. Senator Dan Sullivan that the bill, particularly as it related to broadband, had been specifically written to make sure underserved areas would be given higher priority. She wondered if the bill had also been written to help underserved areas with regard to water and sewer. She thought about the needs in Alaska and how new it was with regard to infrastructure. She thought it could be an incredible opportunity for the state.

Mr. Andreassen replied that one of Alaska's competitive advantages with regard to IIJA was that many communities in the state were underserved. He elaborated that underserved was applicable to each of the buckets [shown on slide 6]. There was a [federal] Justice40 Initiative from the administration that talked about disadvantaged communities and included rural, tribal, and numerous metrics that each agency factored in to determine who was underserved,

unserved, disadvantaged, etcetera with additional scoring and merit that came with the determinations.

Representative Galvin assumed there may be extra points awarded to communities with shovel ready projects.

Mr. Andreassen agreed.

Representative Josephson believed Mr. Anderson had mentioned \$156 million in the capital budget, which increased by approximately 10 times when including the federal portion. He looked at slide 2 that highlighted the need to double the federal funding albeit with partners. He asked if the House Ways and Means Committee should book in the figure so potentially in the outyears it would be \$250 million to \$300 million in capital spending.

Mr. Anderson referenced the 20 percent federal match and stated in certain instances the amount needed was smaller and in others the match may be an additional 5 to 10 percent higher. He did not want to overstep his role as the infrastructure coordinator. He was primarily tasked as a collaborator responsible for tracking the funding. He deferred to the Office of Management and Budget in terms of giving direction to the House Ways and Means Committee.

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Representative Josephson considered a scenario where there were tribal, state, and local government partners. He asked if there was a system for reaching the match or if it was an ad hoc negotiation.

Ms. Borromeo believed it would be a wise fiscal policy for the state legislature to set aside funds to match all of the grant programs. She stated it was analogous to priming a well. She stated it was necessary to dump water down the well to turn on the tap. She explained that allocating matching funds to the programs, the benefit to Alaskans regionwide would be felt 80-fold. She replied to Representative Josephson's most recent question and stated it was an ad hoc negotiation; something that was being seen currently with many energy grants.

Mr. Andreassen added there was not the capacity at the local, tribal, or any other level to everything available when it came to non-federal matching funds. He had seen a

request from local governments for \$1.2 billion in projects for transportation alone. He estimated there were likely at least \$2 billion in response to the projects. He stated that finding a 20 percent match would be a collaborative effort, but it would not rest on local and tribal governments to take on the entire amount. He emphasized that a partner at the state level was critical.

Representative Josephson looked at slide 5 showing that Alaska would receive about 20 percent of a 31 percent increase the first year [for roads and bridges]. He asked if the 31 percent increase represented a federal nationwide increase and Alaska would receive one-fifth of the amount.

Mr. Anderson replied affirmatively.

Representative Coulombe noted it was a lot of money in a short amount of time. She asked if the Office of Infrastructure would be responsible for ensuring funds were spent appropriately. She wondered if the responsibility would reside with the Office of Infrastructure, the federal government, or local communities.

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Mr. Anderson asked if Representative Coulombe was talking about the \$1 million increment for the Office of Infrastructure.

Representative Coulombe clarified she was asking about the federal grants coming into the state. She wanted to know who was accountable for ensuring the funding was spent in the way it was intended.

Mr. Andreassen replied that the responsibility would not reside with the Office of Infrastructure. The applicant would have direct responsibilities to the granting agency at the federal or state level.

Co-Chair Edgmon stated that given the role of DOT in Alaska including the AMHS, it would be warranted to have another hearing to get more into specifics. He noted that Mr. Anderson had only been on the job for a month and the committee was putting him in the hot seat.

Representative Tomaszewski looked at environmental remediation on slide 3. He referred to a \$32 million grant

secured by Alaska's Congressional delegation for federal remediation to clean up legacy wells. He asked if the funding was part of the federal infrastructure bill package. He asked if the state would have to come up with 20 percent matching funds for legacy well cleanup on federal land.

