

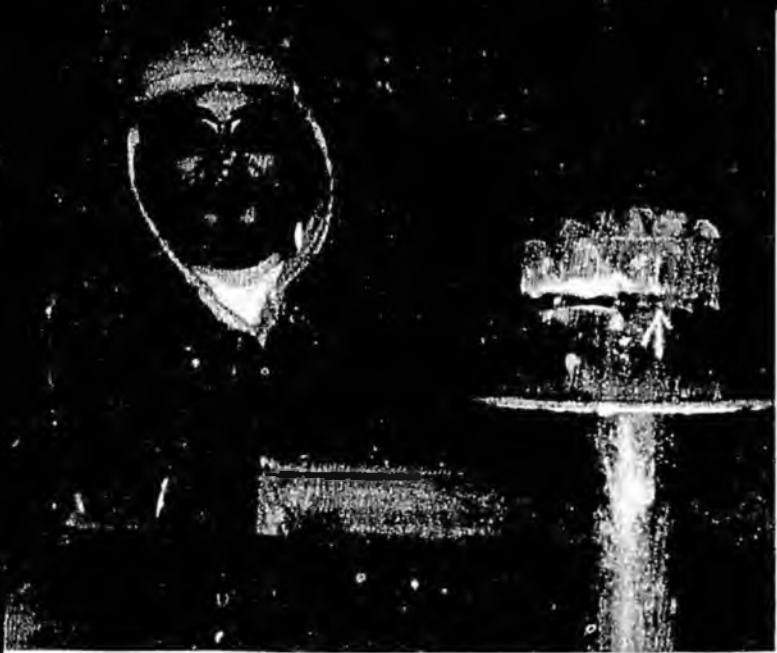
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DENALI

COMM.

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FILE



"Training has been, is and will remain a critical component of all Denali Commission funded projects. Sustainability demands that well trained local Alaskans build, operate, manage and maintain their rural facilities. Our Commissioners are committed to ensuring that our partners and funding sources recognize and support this simple reality."

Jeff Staser, Federal Co-Chair
Denali Commission
www.denali.gov

Department of Labor and Workforce Development
Alaska Workforce Investment Office
3301 Eagle Street, Suite 106
Anchorage, AK 99503

DENALI TRAINING FUND

Construct • Operate • Maintain



TRAINING FOR JOBS

Why?

The Denali Training Fund was established by the Denali Commission to ensure local residents have the skills necessary to become employed on the construction, operation, and maintenance of Denali Commission and other public infrastructure projects in rural Alaska.



Who is eligible?

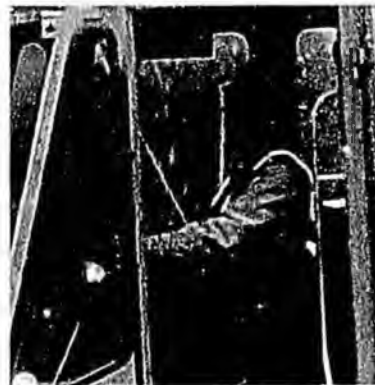
Eligible entities are any non-profit or for-profit organization, business, or government agency with the capacity to provide or facilitate the training. This funding is for organizations to conduct training; funding to individuals directly is not available under this program.

How much?

Grant requests will typically be \$25,000 or less. Amounts greater than \$25,000 may be requested, but may not be funded unless the application is of exceptional merit and at the concurrence of the Denali Commission Training Subcommittee.

What will it pay for?

- Tuition
- Instructor Wages
- Books
- Tools
- Required Clothing
- Incidental Stipends
- Childcare
- Lodging
- Transportation
- Administration
(limited to 5% of award)



How can you apply?

By completing a 4 page application to include:

- Project Description, Design and Results
- Budget and Budget Narrative
- Organization Qualifications

How do I get an application?

For an application and other information, contact the Denali Training Fund, Department of Labor & Workforce Development:

Gerry McDonagh, Grants Administrator
Alaska Workforce Investment Office
3301 Eagle Street, Suite 106
Anchorage, AK 99503
(907) 269-4551 tel
(907) 269-4661 fax
gerry_mcdonagh@labor.state.ak.us
www.labor.state.ak.us/esd/fundapp.pdf

When are applications due?

Applications are due quarterly on the 15th day before the end of the quarter as follows:

- March 15
- June 15
- September 15
- December 15

When will awards be made?

Awards will typically be made by the 1st of the month following the deadline.

Welder Trainees at the Kotlik Tank Farm Upgrade project: Dale Hunt, Joe Johnson, Richard Akaran, Mike Hunt, Richard Kamkoff, and Thomas Prince.



DENALI TRAINING FUND



S U S T A I N A B I L I T Y

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Note about cover and title:

Sustainability is one of the Denali Commission's five core values and was selected as the theme of this year's annual report. In Fiscal Year 2001, the Denali Commission made great progress in further supporting its commitment to ensuring that all infrastructure development is sustainable for future generations.

The cover photograph is an Alaskan Native whaling festival in Point Hope, Alaska shortly before statehood (circa 1955.) It reflects the enduring patriotism, values and traditions of all Alaskans. We send our deepest sympathy and support to all of the victims of the September 11, 2001 terrorist attacks.

SUSTAINABILITY

Vision

Alaska will have a healthy, well-trained labor force working in a diversified and sustainable economy that is supported by a fully developed and well-maintained infrastructure.

Mission

The Denali Commission will partner with local, tribal, state, and federal governments and collaborate with all Alaskans to improve the effectiveness and efficiency of government services, to develop a well-trained labor force employed in a diversified and sustainable economy, and to build and ensure the operation and maintenance of Alaska's basic infrastructure.

Values

Catalyst For Positive Change

The Commission will be an organization through which agencies of government, including tribal governments, may collaborate, guided by the people of Alaska, to aggressively do the right things in the right ways.

Respect For People and Cultures

The Commission will be guided by the people of Alaska in seeking to preserve the principles of self-determination, respect for diversity, and consideration of the rights of individuals.

Inclusiveness

The Commission will provide the opportunity for all interested parties to participate in decision making and carefully reflect their input in the design, selection, and implementation of programs and projects.

Sustainability

The Commission will promote programs and projects that meet the current needs of communities and provide for the anticipated needs of future generations.

Accountability

The Commission will set measurable standards of effectiveness and efficiency for both internal and external activities.

Guiding Principles

- The Denali Commission will give priority to funding needs that are most clearly a federal responsibility.
- Denali Commission funds may supplement existing funding, but will not replace existing local, state, federal government, or private funding.
- Denali Commission funds will not be used to create unfair competition with private enterprise.
- Projects must be sustainable.

- The Denali Commission will generally not select individual projects for funding nor manage individual projects, but will work through existing state, federal, or other appropriate organizations to accomplish its mission.
- Projects in economically distressed communities will have priority for Denali Commission assistance.
- Projects should be compatible with local cultures and values.
- Projects that provide substantial health and safety benefit, and/or enhance traditional community values, will generally receive priority over those that provide narrower benefits.
- Projects should have broad public involvement and support. Evidence of support might include endorsement by affected local government councils (municipal, tribal, IRA, etc.), participation by local governments in planning and overseeing work, and local cost sharing on an "ability to pay" basis.
- Priority will generally be given to projects with substantial cost sharing.
- Priority will generally be given to projects with a demonstrated commitment to local hire.

LETTER TO THE PRESIDENT

Dear Mr. President:

We are pleased to submit our report on the Fiscal Year 2001 activities of the Denali Commission for your review and submittal to Congress.

The report details our successes and lessons learned in pursuit of our mission to provide distressed, rural Alaskan communities with critical infrastructure such as power generation and transmission facilities, health care facilities, bulk fuel storage tanks and related facilities. Our innovative approach of coordinated problem solving and local decision-making, coupled with implementation of strict new "best business practices" and new standards for life-cycle operations and maintenance, have spurred ten federal agencies, ten state agencies, numerous non-profit groups and foundations, Alaska Native leadership, and the State Legislature to collaborate in support of our joint achievements.

The Denali Commission approach implements your Administration's national budget goals in the most remote part of the nation under some of the most challenging environmental and logistical conditions on earth. The Commission leverages federal appropriations with state, non-profit, and non-government sources. Currently, the Commission has over 150 cost-shared projects underway, and has obligated \$97 million leveraged into \$220 million worth of physical work on the ground. To ensure cost effectiveness, the Denali Commission operates well below the 5% Statutory limit for administrative set in the Denali Commission Act of 1998 by utilizing staff donated by our many partners.

The harsh Arctic climate and extreme isolation of rural Alaska make it one of the most difficult places to serve; but these same conditions also mean that these services have a tremendous impact. In many of these communities, electric power is unreliable and can cost up to 60 cents per kilowatt-hour.

With state subsidies, the average electricity cost is about 40 cents per kilowatt-hour, which is roughly four times what the California energy crisis rate was at 11 cents. 27% of Alaska's rural communities lack indoor plumbing for the majority of their homes, and more than 180 communities suffer from inadequate sanitation, inadequate waste disposal, or unsafe drinking water. Consequently, the hepatitis infection rate in rural Alaska far exceeds the national average. Medical services in these communities are often very basic or simply unavailable, and weather dependent emergency medical evacuation can take up to 36 hours.

With such extensive challenges, the Commission focused on specific areas of need based on relative urgency and availability of funding. The theme of rural energy, as a prerequisite to all other community and economic development, was selected as the top priority for infrastructure funds in Fiscal Year 1999. Rural primary health care facilities were identified as the second infrastructure theme

for the Commission beginning in Fiscal Year 2000. These two themes will continue to be areas of primary focus for infrastructure funds through Fiscal Year 2003. The Commission, consistent with Congressional intent, may add one or more themes in the future, guided by an agency partner and community-based planning efforts.

When the Denali Commission provides funding for a bulk fuel storage tank upgrade or a primary health care clinic, it does more than just provide a facility. Before any project gains Commission support, the community must include a comprehensive business plan that ensures long-term operations and maintenance and a corresponding program to train local Alaskans for jobs associated with the project. This provides a source of employment in communities where unemployment rates often exceed fifty percent; it ensures the life of the facility; and most importantly, it decreases the community's dependence on federal assistance.

The Denali Commission made progress during the three short years since its inception, but there are still significant gaps in the most basic infrastructure and community services. The Denali Commission provides a unique opportunity to harness the resources of federal and state agencies, local and tribal governments, and private sector partners to make a difference in these rural communities and to put them on the path to a sustainable future. We believe that given continued support, we can and will reach this goal.

Thank you for your support and interest in the Denali Commission.



Jeff Staser
Federal Co-Chair



Fran Ulmer
State Co-Chair





ALASKA'S CHALLENGES

Above: Mary from Kotlik gets a ride on an ATV.

"Government should be competent and accountable to the people. The structure of this Commission is intended to promote these outcomes, and our results will be measured by the public we jointly serve. If we succeed, our infrastructure projects will support sustainable economic self-sufficiency. We, and our partners, will succeed to the degree that we continue to listen to the people of Alaska, and hold ourselves accountable to them."

Jeff Staser, Denali Commission Federal Co-Chair

"The Denali Commission not only provides needed funds for infrastructure development, it has also facilitated meaningful partnerships among local, state, federal and native organizations."

Fran Ulmer, Denali Commission State Co-Chair

As the 49th State, Alaska has enjoyed the rights and responsibilities of statehood for only 42 years. Alaska did not have the opportunity to develop its infrastructure at the same time as the rest of the Union.

When America was building the Erie Canal and laying its first 30,000 miles of railroad tracks, Alaska wasn't even a state – it was still owned by the Russians. In 1933, the nation recognized the need for access to affordable and reliable electricity, yet today most Alaskan communities do not have access to a power grid or affordable energy. President Eisenhower's National Highway System still excludes over two-thirds of Alaska's communities.

Alaska is striving to reach the same level of infrastructure development as the other states so Alaskan communities can achieve a similar level of sustainability and economic self-sufficiency.

When designing and constructing such infrastructure facilities in Alaska, there are many challenges unique to the state that should be taken into consideration.

Construction in rural Alaska's 399 communities is a tremendous challenge. It is slower, more involved and costly than in any part of the country. Construction practices routinely used

throughout the United States have to be rethought and altered at significant expense to work in Alaska's harsh climate.

- Special engineering for foundations and utilities is required if the contractor is working in the frozen soils of the central and northern regions of the state.
- Many of the communities do not have adequate infrastructure to accommodate the contractor's workforce. The contractors may have to provide for their own feeding, lodging, and sanitation; and often have to bring in outside workers due to a lack of trained local labor.

The extreme Alaskan climate also poses challenges to operation and maintenance of a facility.

- The temperature in Alaska can plunge to -70 degrees (F) during dark winters, which causes oils to turn to gel, and plastics to shatter easily.
- Since many of the rural Alaskan communities receive their goods by barge, their receipt of construction materials is limited to when the river is flowing and not iced over.

If the equipment and materials break down after they have arrived, the entire project can

come to a halt as a replacement part is barged or flown up from Seattle or Anchorage.

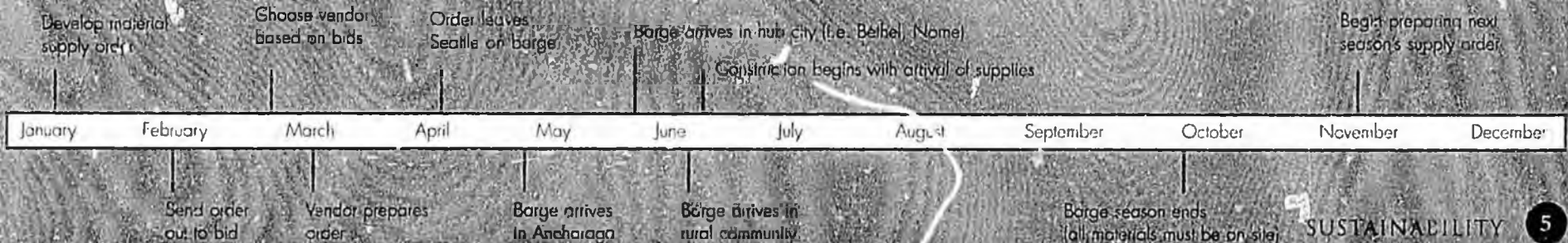
Depending on how far north the project is situated, the window of opportunity to reliably navigate the river and bring in barged goods can be as little as 30 days. Typically, most communities have a four month barging window.

Then there are the challenges inherent in the grandness of the state.

- The rural Alaskan communities are scattered across an area one-fifth the size of the contiguous 48 states.
- Alaska has more than 3,000 rivers, three million lakes, and 29,000 square miles of glaciers, North America's tallest peak, and 10% of the world's active volcanoes.
- Major earthquake fault lines in many populated areas demand the highest standards of construction.

Despite a population density of about one person per square mile (one seventy-fifth of the U.S. average), the challenge of living on the "Last Frontier" fosters a strong sense of community among people who work together to overcome adversity.

Timetable for Shipping Supplies to a Typical Isolated Rural Community





CREATION OF THE COMMISSION

Above: Jeff Staser and Alice Pete (from Stebbins) in Unalakleet.



"I am encouraged by the work the Commission has done so far to modernize the basic infrastructure of rural Alaska. As a catalyst, the Commission concept has proven highly effective. Federal funds provided to date have been leveraged with other funding sources, including non-profit foundations, while keeping overhead costs low.

Local communities have risen to the challenge of adopting tough new sustainability standards. Agencies of government at all levels are cooperating to deliver cost-effective and sustainable projects while respecting community based planning. The teamwork has been excellent. It is my hope that Congress will continue to support this important effort."

