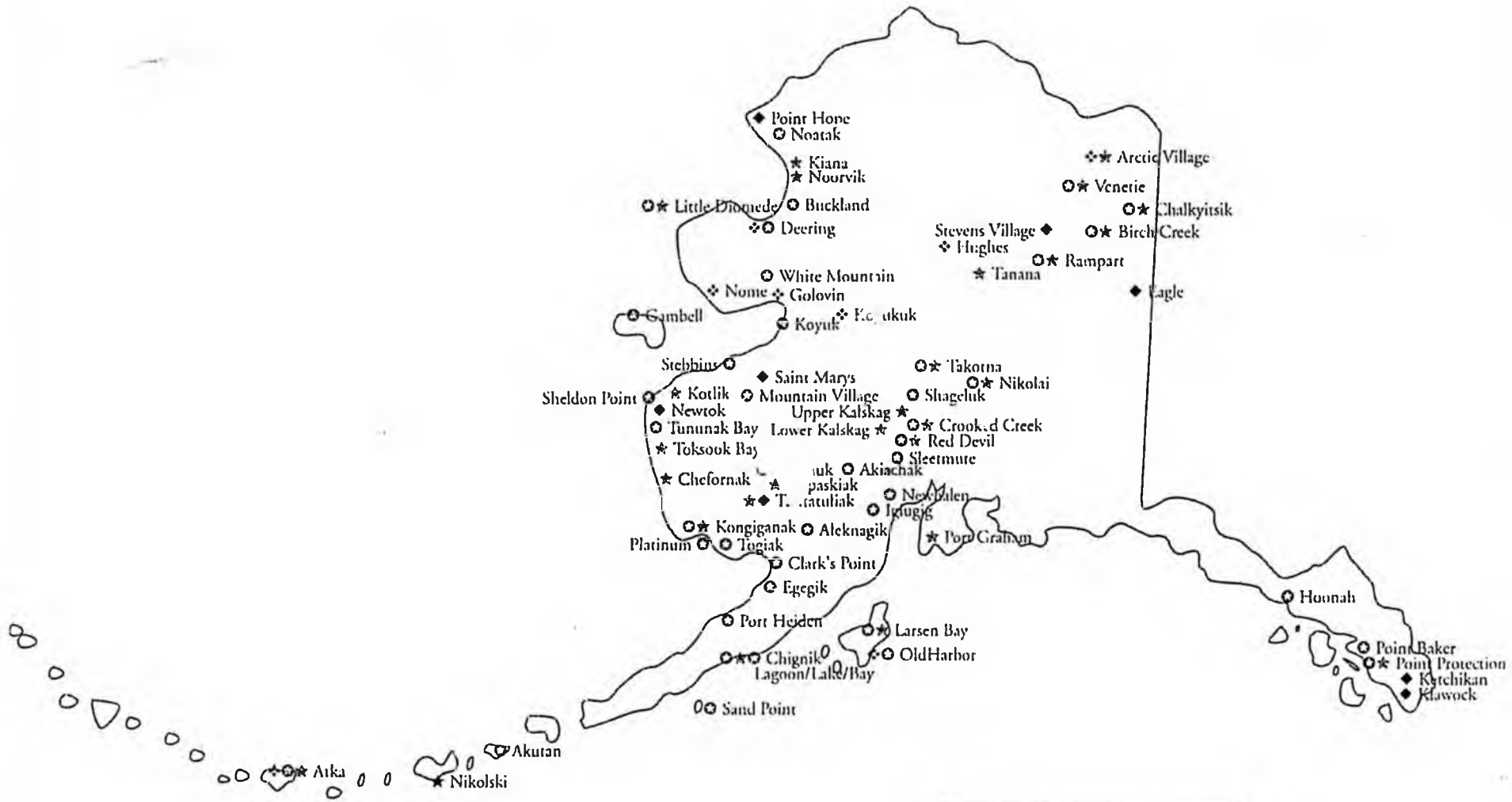
FY 99/00
FUNDED PROJECTS

Denali Commission Projects



Map Legend

- Bulk Fuel Planning
- Bulk Fuel Construction
- Electrical Utility Upgrades
- Other Infrastructure Projects