Mr. Anderson replied it was his understanding that those types of initiatives were covered and would be distributed through the EPA and other agencies. He deferred to Mr. Andreassen for additional detail.

Mr. Andreassen confirmed that the programs were covered under IIJA. He explained that the match requirement varied. He had not seen as much of a match requirement under EPA funded programs, whereas a 20 percent match requirement was much more likely for programs under the federal DOE and DOT. He believed the Department of Natural Resources (DNR) was the state agency responding to the formula or competitive opportunities.

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Ms. Borromeo presented a PowerPoint presentation titled "AFN Navigator Program: A Statewide Success Story" (copy on file). She read from a prepared statement:

From AFN's point of view, the recent federal investment in states, tribes, tribal organizations, and our Alaska Native corporations under the six major economic relief bills, one of which is IIJA, is nothing short of transformative. But unfortunately, the Native community has not been able to compete for these opportunities for a number of reasons, central of which is broadband. Another reason competitive applications have been hard for tribes, tribal organizations, and Native corporations to manage is that they have very limited personnel and general funds. This is where the Navigator Program comes in.

The Navigator Program was started in 2021 with a simple goal in mind. We want to capitalize on this once in a generation federal investment for post-pandemic economic recovery and we're doing so through a public private partnership. The Navigator Program is currently in what we're calling internally Phase 3. Phase 1 was June to December 2021, and it was launched

under a CARES grant from the State of Alaska. During that short six months we designed and deployed the program and we also focused on our number one goal at the time which was primarily education and outreach.

Ms. Borrromeo elaborated that much of the information had not been getting to tribes, tribal organizations, and Alaska Native corporations (ANCs) in a quickly and easily digestible way. She explained that the Navigator Program was very successful. She stated that the Alaska Native community had finally received its share of the CARES funding after successfully fighting all the way to the U.S. Supreme Court in the Chehalis litigation. She detailed that the Chugach Alaska Corporation understood the need for follow-on funding because the funding had lapsed with the state. She highlighted the need to keep the well primed in order to be competitive.

Ms. Borrromeo continued to speak to slide 2 related to the Navigator Program. Phase 2 of the program ran from November 2021 to September 2022. During that time, the program continued to provide education and outreach on all of the different tribal set asides. The program had evolved consciously and focused on putting together consortium applications because AFN had realized that tribal administrators, employees, and Native executives were too taxed to keep up with all of the outreach and notice of funding opportunities. Additionally, the awards were quite competitive.

Ms. Borrromeo detailed that since July of 2022, the Navigator Program had evolved once again. The program was currently operating under a grant from the legislature. Compliance and reporting had been added to the baseline services of education and outreach along with consortium applications. She explained that with many of the federal grants, if the grantee did not do what they were supposed to do, they would undergo a red flag during the federal audit process. She elaborated that if tribes, tribal organizations, ANCs, or any other organization in Alaska was flagged, it meant jeopardizing all of the federal programs.

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Ms. Borrromeo discussed that the program operated under a hub and spoke model (slide 3). She explained that AFN was

the hub, and its consultants and collaborators were the spokes. There were three main levels of navigators in the program. The first was a federal navigator responsible for tracking legislation in its draft and final form as well as corresponding grant programs that came out of the different pieces of legislation. She relayed that AFN was tracking all six major pieces of economic relief passed by Congress, including IIJA, but it was primarily focused on CARES, ARPA, the Consolidated Appropriation Act of 2021 and on knowing the federal set asides for tribes were located in regular and special legislation.