Senator Ted Stevens, United States Senate

Senator Ted Stevens of Alaska authored the Denali Commission Act of 1998, which was signed into law on October 21, 1998, becoming Title III of Division C of Public Law 105-277, and was codified as 42 USC 3121. The Act is an innovative federal-state partnership designed to provide critical utilities, infrastructure, and support for economic development in Alaska by delivering federal services in the most cost-effective manner possible. With the creation of the Denali Commission, Congress acknowledged the need for increased inter-agency cooperation with a focus on America's most remote communities. The goal is to lower the cost of living and raise the standard of living throughout Alaska by ensuring all Alaskans have the means to achieve economic self-sufficiency.

The Act specified that the Denali Commission should have the following purposes:

- To deliver services of the Federal Government in the most cost-effective manner possible by reducing administrative and overhead costs.

- To promote rural development, provide power generation and transmission facilities, modern communication systems, water and sewer systems, and other infrastructure needs.
- To provide job training and other economic development services in particularly distressed communities (many of which have a rate of unemployment that exceeds 50 percent).

The Denali Commission Act was later amended on May 21, 1999, under Title I, §105 of Public Law 106-31. This amendment prohibited the Denali Commission from using more than five percent of its funding for administrative expenses. The Denali Commission is working well below this statutory limit and is keeping its administrative costs at three percent.

The Denali Commission Act was further amended on November 29, 1999, by Title VII of Appendix D, §701 of Public Law 106-113. This amendment was a vote of confidence from Congress in that it expanded the Denali Commission's purview to include health care facilities.

The Denali Commission was specifically directed to plan, construct, and equip health, nutrition, and child care projects, including hospitals, health care clinics, and mental health facilities.

The Denali Commission is administered by the Federal Co-Chair. The State Co-Chair is the Governor of Alaska. Five Commissioners are appointed by the Secretary of Commerce from Alaskan statewide organizations that represent Alaskan Natives, organized labor, the University system, construction contractors and municipal managers. The Commission's staff consists of professionals detailed to the Commission from various state and federal agencies and other organizations. Supporting administrative personnel are paid directly by the Commission.

Denali Commission Timeline

September 1998
Senator Ted Stevens introduces Denali Commission legislation

April 1999
Denali Commission's First Meeting - Energy Infrastructure Theme selected

Year 2000

- Denali Commission becomes part of President Clinton's FY 00 Budget
- Denali Commission begins receiving Trans Alaska Pipeline Liability Fund Interest for Bulk Fuel Tank Construction (approximately \$10M/year)
- Health Care Infrastructure Needs Assessment identifies \$253M in statewide need

June 2000 - Present
Over 20 Rural Health Care Construction Projects completed or underway



October 21, 1998
Denali Commission Act becomes law



January 2000
Denali Commission selects Health Care Infrastructure as second theme



May 1999 - Present
38 Energy Projects completed or under construction



Year 2001
USDA Rural Utility Service funds Denali Commission with additional \$1.5M for Alaska Energy Infrastructure

THE COMMISSIONERS



Jeff Staser is the Federal Co-Chair of the Denali Commission. A fourth generation Alaskan, he worked on the staff of Senator Ted Stevens in Washington, D.C. as his Legislative Assistant for Natural Resources, Rural Utilities, Science and Technology and Economic Development for over four years. He is a graduate of West Point and holds three Masters Degrees, including a Masters of Arts, a Masters of Business Administration, and a Masters of Science from Stanford University in Construction Management. Prior to joining Senator Stevens, Mr. Staser was Assistant Director of Civil Works for the U.S. Army Corps of Engineers. Mr. Staser serves as President of the Federal Executive Association and is active in other local and national economic development organizations.



Fran Ulmer is the State Co-Chair of the Denali Commission and is serving her second term as Alaska's Lieutenant Governor. She has also served as Mayor of Juneau and in the State of Alaska House of Representatives for eight years. She is active in a wide variety of issue and program areas, including overseeing the Division of Elections, telecommunications, economic development, workforce development, fisheries and the Governor's Children's Cabinet. Lieutenant Governor Ulmer serves on numerous other boards and commissions including the Alaska Science and Technology Foundation, Alaska Land Managers Forum, Alaska Human Resources Investment Council, Federal Elections Commission Advisory Panel, North Pacific Anadromous Fish Commission and the Federal Communications Commission's State and Local Government Advisory Committee.



Julie E. Kitka currently serves as President of the Alaska Federation of Natives (AFN) at the pleasure of a thirty-seven member Board of Directors representing the thirteen regional Alaska Native Claims Settlement Act corporations, the twelve regional non-profit tribal associations and the villages. She represents AFN before the U.S. Congress, federal agencies, the Alaska State Legislature and state agencies on Alaska Native issues of statewide importance. Ms. Kitka began working at AFN in late 1981 and has held numerous positions within the organization including Special Assistant-Human Resources, Congressional Lobbyist and Vice-President. She earned a Bachelor's Degree in Business Administration from Alaska Pacific University in Anchorage.



Mano Frey has served as Executive President of the Alaska State AFL-CIO since 1984. In August of 1977, Mr. Frey was appointed Pipeline Field Representative for Laborers Union Local #341 and delegate to the Anchorage Central Labor Council. In mid-1978, Mr. Frey transferred to 341's Anchorage office. In October of 1978, he was appointed to his first term as 341's President and was re-elected in 1980 to a second term. At that time, he was also elected as a Delegate of the Alaska State District Council of Laborers. In 1981, Mr. Frey was elected by the Executive Board to his first term as 341's Business Manager and has been re-elected for three-year terms in every subsequent election.



Mark R. Hamilton became the twelfth President of the University of Alaska on August 10, 1998. Prior to accepting the chief leadership position of the University, Hamilton was a U.S. Army Major General in charge of recruiting. Hamilton received his Bachelor of Science degree from the U.S. Military Academy at West Point and his Masters Degree in English Literature from Florida State University. He is also a graduate of the Armed Forces Staff College and of the U.S. Army War College. During his thirty-one years of active duty, Hamilton was assigned to various locations around the globe, including two tours in Alaska. He received the Army's highest peacetime award, the Distinguished Service Medal; and the Armed Forces' highest peacetime award, the Joint Distinguished Service Medal.



Kevin Ritchie is Executive Director of the Alaska Municipal League/Alaska Conference of Mayors, a coalition of 141 cities and boroughs representing approximately 97% of the population of Alaska. He is also an adjunct instructor in the Masters of Public Administration Program at the University of Alaska Southeast. His background includes: Manager of the City and Borough of Juneau; Director of the Division of Personnel/Equal Employment Opportunity for the State of Alaska; Executive Director of the Juneau Economic Development Council; and VISTA Volunteer for the Tacoma Urban League, Minority Concerns Task Force. He is currently a member of the Board of Directors of the National League of Cities, a member of the Area Discipline Committee for the Alaska Bar Association and a Past President and Charter Member of the Juneau Gastineau Rotary Club.



Heinrich Springer served as Executive Director of the Alaskan Association of General Contractors from his election in 1991 to his retirement in December of 1999. A civil engineer, Mr. Springer emigrated from Germany in 1959 and has been in Alaska since 1960. Mr. Springer was a Post Engineer with the U.S. Army at Fort Wainwright, Alaska, for three years and worked with the Alaska Department of Transportation for twenty-three years. He has thirty years of experience in all areas of public facilities development including research, design, planning, construction, operations and maintenance. Mr. Springer has been a Representative from Nome to the Alaska State Legislature and continues to be active in community development and politics. Mr. Springer served as Denali Commissioner from April 1999 to September 2001.



Richard Cattnach is Executive Director of the Associated General Contractors of Alaska. A Certified Public Accountant by training, Mr. Cattnach has been a university professor, a university administrator, a banker, and a contractor. He received his Bachelor of Science in Business Administration from the University of Wisconsin, a Masters of Science in Business Administration from the University of Denver, and a Doctor of Philosophy from Arizona State University. Mr. Cattnach has served on many boards and has received numerous awards for his work on behalf of the construction industry. Mr. Cattnach was appointed to serve as Denali Commissioner in September 2001.



ESTABLISHING PRIORITIES

Above: Kevin Ritchie; Jeff Staser; Henry Springer; Lonnie Tebbits, President Noorvik Native Community IRA Council; Mano Frey; and Nelson Angapak representing Alaska Federation of Natives in Noorvik.

"The Denali Commission continues to build on its success of providing support to rural Alaska in much needed infrastructure development. We are seeing positive results already."

**Julie Kitka, Commissioner
Alaska Federation of Natives**

In accordance with the Denali Commission Act, the Commission determines its own operating principles and funding criteria. These are outlined in the annual Commission work plan that is available on the Denali Commission's web page at www.denali.gov.

Each annual Commission work plan is open to public comment by being published in the Federal Register; posted on the Denali Commission's web page at www.denali.gov; and posted on the State of Alaska web page at www.Alaska.gov. After extensive public review, the annual work plan incorporates revisions in response to the information, views, and comments received from all interested parties. The Federal Co-Chair then consults with appropriate federal officials in Alaska and the full Denali Commission before finalizing the document. The Secretary of Commerce, acting through the Federal Co-Chair, ultimately will approve, disapprove, or partially approve the work plan.

The Commission's fundamental operating principle is to provide the opportunity for Alaskans to take a more active role in federal decision-making on issues that pertain to them.

Commissioners draw upon community-based, regionally supported comprehensive plans, as well as input from individuals, organizations, and partners to guide funding decisions. This approach helps provide basic services in the most cost-effective manner by moving the problem-solving resources closer to the people best able to implement solutions.

To establish its priorities for projects and funding, the Commission designated rural energy as its first infrastructure theme in 1999, and rural health care facilities and services as its second infrastructure theme in 2000. See the Denali Commission Timeline, page seven.

To reflect this focus, the Commission formed an infrastructure subcommittee, a job training subcommittee, and an economic development subcommittee which use the following guiding principles to select their projects:

Guiding Principles for the Infrastructure Subcommittee:

- A project must be sustainable.
- A project should be consistent with a comprehensive community or regional plan.
- Any organization seeking funding assistance must have a demonstrated commitment to operation and maintenance of the facility for its design life. This commitment would normally include an institutional structure to levy and collect user fees if necessary, to account for and manage financial resources, and to have trained and certified personnel necessary to operate and maintain a facility.

Guiding Principles for the Job Training Subcommittee:

- Training should increase the skills and knowledge of local residents to become employed in jobs created by the Denali Commission's investment in public facilities in a community.
- In order to protect the federal investment, training should increase the local capacity to operate and maintain Denali Commission funded public infrastructure.

Guiding Principles for the Economic Development Subcommittee:

- Priority will be given to projects that enhance employment in high unemployment areas of the state (economically distressed), with emphasis on sustainable, long-term local jobs or career opportunities.
- Projects should be consistent with statewide and regional plans.
- The Denali Commission may fund demonstration projects that are not a part of a regional or statewide economic development plan if such projects have significant potential to contribute to economic development.



THE SUSTAINABILITY RESOLUTION

On September 20, 2001, the Denali Commission unanimously passed the following resolution which defines the requirements that communities and organizations must meet before infrastructure is constructed. This resolution is another step toward ensuring that all infrastructure projects constructed with Denali Commission funding will last for many generations to come.

Resolution No. 01-15: A Resolution Regarding Sustainability for Denali Commission Funded Infrastructure Projects

WHEREAS, the Commission is charged with developing infrastructure to serve rural Alaskan communities, with preference given to those that are economically distressed and with particular regard to health and safety needs; and

WHEREAS, the Commission recognizes that healthy and safe communities depend on sustainable infrastructure; and

WHEREAS, one of the Commission's GUIDING PRINCIPLES states that projects must be sustainable, and sustainability is one of the Commission's CORE VALUES; and

WHEREAS, the U.S. Congress, through legislation drafted by Senator Ted Stevens, has directed the Commission to ensure that all infrastructure projects demonstrate sustainability as a prerequisite for Denali Commission funding; and

WHEREAS, both the U.S. Congress and the Alaska State Legislature have strongly advised the Denali Commission to avoid the creation of unfunded future liabilities for either the State or Federal government; and

WHEREAS, the cost of constructing, operating, maintaining, renewing, and replacing infrastructure in rural Alaska is considerably more expensive than infrastructure in urban Alaska or the 48 contiguous states; and

WHEREAS, most communities in rural Alaska are economically distressed with unemployment levels several times the national average, and with income levels a fraction of the national level; and

WHEREAS, the high cost of services in rural Alaska and the operation and maintenance of rural infrastructure is currently assisted by a number of programs including the Power Cost Equalization Program, Low Income Heating and Electric Assistance Program, Remote Maintenance Worker Program, Rural Utility Business Advisor Program, government subsidized loans, and other means; and

WHEREAS, operating efficiencies and cost reduction can be achieved through a variety of means including simplification and standardization, increasing the scale or regionalization of utility systems or other infrastructure system in order to achieve the required management capacity, and combining fuel orders to acquire economies of scale; and

WHEREAS, consistent application of sound business principles is a fundamental prerequisite to sustainable infrastructure or services; and

WHEREAS, life cycle cost of infrastructure increases dramatically when sustainability principles are not applied:

NOW THEREFORE BE IT RESOLVED, that the Denali Commission reconfirms its commitment to sustainability for Commission funded infrastructure projects as a CORE VALUE and as a GUIDING PRINCIPLE with the following understanding:

- Sustainability, by definition, includes all costs associated with management, operation and maintenance, renewal and replacement (after the design life has been achieved) necessary to maintain an acceptable level of service.
- The high cost of infrastructure in rural Alaska makes it infeasible for the total costs of all services in all communities to be borne by local users, however, **to the extent feasible**, user rates should include all costs necessary to achieve sustainability.
- All practical steps should be taken, including simplification of projects, standardization of infrastructure, combining of utilities, regionalization of utility management structures, bulk purchase of fuels, training and development of management personnel and other actions that reduce the cost of sustainable infrastructure.

- Before Denali Commission funding is applied to the construction of any infrastructure project there must be a sound business plan. The Denali Commission considers sound business planning as a key process in defining sustainability to ensure funded infrastructure projects will be operated and maintained and demonstrating how all costs, which are necessary to assure a sustainable project or level of service, will be covered.
- All parties to the Commission within their spheres of responsibility, as individual entities or in collaborative efforts, will seek to reduce the cost of sustainable rural utilities and support subsidies that are demonstrated as necessary to ensure that basic infrastructure and essential services are available in rural Alaska at an affordable cost.