Community Name	Legislative District	Project Type	Commission Funding - FY99	Commission Funding - FY 00	Other Funding	Total Project Funding
Akiachak	39	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000
Akutan	40	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000
Aleknagik	39	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Arctic Village	35	Bulk Fuel Construction	$600,000	$1,010,000	$240,000	$1,850,000
Arctic Village	35	Power Plant Upgrade	$700,000	$0	$92,100	$792,100
Atka	40	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Atka	40	Hydro-Electric Power	$575,000	$0	$100,000	$675,000
Birch Creek	36	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Buckland	37	Bulk Fuel Construction	$0	$2,300,000	$0	$2,300,000
Buckland	37	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Chalkyitsik	36	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Chefornak	39	Bulk Fuel Construction	$200,000	$525,000	$2,490,000	$3,215,000
Chignik Bay / Chignik Lagoon/ Chignik Lake	40	Bulk Fuel Construction	$0	$3,600,000	$0	$3,600,000
Chignik Lagoon	40	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Clark's Point	39	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000
Crooked Creek	36	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Deering	37	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000
Deering	37	Power Plant Upgrade	$400,000	$200,000	$361,400	$961,400
Egegik	40	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000
Emmonak	38	Bulk Fuel Construction	$900,000	$0	$1,540,000	$2,440,000
Emmonak	38	Rural Clinic Construction Completion	$0	$55,500	$55,310	$110,810

Community Name	Legislative District	Project Type	Commission Funding - FY99	Commission Funding - FY 00	Other Funding	Total Project Funding
Gambell	38	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000
Golovin	38	Distribution System Upgrades	$330,400	$0	$45,000	$375,400
Hoonah	5	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Hughes	36	Power Plant and Distribution Upgrades	$750,000	$170,000	$45,000	$965,000
Igiugig	40	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000
Kasigluk	39	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000
Ketchikan	1	Electrical Inertie	$0	$5,000,000	$72,000,000	$77,000,000
Kiana	37	Bulk Fuel Construction	$1,500,000	$666,700	$533,300	$2,700,000
Klawock	5	Water Source Planning	$242,000	$0	$25,000	$267,000
Kotlik	38	Bulk Fuel Construction - structural foundation only	$0	$500,000	$0	$500,000
Kotlik	38	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Kotlik	38	Power Plant Upgrade	$700,000	$0	$555,000	$1,255,000
Koyuk	38	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000
Koyukuk	36	Power Plant and Distribution Upgrades	$475,000	$0	$45,000	$520,000
Larsen Bay	5	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Little Diomede	37	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Lower Kalsag	36	Bulk Fuel Construction	$100,000	$0	$136,500	$236,500
Mountain Village	38	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000
Napaskiak	39	Bulk Fuel Construction	$200,000	$100,000	$1,200,000	$1,500,000
Newhalen	40	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000
Newtok	38	Rural Power Upgrades	$0	$473,500	$0	$473,500

Community Name	Legislative District	Project Type	Commission Funding - FY99	Commission Funding - FY 00	Other Funding	Total Project Funding
Nikolai	36	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Nikolski	40	Bulk Fuel Construction	$700,000	$330,000	$270,000	$1,300,000
Noatak	37	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000
Nome	38	Power Line Extension	$725,000	$0	$25,000	$750,000
Noorvik	37	Bulk Fuel Construction	$300,000	$0	$2,350,000	$2,650,000
Old Harbor	6	Bulk Fuel Construction	$9,300	$0	$85,000	$94,300
Old Harbor	6	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Old Harbor	6	Hydro-Electric Power	$975,000	$0	$1,100,000	$2,075,000
Platinum	39	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000
Point Hope	37	In House Plumbing	$122,000	$0	$2,163,701	$2,285,701
Port Graham	7	Bulk Fuel Construction	$600,000	$300,000	$120,000	$1,020,000
Port Heiden	40	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000
Port Protection	5	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Pt. Baker	5	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Rampart	36	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Red Devil	36	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Sand Point	40	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000
Savoonga		Rural Clinic Construction Completion	$0	$325,000	$0	$325,000
Shageluk	36	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000
Sheldon Point	38	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$50,000
Sleetmute	36	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000