Ms. Borrromeo continued to review slide 3. She relayed that after the legislation and grant programs were transmitted to the Native community, the Navigator Program brought in its regional navigators. She detailed that all 12 Alaska Native Claims Settlement Act (ANCSA) regions had been assigned a navigator responsible for building and maintaining relationships with hundreds of tribes, Native corporations, tribal organizations, and other influential individuals and organizations in their regions. The goal was to ensure navigators knew what every community in their region needed, whether their priority was water and sewer, broadband, transportation, energy, or other. She noted the information was kept in various databases.

Ms. Borrromeo explained that the third navigator was her position as program director. She oversaw all of the administration of the program and focused keenly on federal policies and advocating for changes in policy when they did not benefit Alaska. She provided two examples involving a change that AFN was instrumental in bringing to ARPA. She detailed that ARPA had a \$20 billion tribal set-aside. Congress had directed the Department of Treasury to allocate \$1 billion based on a pro rata share to all 574 tribal governments. Treasury had discretion over the remaining \$19 billion. She elaborated that the federal government held tribal consultations, which AFN participated in, and had asked for written comments on how AFN believed the funds should be distributed. In the end, the funds had been dispersed based on population and economic loss. She explained that Alaska's tribes were small and would never be able to compete with the Navajo, Cherokee, and Choctaw tribes in terms of tribal citizens. Additionally, because of the time and manner in which tribes in Alaska had settled their land claims with the federal government, most of the tribal employees were

employed by their regional nonprofit. She expounded that on their IRS 990 forms, tribes in Alaska were not showing any economic losses; the economic loss was borne by the regional nonprofit.

Ms. Borrromeo explained that when Treasury had published the funding formula, AFN asked for a follow up meeting to explain that the 229 tribes in Alaska would be shut out of \$19 billion. She relayed that Treasury officials had been polite but held firm that the funding formula had been published and was done. She shared that AFN's President Julie Kitka had informed Treasury that AFN would spend the weekend working on a white paper to try to convince Treasury otherwise. The paper had been sent at the end of May and by the 4th of July there had been no response. She explained that after reaching out via email, she received a call from a Treasury official who informed her of an announcement in the federal register specifying that funds had been clawed back for Alaska. The change resulted in a mandatory \$1 million to every tribe in the country. She stated that even though the change benefited all tribes, Alaska and northern California Rancheria were the big winners. Without AFN's involvement in advocating for the funds, the state would have lost out on \$200 million. She explained that only about 10 of the tribes in Alaska showed an economic loss and had a population large enough to qualify for the initial funding.

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Ms. Borrromeo discussed targeted assistance on slide 4. She relayed that the Navigator Program provided a plethora of technical assistance to Alaska's tribes, tribal organizations, and ANCs. They did not discriminate within the Native community about the eligible entity; as long as the funds benefitted the Alaska Native community and all of Alaska by extension, AFN was tracking, analyzing, and hounding to ensure applications were in. She expounded that AFN had a funding database of the different grant opportunities and produced one-page funding summaries. Additionally, AFN provided workshops and trainings, often in partnership with the federal government. She shared that AFN also provided weekly newsletters that included the most important opportunities. The organization was helping with reporting and compliance to ensure tribes and tribal organizations had submitted all of the appropriate grant reports. In certain limited instances, AFN had put together

an application on behalf of the Native community through its consortia applications.

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Ms. Borrromeo reviewed the statewide program scale on slide 5. The slide showed programs AFN was tracking for the tribal set asides in the six economic relief bills. Some of the programs were in IIJA, CARES, and ARPA. The organization looked at the opportunity holistically and not just by the different pieces of legislation. She highlighted there was roughly \$35 billion in tribal set asides that could be used to supplement the state's investment in rural Alaska. She noted that AFN did not want its efforts to supplant any investment the legislature would make in rural Alaska.