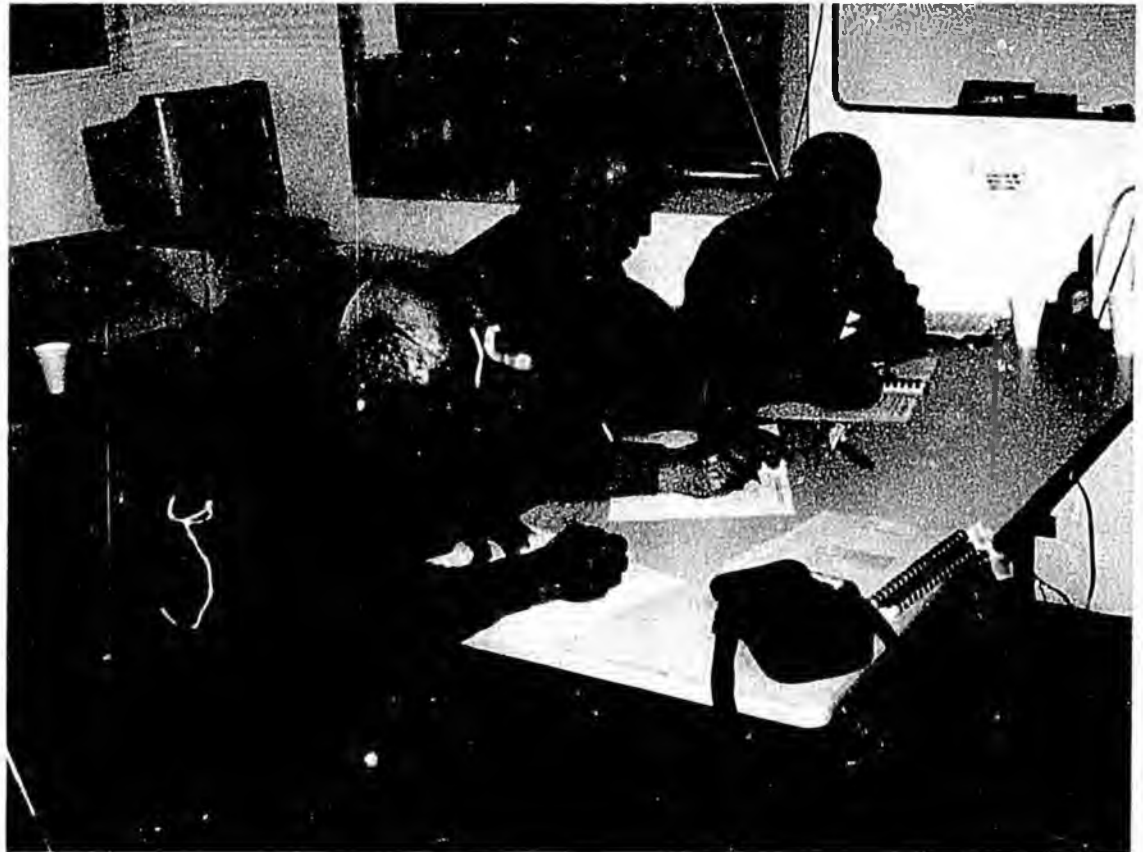
CERTIFICATION

We, the undersigned, hereby certify that the Denali Commission is comprised of seven members (or their duly appointed alternate), of whom six, constituting a quorum, were present at a meeting duly and regularly called, noticed, convened and held this 20th day of September, 2001, and that the foregoing Resolution was duly adopted at said meeting by the affirmative vote of seven members (Jeff Staser voting proxy for Jim Sampson), and opposed by 0 members, and that said Resolution has not been rescinded or amended in any way.

DATED this 20th day of September, 2001

Jeff Staser,
Federal Co-Chair

Fran Ulmer,
State Co-Chair



Above: Denali Commission's Al Ewing (center) with Moses Strauss (right), Vice-Chairman Qemirtalek Coast Corporation; and Tommy Phillips Sr. (left), President of Traditional Council of Kongiganak, signing the Kongiganak Energy Business Plan.

"Projects for their own sake that do not include the promise of sustainability, including training and maintenance, will serve on as ribbon cutting events in the near term, and monuments to failure in the long term."

Mark Hamilton, Commissioner
University of Alaska



Above: Health Center Groundbreaking Ceremony at Unalakleet.
 Left: Completed Health Center Project in the village of Emmonak.

HEALTH CARE

Ensuring Sustainability of All Health Facilities:

All Denali Commission Health Care facilities are evaluated through a Request For Proposal process that awards funding to projects that have long-term operations and maintenance in place.



"This is a wonderful opportunity to help my fellow Americans in some of the most important and critical health issues facing us today."

Tommy G. Thompson
 Secretary of Health and Human Services

The Denali Commission was granted statutory authority to address health care issues in Title VII of Appendix D, §701 of P. L. 106-113 that was signed into law on November 29, 1999. This amendment authorizes the Denali Commission to plan, construct, and equip health, nutrition, and child care projects, including hospitals, health care clinics, and mental health facilities including drug and alcohol treatment centers.

In 2000, the Commission identified rural primary care needs in more than 288 rural communities, and estimated the cost of needed rural primary care facilities to be \$253 million.

The Denali Commission is working to ensure all Alaskans receive safe and reliable health care:

- The Denali Commission supports the rural health care referral pattern of bringing health care programs closer to the rural residents.

A practical example of this is the primary care community clinic for Savoonga that provides Community Health Aide service to the immediate community. If a patient

requires a higher level of medical attention, then the patient is referred to a sub-regional clinic, which provides mid-level health care service generally performed by a physician's assistant or nurse practitioner.

- Sub-regional clinics are located at air transportation hubs allowing patients from the surrounding villages to access the next level of health care often within 8-12 hours (round trip), such as the Unalakleet Health Center Project.
- In order to receive Commission funding, the health care facility must commit that it will be open to all who seek medical attention.

Information on the funding and cost-share aspects of the current Denali Commission's health care projects:

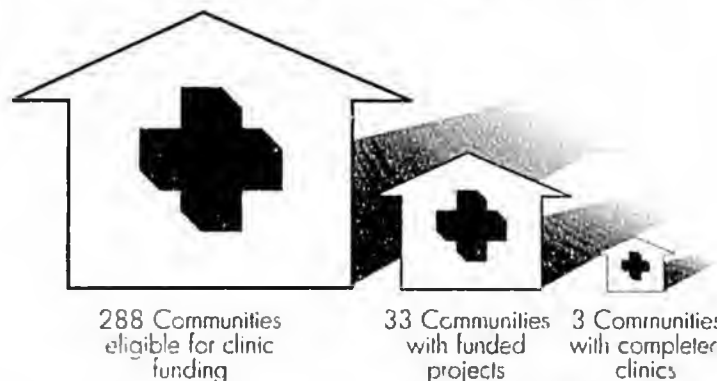
- The Denali Commission currently has a total of 33 funded health care projects.
- FY 2001 funding for health care was \$20 million, with \$10 million from the U.S. Department of Health and Human Services (DHSHS) and \$10 million in Denali Commission funding.

- The DHHS project cost share requirement ranges between 20 and 50% of the total project cost, and is based on the economic status of the community.
- Of the \$22 million in Commission health facilities funded projects (FY 1999-2001), a total of \$19.5 million in additional project funding has been leveraged. This brings the total on-the-ground funding to \$41.5 million.

The future goals of the Denali Commission Health Care Program:

- The Denali Commission seeks to provide funding and support for clinics to include dental services and mental health and substance abuse treatment space within the facility.
- The Denali Commission recognizes that there should be a balance between those communities with the greatest health care need and those that historically have well-maintained a community clinic. In future years, the Commission expects to fund clinic repair projects to support these organizations.

Primary Health Clinic Project Progress





ENERGY

Ensuring Sustainability of All Energy Projects:

In partnership with Alaska Energy Authority and Alaska Village Electric Cooperative, all communities receiving Denali Commission funding for energy-related projects must have the following:

1. Business Plan— detailing funding of ongoing operations and maintenance, and renewal and replacement.
2. Back-up Operator— in case the requirements of the business plan are not being met a back-up operator will take over operations.



Above: A completed bulk fuel tank farm project in Tuntutuliak.
Left: Non-code compliant fuel storage tanks in Grayling.

"The Denali Commission and the Alaska Energy Authority had two important firsts this year— we executed a business plan in Kongiganak which provides a roadmap to sustainability, and conducted a highly successful resident welding training program in Kotlik."

Bob Poe, Executive Director
Alaska Industrial Development Export Authority
and Alaska Energy Authority

The Denali Commission continued to place the majority of its infrastructure funding on rural energy projects in FY 2001. Several improvements to the program were made this year.

- The Commission provided a more detailed and workable definition of sustainability;
- The Alaska Energy Authority (AEA) tripled its construction capacity by contracting with the private sector;
- The first business plan incorporating full life-cycle costs including replacement costs and backup operators was negotiated and signed by AEA and the community of Kongiganak;
- The AEA project in Kotlik demonstrated a model resident welding training program and commitment to the new sustainability standards;
- Alaska Village Electric Cooperative (AVEC) joined as a partner for design and construction of sustainable bulk fuel tank farms and rural power system upgrades in 23 of its 52 member communities, with rate payers providing cost-sharing; and
- Two new sources of funds became available for energy projects.

This year 10 rural power system upgrades were completed as well as eight code-compliant, consolidated bulk fuel facilities.

In 2001, eight new bulk fuel tank farms were completed, ensuring safe storage of 1,295,511 gallons of fuel. These tank farms were constructed in the communities of:

- Kiana
- Old Harbor
- Allakaket
- Manokotak
- Chignik Lagoon
- Port Graham
- Kotlik
- Napaskiak

Kotlik is a good example of a project design for Alaskan site conditions. The new Kotlik tank farm upgrades the existing non-compliant system that was recently cited for violations by the US Coast Guard. The new \$3.8 million facility is state-of-the-art, fully code-compliant, and is scheduled to be built within a single construction season. This farm is representative of the type built in low-lying Delta areas, using a pile foundation structure, a steel containment deck elevated above the flood level, and site-built vertical tanks. Another significant feature of the project is a successful local training program funded through the Denali Training Fund. This program currently has six local residents working on the project as apprentice welders and receiving certifications.

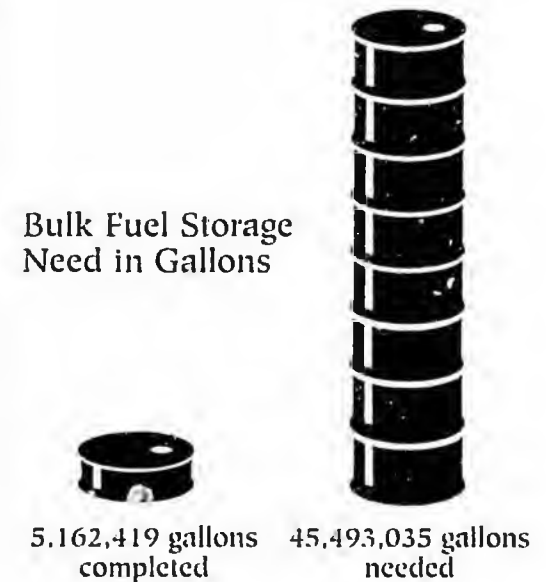
The Commission established criteria to describe a sustainable utility, including provisions for adequate preventive and scheduled maintenance, a ten-year financial forecast and capital replacement and expansion plan, and a rate structure analysis designed to pay for these forecast costs. Provision is made for training and assistance, as well as a phase-in

period for the utility to come into full compliance with the clarified standards.

Sustainability standards were clarified and business plans necessary to achieve sustainability were established as a prerequisite to construction of all energy projects.

In addition, there is an agreement that a "back-up operator" will be appointed if the utility is unable to operate in accordance with the business plan. Now there are business plans under development for 20 consolidated bulk fuel tank farms and four rural power system upgrades around the state. The time required to develop business plans has slowed the shift into construction on some projects, but economic benefits and guarantees of sustainability should result from this approach.

Bulk Fuel Storage
Need in Gallons



(ENERGY continued...)

The Alaska Energy Authority, as one of the Commission's original partners, continues work on the rural energy project theme. In seeking to quadruple the rate of construction to meet our goal of completing all tank farm projects by 2010, it became necessary to augment their capabilities.

The Commission identified Alaska Village Electric Cooperative (AVEC) as a new design and construction management partner this year. AVEC was funded to complete 14 bulk fuel tanks and 17 power system upgrades for a total of \$24 million including nearly \$3 million in AVEC matching funds. In addition, AVEC is contributing its overhead with a zero percent allowance for overhead expense. This new partnership, along with two new funding sources, enabled the Commission to more than double funding to energy projects in FY 2001.

In late FY 2000, Denali Commission began receiving interest funds from the federal Trans-Alaska Pipeline Liability fund, which may only be used for bulk fuel projects.

The first projects authorized using Trans-Alaska Pipeline Liability funding began in FY 2001. In FY 2001, the Denali Commission also joined with US Department of Agriculture Rural Utilities Service (RUS) to fund rural power system upgrades under the Rural Electrification Act of 1936. These dedicated funds may only be used for communities that meet stringent criteria and experience extremely high costs for energy.

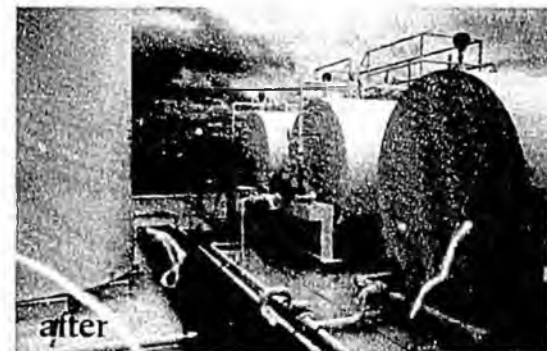
Before and After of Two Completed Bulk Fuel Storage Projects



Left: Non-compliant fuel tanks in Tuntutuliak.
Right: The completed bulk fuel tank farm in Tuntutuliak.



Left: Non-compliant fuel tanks in Atmautluak.
Right: The completed bulk fuel tank farm in Atmautluak.



Energy Infrastructure in a Typical Isolated Rural Alaska Community

Due to freezing, barges only deliver bulk fuel, equipment and materials to the community in the summer months.

Fuel is transported from the marine header to the bulk fuel storage facility through a pipeline.



Fuel is delivered from barges and stored in bulk fuel storage tanks.

Generators located in community powerplant produce electricity for all homes and community facilities. (Typically over \$0.40 per kwh.)



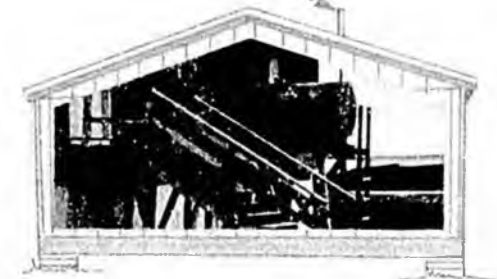
Waste heat is distributed to other facilities such as a water treatment plant, school, health clinic, etc.



Diesel and unleaded fuel are transported through a pipeline to the retailer.