Community Name	Legislative District	Project Type	Commission Funding - FY99	Commission Funding - FY 00	Other Funding	Total Project Funding
St. Mary's	38	Sub-Regional Clinic	$250,000	$0	$0	$3,900,000
St. Michael		Rural Clinic Construction Completion	$0	$330,000	$55,000	$385,000
Stebbins	38	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000
Stevens Village	36	Rural Power Upgrades	$0	$703,000	$500,000	$1,203,000
Takotna	36	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Tanana	35	Bulk Fuel Construction	$900,000	$1,156,000	$544,100	$2,600,100
Togiak	39	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Toksook Bay	38	Bulk Fuel Construction	$1,700,000	$1,100,500	$150,000	$2,950,500
Tuntutuliak	39	Rural Power Upgrades	$0	$1,180,500	$230,000	$1,410,500
Tuntutuliak	39	Bulk Fuel Construction	$400,000	$500,000	$1,441,600	$2,341,600
Tununak	38	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Upper Kalsag	35	Bulk Fuel Construction	$100,000	$0	$262,500	$362,500
Venetie	36	Bulk Fuel Planning and 35% Design	$22,727	$0	$0	$22,727
Wales		Rural Clinic Construction Completion	$0	$275,000	$100,000	$375,000
White Mountain	38	Bulk Fuel Planning and 35% Design	$0	$22,500	$0	$25,000
Regional / Statewide Projects						
Statewide		Rural Health Clinic Study	$275,000	$0	$25,000	$300,000
Statewide		Alaska Native Tribal Health Consortium Utility O&M Training	$200,000	$0	$315,000	$515,000
Statewide		Community Planning Tools	$100,000	$0	$10,000	$110,000
Statewide		Statewide Community Directory	$40,000	$0	$9,000	$49,000
Statewide		First Alaskans Foundation	$0.00	$1,262,000.00	$70,000.00	$1,332,000.00

Community Name	Legislative District	Project Type	Commission Funding - FY99	Commission Funding - FY 00	Other Funding	Total Project Funding
Statewide		State of Alaska Department of Labor Denali Training Fund	$0	$1,025,000	$0	$1,025,000
Statewide		Alaska Vocational Technical College Building Maintenance Repairer Training	$0	$250,000	$0	$250,000
Statewide		Associated General Contractors Build-Up Program	$0	$250,000	$0	$250,000
Statewide		Alaska Native Coalition on Employment and Training Statewide Coordination	$0	$200,000	$0	$200,00
Statewide		AlaskaWorks Partnership Apprenticeship Outreach	$0	$200,000	$2,500,000	$2,700,000
Statewide		Alaska Vocational Technical College Bulk Fuel Sotrage Operator Training	$0	$75,000	$0	$75,000
Statewide		Economic Development	$0	$500,000	$0	$500,000
Statewide		Statewide Telecommunications Survey	$50,000	$0	$0	$50,000
TCC		Rural Utility Business Advisor (RUBA) Regional Pilot Project	$184,800	$0	$40,000	$224,800

WORK PLAN

DENALI COMMISSION

2000 – 2001 WORK PLAN

DECEMBER 17, 1999

Denali Commission
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DENALI COMMISSION

Work Plan – Contents

PART ONE: DENALI COMMISSION PURPOSES AND APPROACH

Purposes of Commission:

The Denali Commission Act of 1998, as amended (Division C, Title III, PL 105-277) states that the purposes of the Denali Commission are:

> To deliver the services of the Federal Government in the most cost-effective manner practicable by reducing administrative and overhead costs.
>
> To provide job training and other economic development services in rural communities, particularly distressed communities (many of which have a rate of unemployment that exceeds 50 percent).
>
> To promote rural development, provide power generation and transmission facilities, modern communication systems, bulk fuel storage tanks, water and sewer systems and other infrastructure needs.