Ms. Borrromeo turned to slide 6 and provided several concrete examples of AFN's work. She shared that AFN had been successful in securing a \$35.1 million broadband award from NTIA. The application was submitted on behalf of 74 Alaska Native tribes and village corporations. She relayed there were about five big broadband programs and the first to come out was the Tribal Broadband Connectivity Program. The program provided two separate sources of grants including infrastructure and use and adoption. She elaborated that use and adoption involved taking existing service and figuring out how it could be modified to provide better service, subsidies, and improving telehealth. She explained that AFN had realized the second stream of revenue for use and adoption was not going to be accessed; therefore, AFN complied an application including 74 tribes and village corporations and was successful in being awarded the grant. She shared that AFN had been told by NTIA the application was the gold standard and benchmark by which they judged all other applications. She added it was the largest award in Indian country.

Ms. Borrromeo elaborated that AFN would focus the award on seven primary areas including telehealth, subsidies, a train the trainer program, a roving IT program, and other. The hope was to turn much of the work over to many of the other Native corporations and tribes who were coming in a separate wave with BEAD and Middle Mile.

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Ms. Borrromeo turned to slide 7 and relayed that in addition to the Tribal Broadband Connectivity Program, AFN had put together three other consortium applications on behalf of the Alaska Native community. The slide reflected the number of consortia members AFN was representing through its applications in addition to the secured funding amounts. She detailed that AFN had been awarded \$35.1 million for the Tribal Broadband Connectivity Program; the award was currently in the implementation phase. The next award was around \$4.4 million for the broadband Digital Equity Planning Grant Program. She noted the funding amount shown on the slide may be a little low or high; it depended on the number of other applicants. She relayed that with 147 members, NTIA had told AFN it was the largest consortium.

Ms. Borrromeo continued to review programs on slide 7. The Capital Projects Fund was a \$9.7 million formula grant that could be used for telehealth, education, and workforce development. She elaborated that approximately one month before the application deadline, Treasury let AFN know there were over 100 Alaska tribes that had not applied. She explained that AFN had come in to help because broadband had been a barrier in many instances. She elaborated the application was online only and many of the tribes did not have stable broadband. She had personally entered every tribe into the database to determine how difficult the process was. She discussed the difficulty of the process that included a fingerprint, copy of a driver's license, a video scan, and various other measures.

Ms. Borrromeo highlighted the State Small Business Credit Initiative on slide 7. She explained it was a loan to grant program that AFN was very excited about and was working with the Alaska Small Business Development Center. She relayed that AFN had the largest consortium in the nation. The program was a \$500 million tribal set aside and AFN was poised to capture about one-fifth of the total. The award amount of \$92 million (shown on slide 7) represented the floor; the ceiling was expected to tap out somewhere between \$125 million and \$150 million after the reallocation was made later in the current year.

Ms. Borrromeo addressed the Grid Resilience Formula Grant Program on slide 7. The program was administered by the U.S. Department of Energy. She noted that the legislation had included the Alaska Native regional and village corporations, but they had been cut out as the program was

being applied. She explained that AFN had advocated for the funding and had successfully secured \$65 million. She highlighted that through AFN's consortium applications it had secured \$206.2 million. The number did not reflect all of the hundreds of other applications AFN had been encouraging and tracking.

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Ms. Borrromeo addressed slide 8 titled "Statewide Returns on Investment- To Date." She reviewed that Phase 1 of the Navigator Program had included a state investment from the CARES grant of \$2.5 million to AFN, which AFN had used to secure \$210 million (a return on investment of \$84). Phase 2 was funded with a \$1.75 million CARES grant through the Chugach Alaska Corporation, which brought in \$206.2 million (a return on investment of \$118).

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Representative Stapp congratulated AFN on a job well done. He asked Ms. Borrromeo to let him know how the legislature could help AFN to continue its endeavors.

Representative Hannan congratulated Ms. Borrromeo on her work.

Co-Chair Johnson stated the job Ms. Borrromeo and AFN had done was outstanding. She wanted to ensure there was not a duplication of efforts between the state or between tribal entities. She noted Co-Chair Edgmon had mentioned the idea of another committee meeting. She suggested that perhaps part of the conversation could be about how the partnership could be with the state moving forward. She communicated the desire to work together as much as possible.