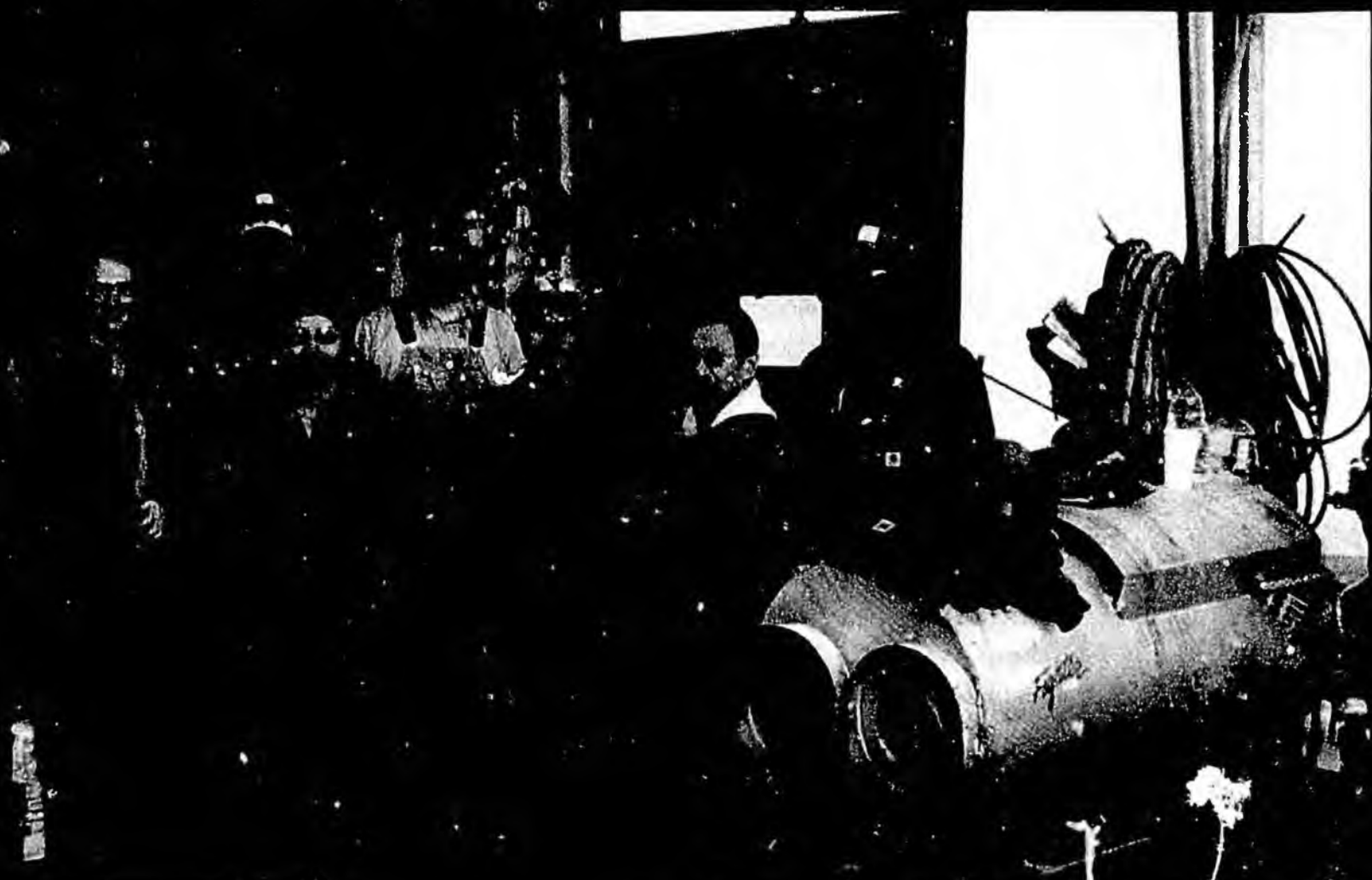
Retailer sells diesel fuel and unleaded gasoline. (Typically over \$3.00 per gallon.)



Diesel fuel is purchased from retailer and transported by resident to the home where it is stored for use in independent residential heating units.



Diesel fuel is carried through a pipeline to the water treatment plant heating system to prevent freezing.



JOB TRAINING

Ensuring Sustainability of All Public Facilities Through Training:

In order to have sustained facilities in rural Alaska, community training of local residents must be encouraged and supported.

- Construction Training ensures that local residents construct the projects they will ultimately be operating and maintaining.
- Operations Training, such as for bulk fuel tank and power plant operators, is vital due to the complex nature of these facilities.
- Maintenance Training for all public facilities ensures the design life of the project is met.

Above: Gerry McDonagh of the Denali Training Fund with a group of welder trainees in Kotlik.

Left: Mike Hunt, welder trainee in Kotlik.

"The Denali Training Fund is an important component of the Denali Commission's mission. Rural Alaskans are the untapped resource needed to achieve the mission and the Denali Training Fund has been an effective program in developing that resource."

**Mano Frey, Commissioner
Alaska State AFL-CIO**

Through the Commission's standing policy of providing ten percent of annual funding for training, significant strides have been made toward ensuring that every Alaskan has the opportunity to acquire the skills necessary to advance in today's high technology society. The Commission believes that through appropriate training funded by state and federal dollars, Alaskans will be able to use these newly acquired skills to build a strong and sustainable community. As a matter of policy, the Commission seeks to tie training to specific job opportunities, and seeks to support career development and not just jobs.

The Denali Training Fund was established in partnership with the State of Alaska Department of Labor and Workforce Development in Fiscal Year 2000.

"Together, Denali Commission and State of Alaska Department of Labor and Workforce Development have created one of the most effective and successful training programs in Alaska's history."

Ed Flanagan
Department of Labor and Workforce Development, State of Alaska

Guidelines of Denali Training Fund:

- Financial Awards are generally under \$25,000.
- Awards are given to any non-profit, community, government agency, or for-profit entity.
- All Training must lead to a future job.
- Funds cannot be used to subsidize wages.

Successes of the Denali Training Fund in 2001:

- An additional \$3 million was made available to new training projects.
- 277 rural residents have been trained for construction operations and maintenance careers and over 400 are in training.

The Denali Commission has also developed successful partnerships with several organizations that are instrumental in strengthening and reforming training for rural residents. These organizations now have the support to implement a complete system of training from elementary school curriculum to certificate and degree completion to ensure that a pool of qualified rural Alaskans will be established.

The following is a brief description of each of the Denali Commission's Training Partners and their role:

- Alaska Native Coalition on Employment and Training – Regional Coordination
- Alaska Vocational Technical Center – Building Maintenance Repairer and Bulk Fuel and Utility Operator Curricula
- Alaska Works Partnership – Apprenticeship Outreach
- Associated General Contractors – Construction Career Pathways

Another aspect of the Denali Commission's focus on training is the ongoing monitoring of all workers on Denali Commission construction projects. The Denali Commission goes far beyond general local hire statistics. It is able to report on the actual wages that went into a community, and the jobs that were filled by local residents and non-residents. The graph below shows the payroll earnings by residency on Denali Commission projects to date.

Number of Trainees Funded in FY01 by Type



Construction



Maintenance



Operations

Payroll Earnings by Residency of Individuals



Rural



Non-Rural



Above: Savoonga residents on the steps of their new health clinic.

OTHER INFRASTRUCTURE

Ensuring Sustainability Through Economic Development and Other Vital Infrastructure:

In order to have sustained facilities in rural Alaska communities, a local economy and vital infrastructure must be enhanced. This is done through the following programs:

- Mini Grant Program, Alaska Growth Capital and the Airport Assistance Program provide needed capital and grants to rural communities to build infrastructure in order to grow local economies.
- Community Priorities Program encouraged self-determination by the selection of top community priorities for infrastructure development.

"The Associated General Contractors have long realized that sustainable infrastructure development requires much more than just construction. I am proud to be a part of the Denali Commission that also realizes this truth and is committed to not only construction of infrastructure, but a long-term sustainable plan that includes training, the local economy and other vital infrastructure."

Richard Cattanach, Commissioner
Associated General Contractors of Alaska

While the Denali Commission has followed the themes of Energy and Rural Health in funding infrastructure projects, there have been a small number of projects funded as pilot or demonstration projects for the following reasons:

- To assess the needs and roles of other themes.
- To take into account special critical requirements.
- To encourage comprehensive community planning for infrastructure and other needs.
- To fill gaps in essential areas not addressed in our themes or other agency programs.

To assess the needs and roles of other themes:

- A Solid Waste Transfer Station demonstration project was funded in the City of Klawock. This transfer station will take the place of the existing, overflowed landfill serving Craig, Klawock, Naukati and Coffman Cove on southern Prince of Wales Island.
- The Commission invested \$500,000 again this year in a partnership co-funded by the USDA Forest Service in support of the State of Alaska, Department of Community and Economic Development's Mini-Grant Program.

To take into account special critical requirements:

- The Denali Commission reserved up to \$600,000 to use as matching funds for rural communities that want to enhance local self-determination by becoming their own public airport sponsor. Three financial assistance awards this year provided a partial local match to eight FAA grants in Kwigillingok, Egegik, Venetie and Arctic Village.
- In order to address the Economic Development mission prescribed in the Denali Commission Act, the Denali Commission joined forces with Alaska Growth Capital in 2000 by investing \$824,000 to promote economic development in rural communities, particularly distressed rural communities, where technical assistance and small business loans are needed but access to bank capital is limited.

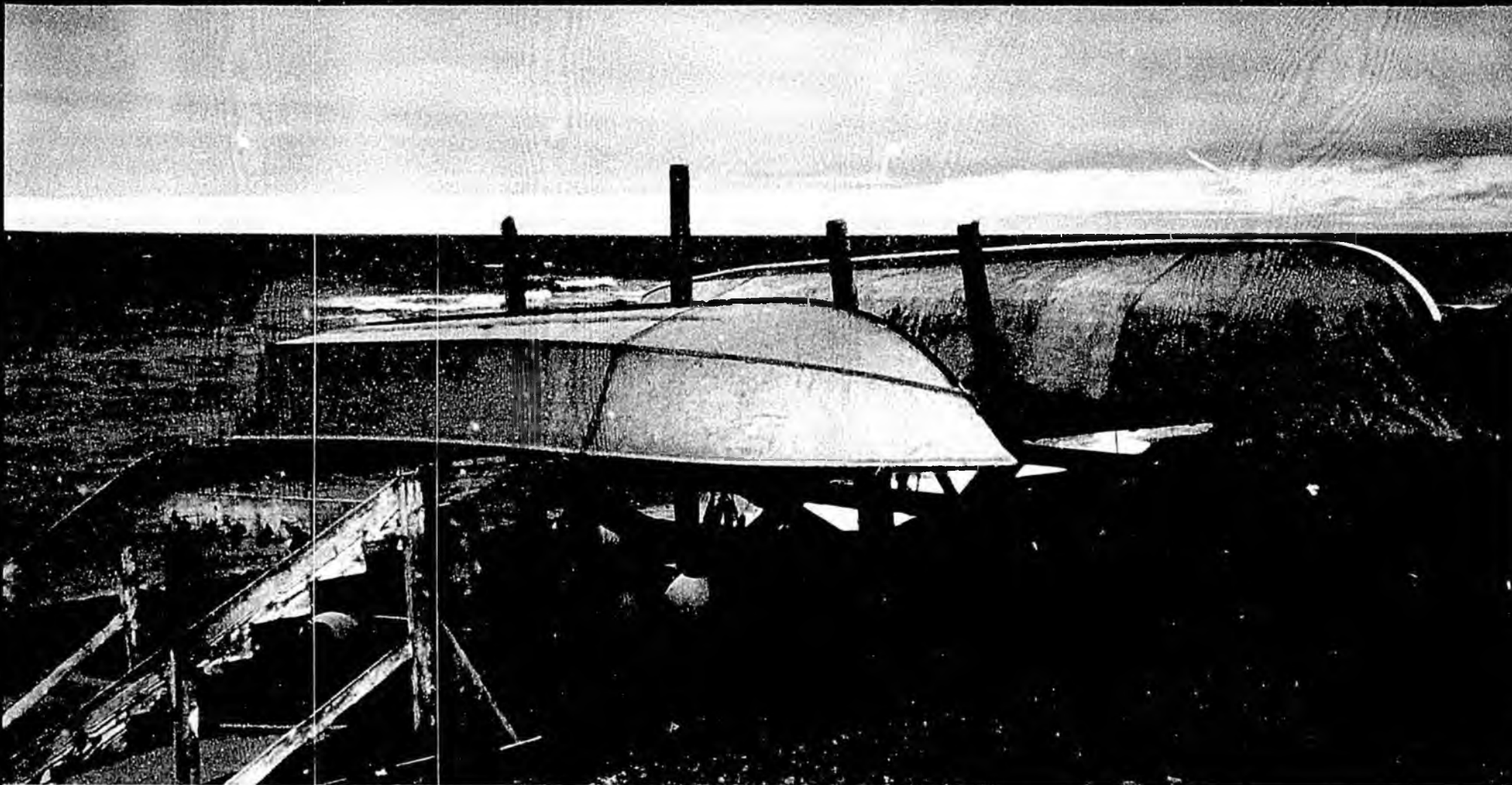
In 2001, the Commission invested an additional \$1.5 million with Alaska Growth Capital. Between January 1 and August 31, 2001, AGC disbursed over \$1.6 million to businesses in three communities in rural Alaska, and is completing the financing process for an additional \$600,000.

To encourage comprehensive community planning for infrastructure and other needs:

- The Denali Commission has targeted \$4.5 million for the Community Priorities Program to provide supplemental funding for community fixed infrastructure projects other than energy projects or health clinics. This program is administered by the Department of Community and Economic Development, Division of Community and Business Development.

To qualify, a project must be identified as a priority in a community plan; have documented community support, and consensus between local governing bodies; and be "construction ready." Also, the applicant must have a commitment for at least one-third of the funding needed for the project from other sources and provide a 10% local cash match.





GOVERNMENT COORDINATION

Above: Fishing boats on the coast of the village of Savoonga.

Ensuring Sustainability Through Government Coordination:

Better coordinated government services translate to efficient delivery of vital government services. More efficient government reduces the cost of services, thus making sustainability more achievable.

"I believe the most enduring contribution of the Denali Commission may well be the new spirit of cooperation and coordination between federal agencies, state agencies, and municipal and tribal governments."

**Kevin Ritchie, Commissioner
Alaska Municipal League**

The first mandated purpose of the Denali Commission is "to deliver services of the Federal Government in the most cost-effective manner possible." The Denali Commission recognizes that by working with other agencies, the Commission can eliminate duplication, share resources, and bring a best practices approach to doing the public's business. The Denali Commission is developing several initiatives detailed below that streamline delivery of government services.

Non-Profit Relationship Building Initiative

The Denali Commission is working to develop strong relationships with the Alaska Native regional non-profits and regional health corporations. The Commission constantly seeks ways to work together to maximize the results of our combined efforts. For example, the Denali Commission, USDA-Rural Development (USDA-RD), and the State of Alaska Department of Community and Economic Development (DCED) collaborated with the CEO/Presidents of several Alaska Native regional non-profits.

To reinforce the concept of a community producing one comprehensive community plan, the Commission requested the

assistance of the regional non-profits in scheduling a meeting with one of their communities which included the city, tribe, and local village corporation.

Every community visited by the Commission and our partners showed clear evidence that local planning is taking place and that communities are working together.

Regional Funding Summits

Under the leadership of USDA-RD, nine regional funding summits were held around the state in partnership with the Denali Commission and the State of Alaska Department of Community and Economic Development. Summits were held in Juneau, Bethel, Klawock, Dillingham, Glennallen, Delta, Kodiak, Nome and St. Mary's. The summits brought state and federal agency staff to geographic hub locations to meet with regional and local leadership in identifying and working on infrastructure priorities.

Starting in June 2001, the Denali Commission began an assessment process to follow-up with state and federal agencies that had committed to work with the communities and their

infrastructure-funding requests presented at the funding summit, and found the results in the chart below.

A review meeting of the Denali Commission MOU signatories, agency staff, and regional organizations was held in August. This meeting also marked the passing of the summit leadership to the Alaska Department of Community and Economic Development.

Denali Commission MOU

The Denali Commission federal/state MOU is approaching its first year of implementation, and has resulted in many successful collaborations.

- Nine funding summits within the last year promoting the need for local planning and agency coordination for infrastructure projects using community-developed comprehensive plans.
- Jobs Summits held in conjunction with funding summits to encourage agencies and communities to plan for infrastructure projects through training.
- Continued enhancement of the Rural Alaska Project Identification System (RAPIDS) and Community Profiles databases.