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Mr. Andreassen presented a PowerPoint presentation titled "Alaska Municipal League: Leaning Local: Strengthening Local Governments" (copy on file). He thanked the committee for the opportunity. He stated he was often impressed with the work done by Ms. Borrromeo and AFN. He noted there was a good collaborative relationship between AFN and AML and all three entities at the table. He shared that similar to AFN, AML had responded to all of the activities at the federal level from the \$565 million to local governments under the

CARES Act to ARPA and the implementation and compliance. He highlighted it had been a lot of work for all involved. He believed it spoke to the responsiveness of AFN, AML, and the governor's office that the state was ready to step up into the opportunities and challenges.

Mr. Andreassen stated that while they had been successful over recent years, the work was not done. He had a planner on staff who had developed a logic model shown on slide 2 to show why specific work was being done, how it was being done, and where they were headed. He shared that a year and a half ago his board of directors the Alaska Conference of Mayors had stated that if it was a once in a generation opportunity, it would make sense to put every effort possible into making the most of it. He worked with the goal to bring as many federal dollars into Alaska as possible and doing whatever needed to be done to make it happen. He remarked it did not matter to him if the money went to the state, local governments, nonprofits, or tribes. The goal was to see federal funding from the opportunity to come into Alaska because it would enrich the entire state; it would displace funding requirements at the state level, augment budgets at the local level, and foster collaboration between municipalities and tribes.

Mr. Andreassen elaborated that the effort was accomplished by collaborating and building up capacity and competency. He relayed the last year had been a big learning curve for organizations that had never done grant writing or provided technical assistance. He elaborated that AML had more staff working on infrastructure development currently than he had on staff when he began working for the organization three years back. Ultimately the goal was to have partnerships in place to see projects delivered and project sustainability. The organization was looking 10 to 30 years into the future to determine how to make sure infrastructure built would last for decades. He shared that much of the collaboration was in place. The Alaska Infrastructure Coordinating Committee had been necessary in the past year and they had witnessed collaboration between AFN, AML, the Office of the Governor, and other organizations with equity in the effort. The committee met biweekly to address how to avoid duplication and how to partner on things. He stated that of the \$3 billion plus that came into the state the past year the Denali Commission, Alaska Native Tribal Health Consortium (ANTHC), University of Alaska, and the Small

Business Development Center had been involved in making sure the funds came in and were successfully deployed.

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Mr. Andreassen turned to slide 3 and discussed infrastructure collaboration. He stated the effort was informal and AFN, AML, and the governor's office were making certain it continued. He saw one of the values of the Office of Infrastructure as keeping the group going and thinking about how to expand and bring other perspectives who were benefiting or could benefit from the opportunities.

Mr. Andreassen moved to slide 4 titled "Strategic Infrastructure Development." He relayed that AML had seen greater interagency and intergovernmental collaboration than ever before. He detailed that AML had a memorandum of agreement (MOA) with the Department of Transportation and Public Facilities (DOT) and Department of Health (DOH) and was talking with the Department of Environmental Conservation (DEC). The goal was collaborative relationships between the state and its political subdivisions that enhanced the ability to pursue the competitive opportunities.

Mr. Andreassen turned to slide 5 showing a table reflecting the Alaska Transportation Funding Opportunity Hub jointly developed by DOT and AML for \$1.2 billion in projects. He explained that local projects would get fed through the hub, evaluated by AML, and local governments, tribes, and nonprofits could apply to some extent to state programs that were formula funded from IIJA. The hub would generate a project map for legislators and others showing where collaboration could be encouraged as projects were developed and deployed. He expounded that AML's role was to compare the 182 applications that came in for the 38 funding opportunities at the federal level. He stressed it was a significant amount of evaluation. Additionally, there were plenty of building efforts to be done to ensure success over the next five to ten years.