Assessing Progress of State and Federal Agencies that participated in Regional Funding Summits

- 21% of the projects were completely funded
- 39% of the projects were partially funded
- 25% of the projects were not funded yet but progress had been made
- 15% of the projects had not made progress or were no longer a community priority





THE DENALI COMMISSION STAFF *(Pictured from left to right, back row first)*

Michelle Anderson, Governor's Representative
Funding Agency: State of Alaska Governor's Office
Michelle Anderson serves as liaison between the Denali Commission and state government in Alaska. Ms. Anderson holds a Bachelor of Arts degree in Political Science from the University of Alaska Anchorage. Prior to joining the Commission, Ms. Anderson was Director of the Alaska State Community Service Commission. She serves as Vice-chair on the Council of Advisors for the Alaska Native Studies program at the University of Alaska, Anchorage.

Yvette Wilkins, Management, Financial Analyst
Funding Agency: Denali Commission
As Deputy Operations Director, Yvette Wilkins manages financial reporting for the Commission and assists with both administrative and program level projects. Ms. Wilkins holds a Bachelor of Arts degree in Business Administration from Wayland University and brings to the Commission extensive experience in contracting, procurement and program management from the Air Force.

Joel Neimeyer, Project Manager
Funding Agency: Alaska Native Tribal Health Consortium
Joel Neimeyer is a commissioned officer with the U.S. Public Health Service on detail to the Alaska Native Tribal Health Consortium. Commander Neimeyer oversees rural health care programs sponsored by the Commission. He is a licensed professional engineer with experience in environmental engineering, sanitation and infrastructure development. He obtained his Bachelor of Science degree in Civil Engineering from the University of Texas, Austin.

Charlie Walls, Energy Program Consultant
Funding Agency: Denali Commission Contractor
Charlie Walls is an advisor to the energy program, coordinating work with the Commission's partners and assisting in the development of energy policies and strategies. Mr. Walls brings over thirty years of Alaska experience in the electric utility industry. Most recently, he served as the President/CEO of Alaska Village Electric Cooperative, Inc. which provides electric service to 51 villages in western Alaska.

Krag Johnsen, Alaska State Legislature's Representative
Funding Agency: Alaska State Legislature
Krag Johnsen is the primary resource for training and telecommunications programs at the Denali Commission, and is responsible for coordination of state, federal and Denali Commission funding with the State Legislature. Mr. Johnsen obtained his Bachelor of Arts degree in Political Science from the University of Alaska, Anchorage. Prior to joining the Commission, he served on staff for the Alaska State Senate Finance Committee, State Senator Drue Pearce and U.S. Senator Ted Stevens.

Kathy Prentki, Project Manager
Funding Agency: U.S. Army Corps of Engineers
Kathy Prentki oversees the energy program jointly with Charlie Walls, and also manages other unclassified infrastructure projects. She is a registered professional engineer with over 20 years of construction management and contracting experience with the Alaska District, Corps of Engineers. Ms. Prentki has a Bachelor of Science degree in Mechanical Engineering from the University of Wisconsin-Madison, as well as a Bachelor of Science degree in Sociology from the University of Alaska-Fairbanks.

Naomi Kelts, Public Affairs/Outreach Specialist
Funding Agency: Denali Commission
Naomi Kelts manages the Denali Commission Outreach Program. Ms. Kelts guides the development of tools and outreach-oriented projects aimed at increasing public awareness of the Commission and improving the accessibility of its resources. Prior to joining the Commission, Ms. Kelts worked as a legislative analyst with the Association of National Advertisers, Inc. in

Washington, D.C. She earned a Bachelor of Science degree in Pre-Veterinary studies from Cornell University in Ithaca, NY.

Michelle O'Leary, Management, Financial Analyst
Funding Agency: Denali Commission
Michelle O'Leary collects and analyzes project and financial data, providing key performance indicators to the Commissioners. She also tracks financial reporting for all program-funded projects. Ms. O'Leary is working towards her Bachelor's degree in Organizational Management. Prior to her work with the Commission, Ms. O'Leary worked for a private employment agency and also served in the U.S. Army.

Corrine Eilo, Operations Director, Chief Financial Officer
Funding Agency: Denali Commission
Corrine Eilo is responsible for meeting all administrative needs and financial reporting requirements for the Commission. Ms. Eilo received her Bachelor of Science degree in Business from Southern Oregon College and her Masters degree in Business Administration from the University of Alaska, Anchorage. Prior to joining the Commission, Ms. Eilo spent six years with the Environmental Protection Agency and three years as the Executive Director of Green Star, Inc.

Al Ewing, Chief of Staff
Funding Agency: U.S. Environmental Protection Agency
As Chief of Staff, Al Ewing directs all program related activities of the Denali Commission. Mr. Ewing received his Bachelor of Science degree in Forest Industry Management from Oregon State University. He has thirty years of government service in Washington, D.C., Washington, Oregon and Alaska. Prior to joining the Commission, Mr. Ewing served as Director of the U.S. Environmental Protection Agency in Washington for three years and in Alaska for eleven years, and for two years was Deputy Commissioner of the Alaska Department of Environmental Conservation in Juneau.

Josephine Hardy, Denali Commission Intern
Ms. Hardy, born in Nome, Alaska, holds an undergraduate degree in Political Science and

French. She recently obtained a graduate degree in Tribal Administration and Non-profit Management from Portland State University. Ms. Hardy served as staff with the Alaska State Legislature from 1996-1999 and has worked for Sitnasuak Native Corporation. As a part of her graduate studies, Ms. Hardy was an intern research analyst for the Denali Commission, and is currently the Village Planning Development Specialist at Kawerak, Inc. in Nome.

Paul McIntosh, Project Manager
Funding Agency: USDA Forest Service
Paul McIntosh manages the Denali Commission's Mini-grant program, the Community Priority Program and the Community Toolbox program. He earned a Bachelor of Science degree in Forestry from the University of Illinois, and a Masters of Science degree in Forestry from the University of Washington. He is a 30-year employee of the Forest Service, most recently as Rural Community Assistance Coordinator on the Tongass National Forest. He currently serves on the University of Alaska Cooperative Extension Statewide Advisory Council.

(Not Pictured)

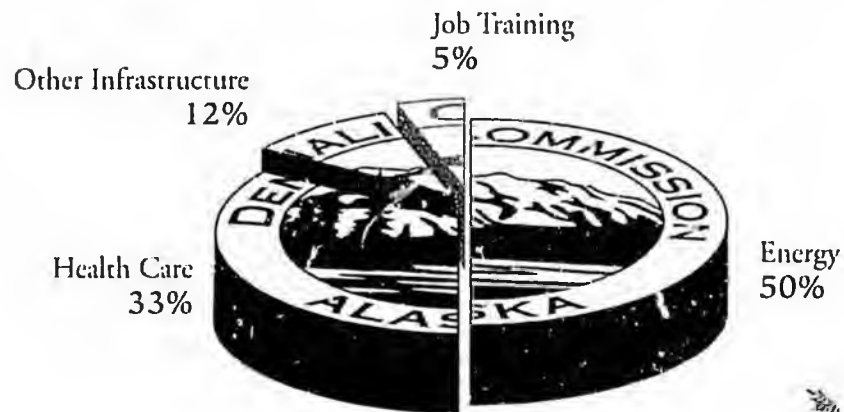
Jennifer Barnes, Administrative Assistant
Funding Agency: Denali Commission
Jennifer Barnes provides administrative support to the Commission staff. Prior to joining the Commission, Ms. Barnes worked at Rabbit Creek Elementary School in Anchorage. She received her Associate of Arts degree from Auburn University and is working towards her Bachelor's degree in Business Management at the University of Alaska, Anchorage.

Amy Bannon, Washington, D.C.
Funding Agency: Denali Commission Contractor
Amy Bannon is the Washington, D.C. representative for the Denali Commission. Ms. Bannon arranges for Commission representation with federal agencies, other Regional Commissions, the Congressional Delegation and the Governor's office. Ms. Bannon holds a Masters degree in English from St. Andrews University in St. Andrews, Scotland and previously worked as a legislative assistant to U.S. Senator Frank Murkowski.

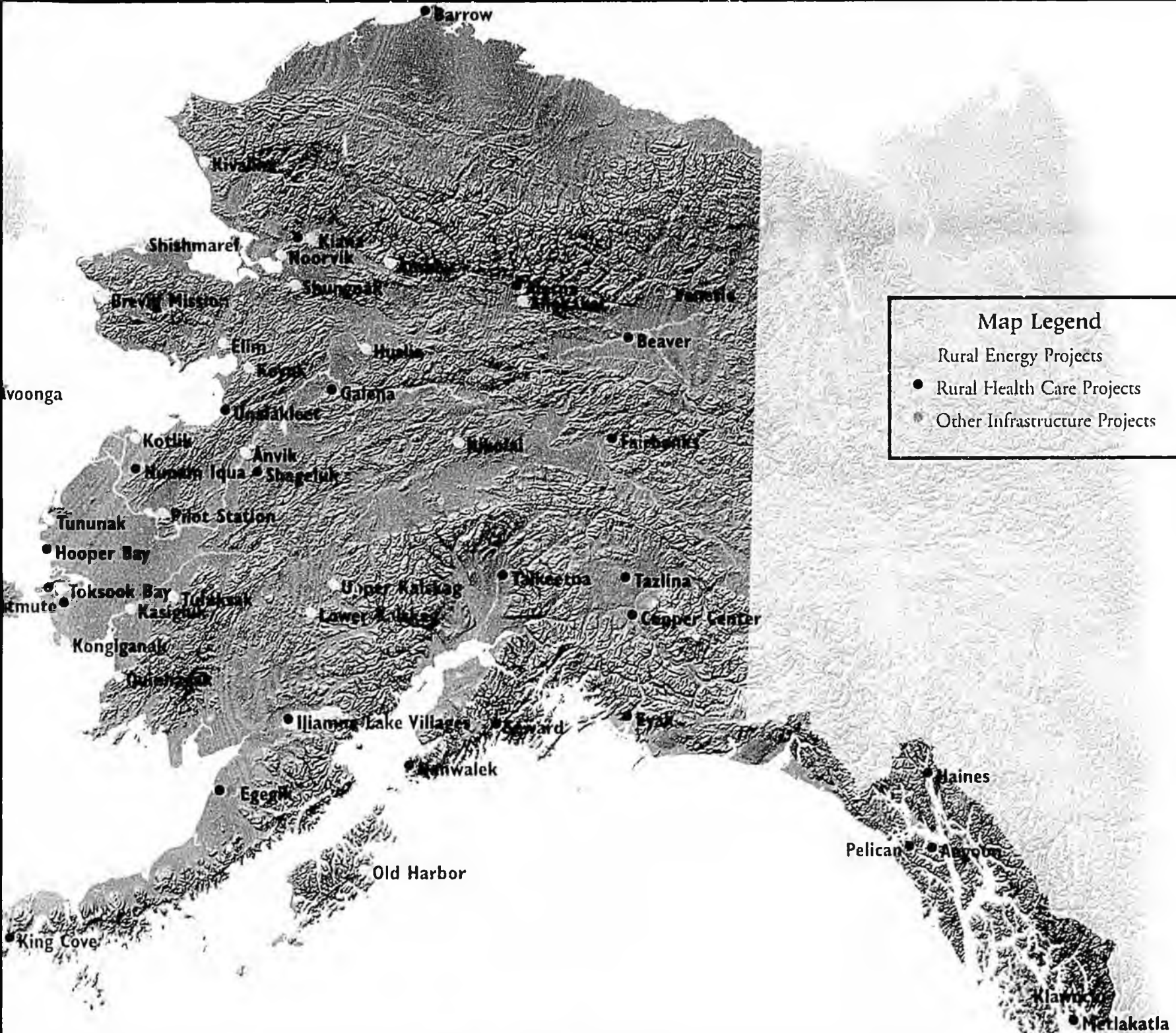
2001 DENALI COMMISSION PROJECT MAP

During Fiscal Year 2001, the Denali Commission continued to focus on rural energy needs, as well as rural health care needs. The Commission made investments in these areas across the state, in addition to investments in job training, economic development and other infrastructure. This map shows the locations of projects funded during FY 2001. Statewide projects are listed in the 2001 Funded Projects list on pages 31-33.

Denali Commission 2001 Project Funding



• St. Paul
• St. George



Map Legend

- Rural Energy Projects
- Rural Health Care Projects
- ◐ Other Infrastructure Projects

2001 FUNDED PROJECTS

2001 Funded Health Care Projects

Community	Award Partner(s)	Project Description	Commission Funding	Total Project Funding
Akutan	ANTHC	Clinic Replacement	\$277,258.00	\$601,431.00
Alatna	ANTHC	Clinic as part of multi-purpose facility	\$291,000.00	\$1,696,000.00
Angoon	Southeast Alaska Regional Health Consortium (SEARHC)	Health Center (100% Design)	\$200,000.00	\$237,000.00
Barrow	Arctic Slope Native Association	Life-safety code repair & upgrade of Greist Center	\$852,000.00	\$852,000.00
Beaver	ANTHC	Community Health Center	\$158,463.00	\$158,463.00
Copper River	Copper River Native Association	Primary Care Clinic (Conceptual Design)	\$50,000.00	\$50,000.00
Egegik	ANTHC	Clinic replacement	\$246,543.00	\$509,491.00
Eyak	Native Village of Eyak	Community Wellness and Primary Care Center - ADA Upgrade	\$128,600.00	\$511,331.00
Fairbanks	Interior Neighborhood Health Corporation	Primary Care Clinic (100% Design)	\$350,000.00	\$350,000.00
Galena	City of Galena	Expansion of Health Center	\$1,995,000.00	\$3,795,000.00
Haines	Southeast Alaska Regional Health Consortium (SEARHC)	Health Center Renovation	\$390,000.00	\$500,000.00
Hooper Bay	Yukon Kuskokwim Health Corporation	Sub-regional clinic (Conceptual Design)	\$50,000.00	\$50,000.00
Iliamna Lake Villages	Southcentral Foundation	Sub-regional health clinic (Conceptual Design)	\$50,000.00	\$50,000.00
Kiana	ANTHC	Clinic replacement	\$716,100.00	\$1,116,100.00
King Cove	Eastern Aleutian Tribes	Primary Care Facility	\$1,585,000.00	\$4,085,000.00
Metlakatla	Metlakatla Indian Community	Metlakatla Health Center	\$1,299,775.00	\$1,299,775.00
Nanwalek	ANTHC	Renovation of health clinic	\$250,443.00	\$350,443.00
Nightmute	ANTHC	Primary Health Care Facility replacement	\$317,889.00	\$960,405.00
Nunam Iqua	ANTHC	New clinic	\$804,430.00	\$999,315.00
Pelican	ANTHC	Clinic renovation	\$10,832.00	\$13,479.00
Seward	Chugachmiut	Construction & renovation of regional dental clinic & multi-purpose health care provider training room	\$304,750.00	\$331,000.00
Shageluk	ANTHC	Primary Health Care Facility - new clinic	\$670,400.00	\$855,443.00
St. George	ANTHC	St. George Traditional Council clinic equipment	\$57,450.00	\$528,268.00
St. Paul	Aleutian/Pribilof Islands Association	Design of St. Paul Health Center	\$1,200,225.00	\$1,200,225.00
Talkeetna	Sunshine Community Health Center	Health Center (Conceptual Design)	\$50,000.00	\$50,000.00
Tazlina	ANTHC	Health Clinic - renovation to provide first time service	\$102,300.00	\$255,300.00
Toksook Bay	Yukon Kuskokwim Health Corporation	Sub-regional clinic (Conceptual Design)	\$50,000.00	\$50,000.00
Unalakleet	Norton Sound Health Corporation	Sub-Regional Primary Care Clinic	\$3,150,000.00	\$3,200,000.00
Statewide	ANTHC	Primary Care Facilities	\$3,991,825.19	\$3,991,825.19
Statewide	State of Alaska Department of Health and Social Services	Phase II- Rural Primary Care Needs Assessment	\$300,000.00	\$300,000.00
Statewide	State of Alaska, Department of Health and Social Services	Code Blue - EMS needs	\$501,710.00	\$7,215,154.00
Statewide	Alaska Primary Care Association	AK Rural Primary Care Program - Technical Assistance	\$42,600.00	\$42,600.00