Mr. Andreassen discussed scale and explained the work that went on at AML and AFN at any of the different levels meant sorting through the hundreds of NOFOs, tracking the different agencies, tracking the funding buckets (i.e., buckets focused on resiliency, energy, etcetera), and

tracking open dates for funding opportunities. The table on slide 5 was meant to show how to think ahead. The desire was to get ahead of the current cycle. He explained that the previous year was responsive, ad hoc, and informal in trying to make the most of the opportunities. Systems of collaboration had been built, but the work was not complete. He stated the second year of IIJA was focused on strengthening and augmenting the collaborative efforts. He remarked that as every other state in the nation was also more sophisticated in their response, the goal was to be thinking ahead to the next year in terms of necessary research, design and planning preparation, and to match needs for the next year's NOFO in order to avoid jumping every time a new funding opportunity arose. He pointed to the blue and yellow colored cells on the right portion of the table, which reflected grant opportunities AML had responded to directly, in addition to AML applied or supported applications from the state or local governments.

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Mr. Andreassen turned to slide 6 and discussed community planning and infrastructure management. He stated there was a significant amount to do and it was not merely responding to grant opportunities and playing "Whac-a-Mole" with NOFOs. The work involved thinking about being strategic in the deployment of the funds, procurement, and workforce. He highlighted there were supply chain issues, and bids obtained three years back were 150 percent higher now for purchasing goods and services. It was necessary to think about project management and grant reporting and outcomes. All of the work was coming in year three in ways that had not been experienced in the first year; it would require an additional level of scaling up. He discussed the need to plan for the future in terms of how the infrastructure would be maintained and operated in the years to come, what asset management would be necessary, and what new systems were needed to ensure the infrastructure was sustainable.

Mr. Andreassen reviewed takeaways on slide 7. The scale of the infrastructure package was immense and overwhelming. He highlighted that the legislature would see a request for funding and an interest in strengthening the partnership that had developed. He remarked that if AML only responded to requests for information from the Department of Energy, it would take up weeks of their lives. He believed there was a huge amount of investment necessary in the

partnerships that had developed to continue to make the most of the opportunities.

Mr. Andreassen moved to challenges and opportunities on slide 8. He stated that none of the challenges would go away in the next year, but he believed it was very important for the committee and legislature to be thinking about the kinds of investments that could be made together to meet the challenges, the level of intergovernmental collaboration the Office of Infrastructure could offer, how to come together around procurement planning, and the matching requirements. He stated there was good legislation from the State of Colorado that implemented a match fund for political subdivisions, tribes, and others to access in order to reduce the burden and barrier to replying to federal grant opportunities.

Mr. Andreassen discussed potential actions on slide 9. He considered the funds were a once in a generation opportunity and remarked that if the funding opportunity was not accessed, it would mean waiting until the next generation before the opportunity came again. He spoke about the importance of responding at the state and local level to make the most of the funding. He stated there was a lot of urgency to having it in place in the current year. He stated there was a lot more that could be done. He referenced strategic and regional planning involved and noted there were pieces in place. He highlighted DOT as an example and stated perhaps regional planning organizations were a step in the right direction. He stated that much collaborative work was required. He shared that AML would host the annual Infrastructure Symposium sometime in the current year, which would build off of an event co-hosted by AFN and AML the previous year.

Mr. Andreassen discussed the role of state and partners on slide 10. He highlighted the importance of continuing to make the most of responding to competitive grant opportunities. He remarked that formula grants were substantial, but if the state wanted to make the most of the funding opportunities it needed to compete. He stated that competing for the grants took skill, competency, and sophistication. He shared that in the past eight months AML had submitted \$1.4 billion in projects and had heard back about \$300 million to \$400 million in successful applications over that time. He highlighted the successful advocacy made by the state's Congressional delegation. He

noted the need to get more sophisticated in the years to come. Additionally, the state would need to get more coordinated about procurement, collaboration, and workforce issues so as the funds were deployed, efficiencies could be found. It was necessary to better understand what was taking place at the local and regional level and have systems in place at the agency and state level to respond to and advance priorities. Lastly, it was important to have sustainability in mind for the long-term.