2001 Funded Energy Projects

Community	Award Partner(s)	Project Description	Commission Funding	Total Project Funding
Allakaket	Alaska Energy Authority	Bulk fuel project completion	\$200,000.00	\$200,000.00
Ambler	Alaska Village Electric Cooperative	Convert distribution system to overhead wiring	\$200,000.00	\$400,000.00
Ambler	Alaska Village Electric Cooperative	Fuel line to airport	\$279,000.00	\$310,000.00
Anvik	Alaska Village Electric Cooperative	Fuel line/tank farm upgrade	\$472,500.00	\$525,000.00
Brevig Mission	Alaska Village Electric Cooperative	Tank farm consolidation	\$2,240,000.00	\$2,320,000.00
Brevig Mission	Alaska Village Electric Cooperative	Power Plant Upgrade and Move	\$1,560,000.00	\$1,560,000.00
Elim	Alaska Village Electric Cooperative	Tank farm consolidation	\$1,736,000.00	\$1,816,000.00
Elim	Alaska Village Electric Cooperative	Power Plant Upgrade and Move	\$1,784,000.00	\$1,784,000.00
Huslia	Alaska Village Electric Cooperative	Convert distribution system to overhead wiring	\$200,000.00	\$400,000.00
Huslia	Alaska Village Electric Cooperative	Gasoline fuel line/tank farm liner	\$225,000.00	\$250,000.00
Kasigluk	Alaska Village Electric Cooperative	Back-up Power	\$450,000.00	\$850,000.00
Kiana	Alaska Village Electric Cooperative	Efficiency Upgrades	\$150,000.00	\$200,000.00
Kiana	Alaska Village Electric Cooperative	Convert distribution system to overhead wiring	\$200,000.00	\$400,000.00
Kivalina	Alaska Village Electric Cooperative	Convert distribution system to overhead wiring	\$200,000.00	\$400,000.00
Kongiganak	Alaska Energy Authority	Bulk Fuel	\$3,100,000.00	\$3,633,340.00
Kordik	Alaska Energy Authority	RPSU	\$600,000.00	\$600,000.00
Kordik	Alaska Energy Authority	Bulk fuel project completion	\$394,685.50	\$394,685.50
Koyuk	Alaska Village Electric Cooperative	Tank farm consolidation	\$2,398,400.00	\$2,496,000.00
Koyuk	Alaska Village Electric Cooperative	Power Plant Move	\$250,000.00	\$250,000.00
Lower Kalskag	Alaska Village Electric Cooperative	Convert distribution system to overhead wiring	\$200,000.00	\$400,000.00
Nikolai	Alaska Energy Authority	Bulk Fuel	\$500,000.00	\$1,200,000.00
Noorvik	Alaska Village Electric Cooperative	Tank farm phase 2	\$990,000.00	\$1,100,000.00
Old Harbor	Alaska Village Electric Cooperative	Pipeline and tank farm consolidation	\$1,250,000.00	\$1,300,000.00
Pilot Station	Alaska Village Electric Cooperative	Efficiency Upgrades	\$150,000.00	\$200,000.00
Quinhagak	Alaska Village Electric Cooperative	Efficiency Upgrades	\$150,000.00	\$200,000.00
Savoonga	Alaska Village Electric Cooperative	Efficiency Upgrades	\$150,000.00	\$200,000.00
Shishmaref	Alaska Village Electric Cooperative	Efficiency Upgrades	\$150,000.00	\$200,000.00
Shungnak	Alaska Village Electric Cooperative	Convert distribution system to overhead wiring	\$200,000.00	\$400,000.00
Shungnak	Alaska Village Electric Cooperative	Fuel line to airport	\$139,500.00	\$155,000.00
Toksook Bay	Alaska Village Electric Cooperative	Efficiency Upgrades	\$150,000.00	\$200,000.00
Toksook Bay	Alaska Village Electric Cooperative	Bulk Fuel Construction	\$2,400,000.00	\$2,610,338.00
Tuluksak	Alaska Energy Authority	RPSU	\$800,000.00	\$1,468,500.00
Tununak	Alaska Village Electric Cooperative	Tank farm consolidation	\$1,780,000.00	\$1,850,000.00
Upper Kalskag	Alaska Village Electric Cooperative	Convert distribution system to overhead wiring	\$200,000.00	\$400,000.00
Statewide	Alaska Village Electric Cooperative	Planning & Design Work	\$500,000.00	\$500,000.00
Statewide	Alaska Energy Authority	RFP's for energy cost reduction	\$4,052,846.00	\$4,052,846.00
Statewide	Alaska Energy Authority	Consulting services to 40 communities	\$600,000.00	\$600,000.00
Statewide	Alaska Energy Authority	Bulk Fuel Repairs & Replacement	\$220,000.00	\$220,000.00
Statewide	Alaska Native Health Consortium	Utility Management Demonstration Projects	\$150,000.00	\$150,000.00
Statewide	Utility Services of Alaska	Utility Management Demonstration Projects	\$100,000.00	\$100,000.00

2001 Funded Job Training Projects

Community	Award Partner(s)	Project Description	Commission Funding	Total Project Funding
Statewide	State of Alaska Department of Labor	Denali Training Fund	\$2,993,400.00	\$2,993,400.00

2001 Funded Other Infrastructure Projects

Community	Award Partner(s)	Project Description	Commission Funding	Total Project Funding
Klawock	Klawock	Demonstration Solid Waste Project	\$728,900.00	\$881,900.00
Statewide	State of Alaska Dept. of Community and Economic Development	Community Priority Program	\$4,500,000.00	\$6,750,000.00
Egegik	Egegik	Airport Improvement Project	\$35,269.51	\$5,655,330.51
Venetie	Venetie	Airport Improvement Project	\$109,930.74	\$5,433,681.49
Statewide	Federal Aviation Administration	Airport Improvements - unallocated	\$72,097.75	\$72,097.75
Statewide	State of Alaska, Dept. of Community and Economic Development	Mini-Grant Program	\$500,000.00	\$644,000.00
Statewide	Alaska Growth Capital	BIDCO Loan Program	\$1,500,000.00	\$3,500,000.00

Denali Commission Leverage of Funds

Matching Funds
40%
(\$41,075,044.75)



Denali Commission Funds
60%
(\$62,356,122.69)





The Denali Commission would like to hear your opinions on our progress to date and your ideas for future investments in rural Alaska.

Please email your comments to suggestionbox@denali.gov, or contact the Commission:

v: 907.271.1414
f: 907.271.1415
1.888.480.4321 toll free
510 L Street, Suite 410
Anchorage, AK 99501
www.denali.gov

The Denali Commission

Federal Co-Chair:
Jeffrey Staser

State Co-Chair:
Lieutenant Governor Fran Ulmer

Commissioners:
Mano Frey, Executive President
Alaska AFL-CIO

Mark Hamilton, President
University of Alaska

Julie Kitka, President
Alaska Federation of Natives

Kevin Ritchie, Executive Director
Alaska Municipal League

Richard Cattanach, Executive Director
Associated General Contractors of Alaska

Photos of Commissioners Richard Cattanach, Julie Kitka, Jeff Staser © Greg Martin Photography
Photo of Denali Commission Staff © Greg Martin Photography
Photo of Lt. Governor Ulmer © Anchorage Daily News
State of Alaska (Project map) © Jim Green, Williwaw Publishing

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Anchorage, Alaska 99501
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Sponsored by Senator Ted Stevens
 Co-chairs Jeff Staser & Fran Ulmer

Commissioners:
 AFN – Julie Kitka
 AFL/CIO – Mano Frey
 AGC – Dick Cattanaach
 AML – Kevin Ritchie
 UAF – Mark Hamilton

www.denali.gov

Deliver cost effective government services (5% OIG)

Promote rural infrastructure & utility development, and

Provide job training & economic development in distressed communities.

www.denali.gov

Appropriation FY01

199,000,000
 100,000,000
 80,000,000
 50,000,000

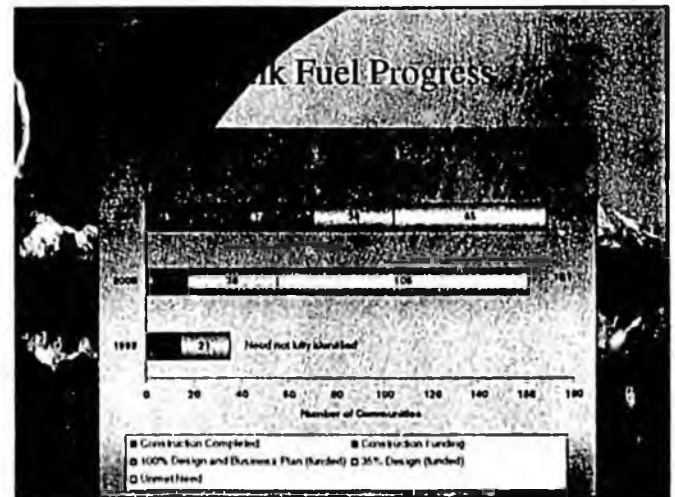
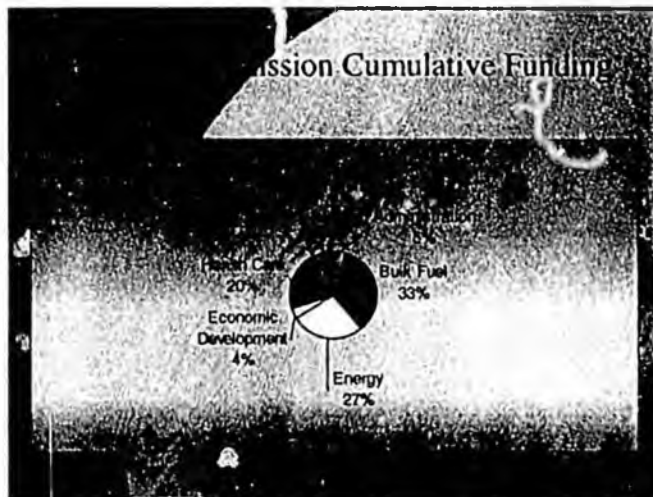
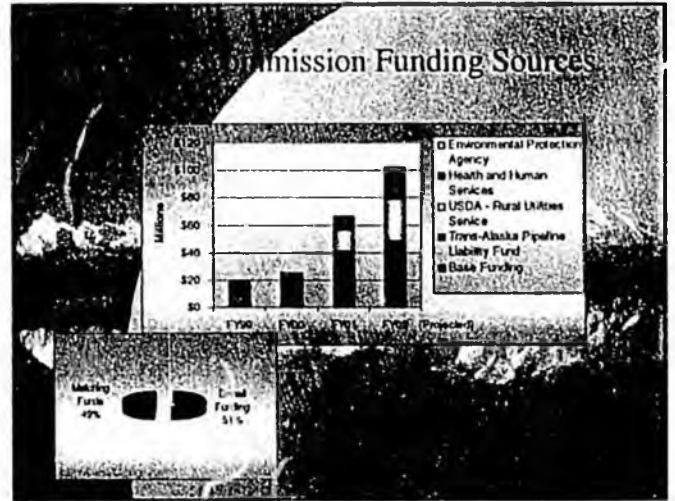
General Appropriation
 FAP - micro-enterprises
 JHS - health care services
 Rural Enterprise Services

Expenditures:

100,000,000
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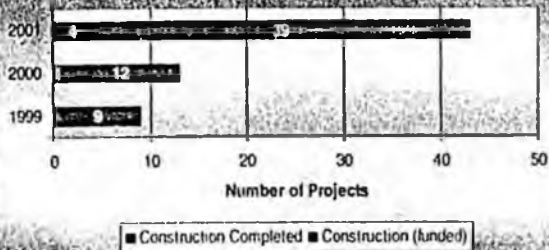
Alaska Village Development
 Rural Program
 Alaska Energy Authority
 State Health Care
 Alaska State Police
 EMS - rural emergency medical services
 State Health Care
 Solid Waste & Recycling
 Alaska State Parks

www.denali.gov



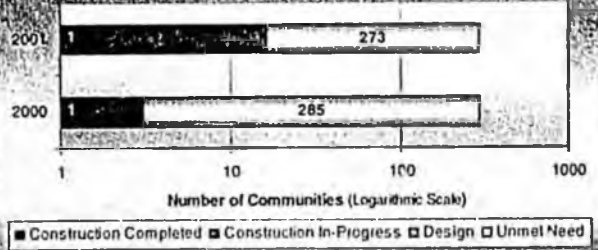
Water Energy Projects

Cumulative Progress on Other Energy Projects



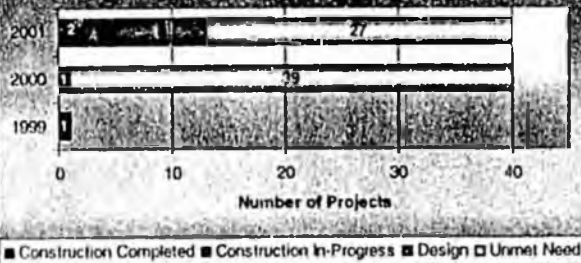
Clinic Progress: Small

Cumulative Small Clinic Progress



Clinic Progress: Large

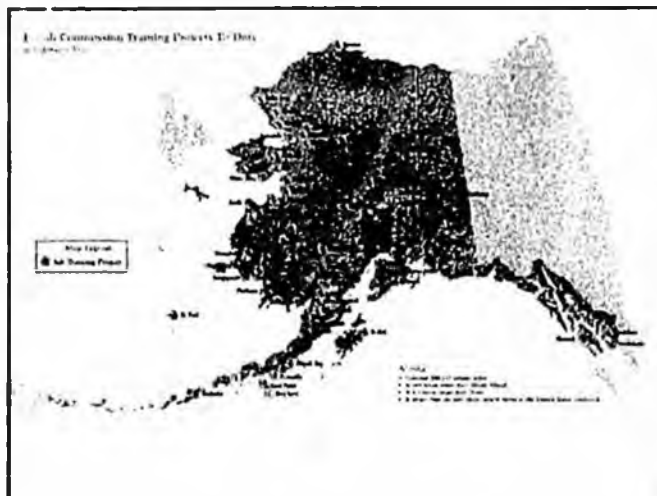
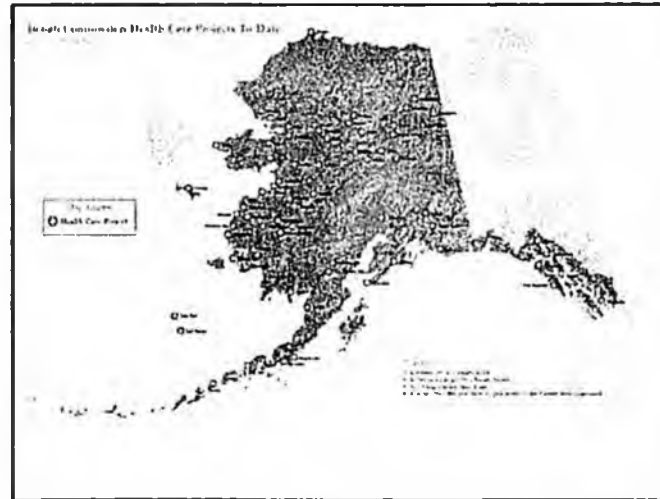
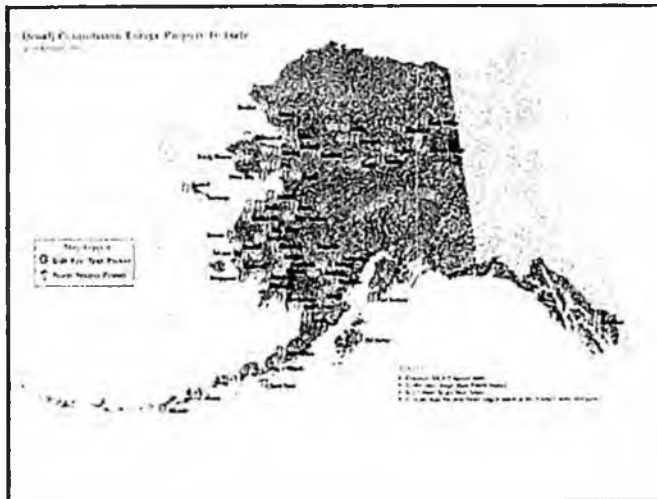
Cumulative Large Clinic Progress



Wage and Labor


Number of Individuals Employed on Commission Projects





We work with and through others

- Power Facilities
- Health Facilities
- Training
- Economic Development
- Community Planning
- Construction
- AIA/AVC/EIF/AL/ASNY
- ANHC/BHS/BSS/AS/ASG
- DOE/AC/AL/DO/AL
- ACP/AL/AL/AL/AL
- US/AL/AL/AL/AL/AL
- AL/AL/AL/AL/AL



Key to ensuring facilities will be well maintained, operated and managed.