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Co-Chair Edgmon referred to Mr. Andreassen's mention of the Congressional delegation and work at the ground level by U.S. Senator Lisa Murkowski. He referenced a handbook produced by the White House the previous year that included investments in energy, climate resiliency, the high cost of living in rural Alaska, the development of clean and renewable energy, and energy storage and grid modernization. He asked the presenters to address provisions that may be in IIJA relative to their work as navigators or at the governor's office.

Mr. Andreassen responded that more work was required on the federal/state interface. He reasoned that Ms. Borromeo could not be sent to Washington D.C. every time a federal agency issue came up. He stated that each of the provisions in the [IIJA] bill were up to agency interpretation (e.g., implementation of Justice40 and thinking about disadvantaged communities). He elaborated that each of the different funding agencies had their own criteria and processes for determining what metrics were being used for how to think about Alaska communities. He relayed they were not consistent, the data was poor, and often they were tailing Alaska. He noted the aforementioned items fell under the category of work to do by the state's Congressional delegation.

Mr. Andreassen remarked that the work was not complete. He referenced the Inflation Reduction Act, which had not yet been discussed, in addition to a huge amount of money going into air quality, climate, resilience, carbon reduction, etcetera. He did not believe it was necessary to be afraid of some of the terms. For example, some of the NOFOs talked about improving HVAC systems. He elaborated that for pollution reduction and climate resilience, the federal government was calling for basics that were desired in all

communities such as improving safety and increasing energy efficiency and associated costs. He stated a lot of very meaningful work could get done if the state could figure out how to access it. He cited the Energy Efficiency and Conservation Block Grant Program as an example. He detailed there were 400 tribal entities eligible for the block grants at \$10,000 apiece. He stated it took more work to apply and comply with the grants than it was worth; however, there was discussion about whether to leave \$4.3 million on the table. He spoke to the importance of thinking about how to work through the issues. He stated that the biggest challenge was whether the data was available, whether state agencies were organized around supporting tribal and local applications and response, and whether there were projects available to advance for each of the competitive opportunities.

[3:05:55 PM](#)

Representative Galvin thanked the presenters for their work and was grateful for the information. She asked how to make sure the state was meeting the needs of Alaskans. She referenced Ms. Borromeo's discussion on connectivity and the number of Alaskans who were now connected because of the dollars brought into the state. She believed AFN must have had its eye on a certain set of values it hoped to see come to fruition. She imagined water and sewer would be high on the list of needs. She estimated there were 40 or so communities still struggling with the basics of water, sewer, and housing. She wondered how much consideration had been put towards workforce and whether the state had what it took to accomplish the work.

Ms. Borromeo responded that the federal agencies had really chosen what opportunities AFN would apply for. She explained that as legislation was passed and programs were stood up by the agencies, they did not all move at the same pace. She noted that Mr. Andreassen mentioned earlier that he was jealous of the things AFN had been able to do. She relayed that in the next coming years she would be cheering him in the things he would be able to do because the programs were moving at different paces. She elaborated that the Tribal Broadband Connectivity Program through NTIA was the first big billion dollar program, which happened to be a tribal program. The federal government had been ready with the Digital Equity Planning Grant next, which was where AFN had to focus. The water and sewer programs had

not come online yet. She expected energy and transportation would be two large departments that started to move in this fiscal year. She reported that Mr. Andreassen and the local governments may be better positioned than tribal governments to capture those resources. She spoke to the importance of collaborating to ensure the strongest applicant was at the table.

Representative Galvin thanked Ms. Borromeo. She stated the answer clarified the importance of having a central body helping to put all of the work and partnerships together.

Ms. Borromeo answered that the central body was Mr. Andreassen. She complimented Mr. Andreassen on his ability to pull people together and keep people informed. Additionally, he did not make the situation a competitive race to see who could do the best the fastest. She relayed the state deserved significant credit as well for ensuring the tribal governments, Native corporations, and tribal organizations were positioned to compete for competitive funds and were in the room when the decisions were being made.

[3:10:04 PM](#)

Representative Cronk thanked the presenters for their work. He stated that working together for the benefit of Alaska was something everyone involved should all be working for. He remarked that the state could not do the work on its own. He shared that he had traveled around his district with Ms. Borromeo to see the highlights including fish on the Yukon. He asked what the legislature could do to help in terms of energy. He asked how to get the funding to upgrade the Rail Belt, continue the road belt, tie it all together, and benefit all Alaskans. He noted that once the electric rate dropped it would change the Power Cost Equalization (PCE) rate and all of rural Alaska would benefit from the projects. He relayed there had been an electrical meeting the previous week and all entities including Cordova and Dillingham had been onboard. He asked how the legislature could help AML and AFN garner the funds. He stressed that affordable energy was still not affordable in rural Alaska. He wanted to get to cheap energy.

Mr. Andreassen replied that in terms of energy, there were not as many answers from the U.S. Department of Energy as

one would like in order to meet the needs of Alaska. He detailed that the Alaska Energy Authority (AEA) was the prime respondent to some of the opportunities. He elaborated that AEA had submitted a letter of interest or concept paper for grid resilience for the Rail Belt and rural areas through separate applications. There were tribal set asides that would make an incremental difference. He believed they needed to figure out how to mesh the efforts in order to ensure the whole state had its needs addressed. He explained that much of what the U.S. Department of Energy was distributing was research grants related to new technologies. The distribution was not about patching holes and was not the "meat" that some communities may be looking for.

Mr. Andreassen clarified that IIJA would not solve all of the state's infrastructure needs. He recalled coming to the committee table three years back to talk about the state's \$30 billion infrastructure deficit including housing and school construction. He highlighted that the items were not included in IIJA. He stated that water and sewer were included and hopefully the state would see the needs of unserved communities met. He remarked that the bill would not address most of the energy needs. He believed the state had a good partner in the AEA. He elaborated that each agency was scaling up and responding in ways they never had before. He explained that the state did not previously have to compete for transportation dollars, it had received formula funding. He relayed that Alaska Housing Finance Corporation (AHFC) would take more of a role in some of the work, including for energy. He stated the need to be supportive of agency operations.

Mr. Andreassen replied to an earlier question by Representative Galvin about workforce. He relayed there was no funding in IIJA for workforce development. He referenced a presentation from the previous year specifying the state was short by 16,000 workers to do most of what was needed for the infrastructure investment. He had seen the vacancy numbers in municipalities and elsewhere and the gaps remained. He believed there was new funding coming through the Inflation Reduction Act. There were specific opportunities AML had flagged for the University of Alaska and others related to workforce. He remarked that the Denali Commission and others were thinking about how to leverage the funds. He stated it was necessary to keep in mind there was a five to ten-year process. Currently, the

state was just applying for grants, which did not take a workforce; it was necessary to think about subsequent years when people were needed on the ground. He believed ANTHC needed 70 people per year for water and sewer projects.

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Co-Chair Edgmon thought it was fair to say in the context of IIJA that a lot of the funding was authorized for programs that had yet to be conceived. There would be future opportunities that people were not yet aware of. He noted there was no funding for deferred maintenance in IIJA outside of operating money for AMHS. He thought perhaps the committee should consider a briefing on the inflation act later on. He thanked the presenters.

Co-Chair Edgmon reviewed the schedule for the following day.

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ADJOURNMENT

[3:17:25 PM](#)

The meeting was adjourned at 3:17 p.m.