Must continue to work together to make utilities affordable.

Goal is to ensure next generation can build upon what we do today.



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Plan

Do

Check



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Denali Commission Update

January 2002

Energy

Energy projects comprise nearly \$65 million of Denali Commission funding through Federal Fiscal Year 2001 (FFY 2001). This is leveraging an additional \$22 million from other funding sources. The two primary agents used to complete projects are **Alaska Industrial Development and Export Authority/Alaska Energy Authority (AIDEA/AEA)** with \$43.8 million, and **Alaska Village Electric Cooperative (AVEC)** with \$21.3 million presently funded.

FFY 2002 appropriations available for energy programs include approximately \$50 million, as follows: RUS, \$30 million; EPA, \$3 million; TAPL, \$10 million; base Commission, \$7 million. In September 2001, the Commissioners allocated up to \$4.14 million for additional business plans, concept and final design work on energy projects, subject to funding appropriations. The December 13, 2001 infrastructure subcommittee recommendations for future allocation of the remaining \$45.86 million will be presented to the Commissioners at the January 23, 2002 quarterly meeting of the Denali Commission.

BULK FUEL UPGRADES

Bulk Fuel Upgrades are the largest part of the Energy program at \$39.3 million. By the end of 2001, new Commission funded bulk fuel projects will be substantially complete and operational in eight communities: **Kotlik, Chignik Lagoon, Old Harbor, Noorvik, Port Graham, Kiana, Allakaket, and Napaskiak**. Three projects were put into operation in 2000.

RURAL POWER SYSTEMS UPGRADES

Rural Power Systems Upgrades represent \$16.9 million of the Energy program. Twelve other energy projects (including power plant upgrades, electrical distribution upgrades, and fuel-line replacements) should be complete in **Kasigluk, Kiana, Huslia, Kivalina, Ambler, Quinhagak, Pilot Station, Shishmaref, Savoonga, Toksook Bay, Tuntutuliak and Kotlik**.

ENERGY COST REDUCTION RFP

Energy Cost Reduction RFP, with \$4 million in Denali Commission funds, was issued by **AEA** on May 18, 2001. Preference in evaluation will be given to economically distressed rural communities, or those with extremely high-energy costs. These projects may be funded by a combination of grants and loans, as determined by the evaluation. **AEA** has informed the first qualified applicants of their status; the first projects may be funded under this program as early as January 2002.

The continuing emphasis this quarter has been on the refinement and development of business plans for communities to operate their new bulk fuel and rural power facilities in a sustainable manner. The preliminary business plans must be agreed to, and site control attained, before the Denali Commission will authorize construction phase funding on any new energy projects. This is in keeping with the Sustainability Resolution, which the Denali Commissioners (which include the State of Alaska, the Alaska Municipal League and the Alaska Federation of Natives) unanimously passed in September. The text of this Resolution, No. 01-15, is available on our web page at www.denali.gov. In the next quarter we anticipate establishment of an Energy

Program policy advisory group to include more broad experience in energy program development and operation, and help evolve new program directions.

Energy Program Contact Information:

AIDEA/AEA Contact Mike Harper, (907) 269-3000

AVEC Contact Meera Kohler, (907)561-1818

Denali Commission Program Manager Kathy Prentki, (907) 271-1414

Health

Commission funds will remain focused on rural primary care facilities through FY02. Other health care facilities, such as hospitals, stand-alone mental health and substance abuse treatment facilities, and Headstart buildings likely will not be addressed in FY02. However, the Commission will continue to work with other entities to integrate compatible functions into primary health care facilities. Within rural primary care facilities the Commission has three programs.

- "Small clinics" — Typically, serves a community with a year-round population less than 750 residents.
- "Large clinics" — Typically, serves a community with a year-round population greater than 750 residents (with some exceptions).
- "Existing clinic repair/renovation" — Projects for existing clinics whether they are "Small" or "Large" clinics.

The FY02 "Large" clinic RFP has been issued and mailed to all communities' greater than 750 residents and to regional health corporations and other interested parties. Electronic PDF files of the RFP application and instructions can be found on the Denali Commission website under "health care facilities" (www.denali.gov). The Large Clinic RFPs are due on February 27, 2002. A one-day pre-proposal workshop will be given the week of February 4/8, 2002. We also expect that in the next 3 months the Commission and the State will also develop a RFP process for our "Repair/Renovation" program.

Presently under way are over 50 Code and Condition surveys (review of the existing facility and likely new clinic sites by a team of architects and engineers) for Group 3 and 4 communities. It is expected that these reports will be completed by February 2002. At that time the Commission will issue our second RFP for "Small" clinics for FY02 funding, but for these Group 3 and 4 communities only.

In addition, ANTHC is moving forward with efforts to develop standardize clinic plans that applicants may elect to use for their projects. It is expected that these standardized designs will be available by the second round for "Small" clinic RFPs. Work is underway with interested parties on incorporating dental service needs in the standardized designs.

Contact Information:

Denali Commission:

Joel Neimeyer, Health Care Program Manager: (907) 271-1459

Al Ewing, Chief of Staff: (907) 271-1426

ANTHC

Rick Boyce, Facilities Program Manager: (907) 729-3601

Dan Reitz: (907) 729-3509

State of Alaska

Karen Pearson, Director, Division of Public Health & Chair of the Steering Committee: (907) 465-3090
Pat Carr, Program Manager, Primary Care and Health Promotions: (907) 465-8618

Training

DENALI TRAINING FUND

The Denali Training Fund was established by the Denali Commission to ensure that local residents have the skills to become employed on the construction, operations and maintenance of Denali Commission and other state and federally funded public infrastructure projects.

The Department of Labor and Workforce Development operates, selects, oversees and administers the Denali Training Fund. On a quarterly basis applications of up to \$25,000 for training projects are solicited from non-profit and for-profit organizations and governments.

The December 15th 2001 deadline brought in 17 applications for rural training projects (the most ever in one quarter).

Don't miss the next deadline for applications....**March 15, 2001.**

To apply:

Download an application from www.denali.gov <<http://www.denali.gov>> or contact:

Gerry McDonagh, Grants Administrator
Alaska Workforce Investment Office
3301 Eagle Street, Suite 106
Anchorage, AK 99503
(907) 269-4551 tel
(907) 269-4661 fax
gerry_mcdonagh@labor.state.ak.us

Upcoming Quarterly Meeting

COMMISSION MEETING - JUNEAU, ALASKA JANUARY 23, 2002

The Denali Commission will hold its next quarterly meeting at the Centennial Hall Convention Center, 101 Egan Drive, Juneau, AK, on Wednesday, January 23, 2002. The meeting will run from 10:00 am to 5:00 pm. There will be an opportunity for public comment.

The agenda for this meeting will be available at the Denali Commission office by January 7, 2002. The agenda will also be available on the Commission website at www.denali.gov under the upcoming meetings link

EXECUTIVE SUMMARY

- ◆ Overall, both public at-large and community leader research components reported highly favorable perceptions and experiences regarding the Denali Commission.
- ◆ Even though it has only been in operation for a little over two years, public at-large and community leader awareness of the Denali Commission is similar or superior to organizations and agencies in operation for over 20 years.
- ◆ Customer satisfaction is also highly rated. In fact, satisfaction with the Denali Commission is similar to, or exceeds satisfaction ratings for the Alaska Native Tribal Health Consortium, Alaska Village Electric Co-op, the Alaska Energy Authority and the State Department of Community and Economic Development in each comparable category.
- ◆ There is notably strong public at-large and community leader agreement with the importance of the Denali Commission's "mission." The Denali Commission's effectiveness in achieving those goals is also highly rated, particularly by those who have had "*personal contact or experience*." At the same time, it should be noted that the effectiveness of "*developing a well-trained labor force*" is judged to be substantially lower by both the public at-large and community leaders.
- ◆ The emphasis on "*sustainability*" is strongly supported, and Denali Commission effectiveness is highly rated by respondents with the most exposure and experience.
- ◆ There is broad agreement that the process of designing and building bulk fuel projects and power system upgrades has resulted in a "*sense of community ownership and responsibility*." There is also broad agreement that the fuel and power projects "*meet the needs of the people*."
- ◆ In addition, there is broad satisfaction with the Denali Commission's process of designing and building primary care clinics, and in this case, the public at-large ratings exceed community leaders'.
- ◆ In conclusion, by exceedingly high margins, public at-large respondents and community leaders report they'd like to see their community continue its relationship with the Denali Commission. In fact, only one out of 71 community leaders and six out of 408 public at-large respondents had a different view.

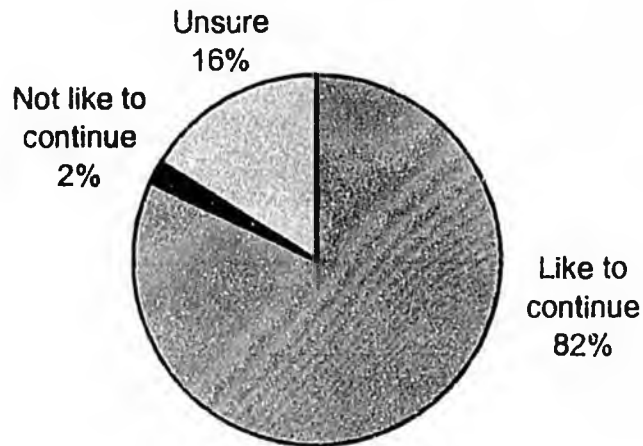
NOTE: It should be noted that experience with the Denali Commission is one example of where "familiarity" does not "breed contempt." Just the opposite - in every case, greater personal contact and experience with the Denali Commission was associated with substantially higher ratings for effectiveness and satisfaction.

EXECUTIVE SUMMARY

By huge margins, public at-large respondents report they'd like their community to continue to work with the Denali Commission...

(Asked of all public at-large respondents -- 100%)

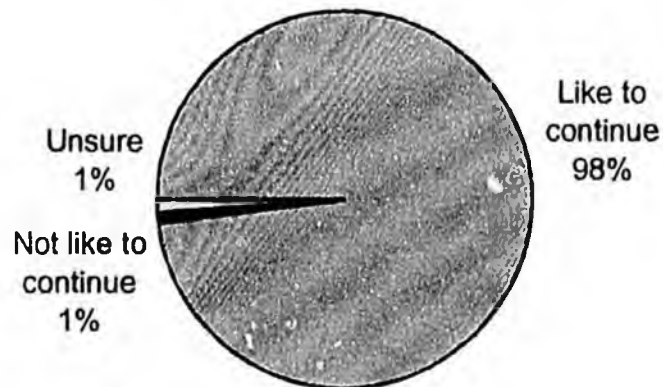
Question: Would you like for your community to continue to work with the Denali Commission in the future, or not?



... and community leaders are virtually unanimous (98%) in support of continued association with the Denali Commission...

(Asked of all community leader respondents -- 100%)

Question: Would you like for your community to continue to work with the Denali Commission in the future, or not?



FY 2002 Funds and Proposed Allocation Strategy

- Base funding - \$38,000,000
- RUS - \$30,000,000
- EPA - \$3,000,000
- TAPL - ~\$10,000,000
- HRSA - \$20,000,000

Total - \$101,000,000

Formula for distribution of base funding is: Infrastructure – 75%
Training - 10%
Economic development – 10%
Administrative – 5%

RUS, EPA, and TAPL funds are intended to be used for energy projects (bulk fuel, power generation, and transmission, etc.) with 5% of total allocated to Commission Administrative expenses.

HRSA funds are intended to be used for health care needs with 5% of total allocated to Commission Administrative expenses.

Funds expected to be available for Infrastructure:

Base funding	- \$28,500,000 (not restricted to a particular theme)
RUS	- \$28,500,000 (energy projects only)
EPA	- \$ 2,850,000 (energy/bulk fuel only)
TAPL	- \$ 9,500,000 (energy/bulk fuel only)
HRSA	- \$19,000,000 (health care only)
Total	- <u>\$88,350,000</u>

Of this total, \$12,500,000 was allocated to health care projects and \$4,138,900 was allocated to energy projects by the Commission in the September 2001 meeting.

Proposed Allocation of Balance of \$71,712,000:

- Energy Projects - \$45,861,100 (+\$4,138,900 previously allocated)
- Health Care Projects - \$15,850,000 (+\$12,500,000 previously allocated)

- Washeterias - \$5 million
- Other Infrastructure - \$5 million (to be allocated in April Commission meeting)

Allocation Strategy

Because there are still a number of uncertainties, it is important to posture ourselves to move very quickly, and at the same time maintain flexibility to accommodate uncertainties. One uncertainty has to do with the RUS appropriation. The RUS appropriation is in place, but we still have to convince the Department of Agriculture that all of the funding should be allocated to Alaska. We expect that this will be worked out in Alaska's favor but it is imperative that we be postured to put to work whatever amount of funding is ultimately.

Other uncertainties relate to specific projects. In many cases final designs, business plans, and site control are not finalized. For clinics, the main constraint is cost share. All are prerequisites for release of Commission funding. We expect that the prerequisites will be met for many of the projects in the January/February time frame. We need to have the flexibility within the list of identified projects to apply funds to projects, as they are ready to proceed.

The draft resolutions reflect the level of flexibility necessary respond to the circumstances we face.

Strategic Plan

For the

Employment Security Division



*“To exceed the expectations
of Alaskan employers,
workers and job seekers”*

1/25/02



ESD's Planning Process 3


Vision & Values 4

Outcomes 5-6


Outcomes, Measures and Targets 7

Key Products by Program 8

Priority Products, Measures and Targets 9-14



Define priority outcomes/measures
Determine targets for priority outcomes
Identify critical products (existing/new)
Improve/design critical products



Define knowledge/service work as tangible products
Identify customer roles
Determine customers' prioritized expectations
Measure the degree to which expectations are achieved
Innovate/Improve

Vision:

"Simplify the delivery of ESD products to strengthen Alaskan communities."

Values:

- Bottom line: The bottom line simply means the department will be held accountable for results. The four main results we will focus on are: Increased customer satisfaction, economic stability, worker self-sufficiency and return on investment by program funders.
- Customer line: Quality is defined by the customer. The customer line refers to engaging customers in helping us improve the products we provide. None of us know what customers need and want as well as the customers themselves.
- Front line: The front line implies that supervisors, managers, administrators and directors must involve employees in achieving results. The front line employees have incredible insight into what customers want and don't want and know best how to make improvements.

Motto:

"Customer Value every time!"

A successful ESD will result in...

- Increased customer satisfaction
- Improved economic stability
- Improved worker self-sufficiency
- Increased return on investment by program funders

Lower Level Outcomes

- A qualified Alaskan workforce
- Increased customer knowledge of program products available
- Every Alaskan can easily obtain program products

Outcomes				Outcomes, Measures & Targets	Targets			
1. Increased customer satisfaction	2. Improved worker self-sufficiency	3. Improved economic stability	4. Increased return on investment		Measures	Baseline	2002	2003
						X	X	X
X	X	X		% of ESD job applicants who obtain acceptable employment through ESD	TBD	(+5%)	(+10%)	
X	X	X	X	% of ESD job placement customers who retain employment for at least one year	TBD	TBD	TBD	
X		X	X	\$ Cost to ESD to produce a job placement	TBD	(-5%)	(-10%)	
X	X	X	X	\$ increase in total wages earned by training recipients for every \$1 expended on training programs	TBD	\$3	\$4	

NOTE: All percentages shown in parentheses in target year columns with a + or - designate a change in performance compared to the baseline year.

Employment Services

- Alaska's Job Bank web site
- Job placements (Job Training & Employment Services)

Unemployment Insurance

- Benefit payment (increased wage replacement payment)
- New employer application

Job Training

- Training registrations
- Job placements (Job Training & Employment Services)

RESPONSIBLE PROGRAM: Unemployment Insurance/Tax

Measure		Baseline 1 st Qtr. 01	FFY 02 Target	FFY 03 Target	FFY 04 Target	
Benefit	1	# of new employers registering with ESD	2,900	2,929 (+1%)	2,958 (+2%)	2,987 (+3%)
	2	# of days from initial employer contact to completed activation of new or renewed employer account.	14 days	7 days (-50%)	3 days (-80%)	1 day (-93%)
	3	% of registrations that were completed without contacting the employer for additional information or clarification.	25%	50%	75%	100%
Cost	4	Annual cost to correct mistakes	\$87,000	\$58,000 (-33%)	TBD	TBD
	5	# of hours for ESD to complete one registration correctly	3	2 (-33%)	1 (-66%)	0.5 (-84%)
	6	ESD's cost to register one employer correctly	\$60	\$40 (-33%)	\$20 (-66%)	\$10 (-84%)
	7	Cost in dollars for one employer to register correctly	\$60	\$40 (-33%)	\$20 (-66%)	\$10 (-84%)
	8	# of phone calls by ESD to produce 1 accurate registration	4	3	2	1
Ratio	9	Total employer cost to register all employers correctly (Measure #7 X #3)	\$87,000	\$58,580 (-33%)	\$29,580 (-66%)	\$14,935 (-84%)
	10	Total annual cost to ESD to register all employers correctly (Measure #1 X #6)	\$174,000	\$117,160 (33%)	\$59,160 (66%)	\$29,870 (84%)
	11	Annual savings in dollars to customers and to ESD	0	\$35,260	\$172,260	\$216,195

Strategies:

- Establish baseline data prior to 9/30/01.
- Using baseline data, finalize targets for improvement.
- Find a way to get needed information from employers to determine performance measures.
- Obtain toll-free number.
- Establish phone system programmed to route calls with the least number of steps possible.
- Process new employer registrations via phone instead of requiring paper forms.
- Seek employees outside of tax units to take registrations.

NOTES: FFY = Federal Fiscal Year.

All percentages shown in parentheses in target year columns with a + or - designate a change in performance compared to the baseline year.

Project Sponsor: ESD UI Tax

Project Chair: Pat Shier, Chief of Tax 465-5912/321-3323

Project Core Team:

Pat Shier
Judy Smathers
Robert Gregg
Staff as needed

Project Goals / Purpose / Scope

The general goals, purpose, and scope of the project follow:

- To reduce the time it takes to completely and correctly registers an employer to one hour.

Phase(s), Deliverable(s), Duration(s)

The current project consists of the following phase(s):

- Gather baseline data (current, expected completion 9/30/01)
- We have analyzed the data and discovered that the single most common error in registration is incomplete information, most commonly the Federal Employer Identification Number (FEIN). Still, over 250 of the 450 employers accounts registered during that period took over 10 days to complete.
- Identify characteristics of employers for pilot implementation; deliver description of target group. (Begin after baseline data collection completed, deliver in 45 days.)
- Due to the complications of properly linking and classifying employers that buy existing businesses, we have decided to limit the pilot project to new employers that are proprietorships.
- Develop script and training routine for staff to implement; deliver finished script and instructions. (begin after baseline data collection completed, deliver in 45 days, concurrent with identifying pilot group)
- We are in the process of developing the script and training routine for the filed and central offices. We expect to complete this phase by the third week in December.
- Run pilot telephone registration with pilot group according to characteristics and scripts, tabulate time spent and error rates; (begin January 2, 2002, run for 90 days, with periodic interim review.)
- Evaluate time spent and error rates after 90 day trial, adjust as needed: expand or change pilot group, expand or change script and training, assess new opportunities for improvement revealed by this project, and report. (Deliver report and implement expansion/changes within 60 days).

Product Responsibility

The following shows who will be responsible for what regarding maintenance after completion of the project:

- Patrick Shier, Chief of Tax – periodically receive reports about time required to register employers, make decisions about resources and course of action required to sustain or improve registration products.
- Judy Smathers, Accounting Supervisor – track time required to register employers, receive feedback from staff and customers, implement/recommend further improvements in registration products; present opportunities for other improvements based on things learned in delivery of registration product.
- Robert Gregg, Senior Auditor (Anchorage) – cooperate with Patrick and Judy by adding field staff perspective to registration product improvement/delivery.

Constraints

The following represents constraints, e.g., expandability, compatibility, flexibility, timing, quality, and management that may occur:

- Our current regulations specify a "form" be submitted for registration, we are examining the impact on this project. One of two solutions are considered: 1) change the regulation, or 2) determine if a form completed by the telephone interviewer is sufficient to meet the requirement – though we desire ultimately to forgo the use of forms altogether.
- Research and Analysis uses our form to confirm proper NAICS coding. Their requirements may alter our approach as the implementation reveals any incompatibilities with their needs.
- We are virtually certain our plan will result in significant product improvement for our customers and for our staff, but we also accept the responsibility to adjust our approach if we discover during the pilot project that this plan causes a decrease in product quality.

Assumptions

The following are assumptions about the project:

- We will improve our registration product by reducing time spent and cost associated with each registration.
- We are still confident this project can produce the expected result. However, the amount of time saved may be less, or at least more difficult to quantify.
- The information we gather, and the things we learn during implementation will reveal additional opportunities for improvement.

Exclusions:

The project will not include the following deliverables:

- Internet or other alternative registration plans

Budget / Cost Limits

The following budget/cost limits exist:

- The current budget is sufficient to complete the project, using existing resources.

RESPONSIBLE PROGRAM: Employment Services

Measure		Baseline SPY 01	SPY 01 Target	SPY 02 Target	SPY 03 Target	
Benefit	1	# of employers listing jobs on AKJB	3,465	(+3%)	(+6%)	(+9%)
	2	# of job openings listed	42,702	(+2%)	(+4%)	(+6%)
	3	# of job openings filled	8,646	(+2%)	(+4%)	(+6%)
	4	# of visits received by AKJB each month	801,939	(+10%)	(+20%)	(+30%)
	5	# of clicks required to get from AKJB homepage to the online job order	2	1	1	1
Cost	6	Total annual cost to produce and/or revise the existing web site	\$70,000	\$60,000	\$50,000	\$40,000
Ratio	7	% of employers registered with ESD Unemployment Tax Program that listed jobs on AKJB	20%	(+2%)	(+3%)	(+4%)
	8	% of job openings filled (Measures benefit #2 ÷ benefit #3 above)	20%	(+2%)	(+4%)	(+6%)
	9	Cost to ESD per AKJB job opening listed (Measure benefit #2 ÷ benefit #6 above)	\$1.64	(-15%)	(-25%)	(-30%)
	10	Cost to ESD per AKJB job placement (Measure benefit #3 ÷ benefit #6 above)	\$8.10	(-15%)	(-25%)	(-30%)

Strategies:

- Solicit customer feedback on needed improvements to AKJB.
- Improve on-line job order web site.
- Train staff on each component of AKJB.
- Improve marketing-employer packets, Public Service Announcements, and press releases.
- Increase number of in-person visits to employers to inform and market ESD products.
- Job center employment specialists work closer with Work Services Job Developers.
- Make AKJB statistics available to all staff.

NOTES: SPY (State Program Year) 2000 = 7/1/00 – 6/30/01.
 Data to be taken from ETA 9002 and Server Logs.
 All percentages shown in parentheses in target year columns with a + or - designate a change in performance compared to the baseline year.

RESPONSIBLE PROGRAM: Job Training

Measure		Baseline 1 st Qtr. 01	SFY 02 Target	SFY 03 Target	SFY 04 Target	
Benefit	1	# of customers trained	2844	2900 (+2%)	2930 (+3%)	2960 (+4%)
	2	# of customers placed	1,700	1,751	1,803	1,857
	3	% trainees placed who reported satisfaction with their training	66%	72%	78%	84%
	4	% of trainees employed after training	65%	66%	67%	68%
	5	Average hourly earnings of employed trainees	\$13.32/hr	\$13.45/hr	\$13.60/hr	\$13.75/hr
	6	% who maintained the job for 1 year after training	80%	81%	82%	83%
	7	% of hiring employers who are satisfied with the worker provided	65%	71%	77%	83%
Cost	8	STEP, DW & Adult FY 00 Total expenditures from the three funding streams.	\$6,288,954	TBD	TBD	TBD
	9	Average time to gain employment after training	TBD	(-3%)	(-6%)	(-9%)
Ratio	10	Average cost per trainee	\$2,320	\$2,250	\$2,180	\$2,165
	11	Average cost per placement	\$3,880	\$3,840	\$3,815	\$3,800
	12	Average annual earnings of trainee per cost of training	TBD	(+1%)	(+2%)	(+3%)

Strategies:

- Conduct employer participant focus groups on each job training product.
- Collect private sector baseline data to formulate aggressive targets.
- Write and implement a simple, easy to use on-the-job training agreement for the employers..
- Promote referral to Job Training through/from Unemployment Insurance partner.
- State required performance in Grant and contract agreements.
- Issue an Individual Training Account voucher that provides training redeemable at local training facilities.
- Review secret shopper reports or Alaska Job Center Network office assessment to streamline access to training.
- Train ES and JT staff on Workforce Investment Act and State Training Employment Program training benefits and opportunities.
- Develop Employment Development Plans with appropriate state or local labor market-specific goals.
- Develop staff capacity for case management and follow up that promotes job retention
- Form a vendor/trainer advisory committee to promote and enhance training capacity
- Develop and implement data collection policies that ensure a high degree of data integrity.

NOTE: SFY (State Fiscal Year) = July 1 – June 30.

All percentages shown in parentheses in target year columns with a + or - designate a change in performance compared to the baseline year.

*Total Program Cost exclude administrative costs, Governor's reserve, rapid response and costs for services other than training.

RESPONSIBLE PROGRAM: Unemployment Insurance

Measure		Baseline 1 st Qtr. 01	FFY 02 Target	FFY 03 Target	FFY 04 Target	
Benefit	1	Total \$ added to Alaska economy to replace lost wages	\$114 Mil	\$118 Mil	\$135 Mil	\$145 Mil
	2	\$ Amount of Maximum Weekly Benefit	\$248.00	\$272.00	\$296.00	\$320.00
	3	% of unemployed workers who receive UI benefits	68.5%	68.5%	68.5%	68.5%
	4	% of customers who are satisfied with the amount of UI benefits they receive weekly	TBD	TBD	TBD	TBD
Cost	5	Cost of taxes paid by employers and workers to fund benefits.	TBD	\$114 Mil	\$118 Mil	\$135 Mil
Ratio	6	% of Alaska's Average Weekly Wage that is replaced by the Maximum Weekly Benefit Amount	38%	40%	44%	48%

Strategies:

- Lobby and educate employers and legislature to obtain final authorization of proposed bill to increase the maximum weekly benefit amount (MWBA).
- Market the UI program to provide a better understanding of the benefits by the public.
- Educate Legislature, wage earners and employers of the benefits of increasing the MWBA.

NOTES: FFY - Federal Fiscal Year.
 Tax rates are primarily determined by the cost of benefits averaged for the preceding 3 years. As a result, increased payments of benefits from the Unemployment Insurance Trust Fund have a delayed impact on taxes.
 Figures above are based on Legislative implementation date of July 1, 2002.

RESPONSIBLE PROGRAMS: Employment Services and Job Training

Measure		Baseline SFY 00	SFY 01 Target	SFY 02 Target	SFY 03 Target	
Benefit	1	% of job seekers that are satisfied with length of time it takes to complete a registration	71%	75%	80%	82%
	2	% of ES registered job seekers that entered employment	18%	19%	20%	21%
	3	% of training participants that entered employment	61%	65%	66%	67%
	4	# of job seekers and participants that entered employment per year	12,323	(+2%)	(+4%)	(+6%)
	5	% of job seekers and participants who entered employment that achieved the Non-Metro Lower Standard Income Level or above	38%	42%	46%	50%
	6	% of job seekers and participants satisfied with their new job	65%	68%	70%	75%
	7	# of days to fill an open job order	Not Available	(-20%)	(-33%)	(-50%)
	8	% of employers that are satisfied with length of time from opening a job order to filling the job	Not Available	(+5%)	(+10%)	(+15%)
	9	% of employers satisfied with placements	65%	68%	70%	75%
Cost	10	Total cost to ESD for entered employment	\$14.4M	\$14.4M	\$14.4M	\$14.4M
Ratio	11	Average ESD cost per entered employment (# 10 divided by # 4)	\$1,168	(-2%)	(-4%)	(-6%)

Strategies:

- Develop a universal calculation formulas for JT and ES statistics
- Create standard structure and procedures for job clubs and activate in new locations
- Create employer incentives for reporting job hires
- Create incentive for job seekers to report successful job searches (New employee packet, pen pad, etc.)
- Increase job development efforts
- Advertise that ESD supports raising the minimum wage
- Create and implement customer surveys for measuring customer satisfaction

NOTES: SFY (State Fiscal Year) = July 1 -- June 30.
All percentages shown in parentheses in target year columns with a + or - designate a change in performance compared to the baseline year.