Challenges to development and economic self-sufficiency:

Geography – The State of Alaska encompass twenty percent of the landmass of the United States, encompassing five (5) climatic zones from the arctic to moderate rain forests in the south.

Isolation – Approximately 220 Alaskan communities are accessible only by air or small boat. Some village communities are separated by hundreds of miles from the nearest regional hub community or urban center.

Unemployment – The economy of rural Alaska is a mix of government or government-funded jobs, natural resource extraction and traditional Native subsistence activities.

Many rural Alaskans depend on subsistence hunting, fishing and gathering for a significant proportion of their foods, but also depend on cash income to provide the means to pursue subsistence activities. Cash paying employment opportunities in much of rural Alaska are scarce and are highly seasonal in many areas; unemployment rates exceed 50% in 147 communities.

High cost and low standard of living - Over 180 communities suffer from inadequate sanitation or a lack of safe drinking water. Residents face high electric costs: 61 cents per kilowatt-hour for electricity in a few communities (average in rural Alaska is closer to 40 cents per kilowatt-hour) even with State subsidies for rural power.

Commission Relationship with Other Organizations:

The Commission intends to act as a catalyst to encourage local, regional, and statewide comprehensive assessment, planning and ranking of needed infrastructure improvements and economic development opportunities and training needs.

The Commission, working with existing agencies or other organizations whenever feasible, intends to improve coordination and to streamline and expedite the development of needed infrastructure, economic development, and training.

The Commission may build on the work of both Federal and State of Alaska agencies to identify statewide needs, to establish priorities, and to develop comprehensive work plans.

The Commission will seek the support and involvement of affected local communities, governing bodies, businesses and other organizations.

The Commission will encourage partnerships between government, non-profit organizations, and businesses to expedite sustainable economic and infrastructure development.

Commission Schedule:

The Commission will hold quarterly public Commission meetings and make every reasonable effort to maximize public participation in annual work plan development and update. With completion of this work plan the Commission schedule will be consistent with the federal budget cycle. The work plan will be updated at least annually.

Staffing:

The Federal Co-Chairman is solely responsible for Commission staffing and administrative matters. Staffing will be kept to a minimum, and the Commission will utilize staff detailed from federal, state, or other organizations to the maximum extent possible. Contract support will also be utilized where appropriate.

Funding Criteria:

The following criteria are intended to foster careful and systematic planning and coordination on a local, regional and statewide basis for infrastructure and economic development, and to strongly support local involvement in project planning and implementation.

- 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 more narrow benefits.
- Projects should be sustainable.
- 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.
- Commission funds may supplement existing funding, but will not replace existing federal, state, local government, or private funding.
- The Commission will give priority to funding needs that are most clearly a federal responsibility.
- The Commission will give priority to funding needs in "severely economically distressed" communities. The term "severely economically distressed" will be defined in the Denali Commission Code.

Additional Criteria for Infrastructure Projects:

- A project should be consistent with a comprehensive plan.
- Any organization seeking funding assistance must have a demonstrated commitment to operation and maintenance of the facility for its design life. This would normally include an institutional structure to levy and collect user fees if necessary, to account for and manage financial resources, and having trained and certified personnel necessary to operate and maintain the facility.
- Proposals should include a cost breakdown by phase including breakout for design, construction and annual operation and maintenance (O & M).

Additional Criteria for Economic Development Projects:

- Priority will be given to projects that enhance employment in high unemployment areas of the State, with emphasis on sustainable, long-term local jobs or career opportunities.
- Projects should be consistent with statewide or regional plans.
- The 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.

PART TWO: FISCAL YEAR 2000 WORK PLAN

In order to provide focus for the Commission's second season of work, the theme of "Rural Energy" was selected by the Commission to provide consistency and build on work completed in FY 1999. Bulk fuel storage and utility upgrades continue to be an important part of the Commission work.

The following paragraphs describe the project selection process used by the Alaska Energy Authority. Throughout FY 2000, Commission and staff will be working on development of additional focus areas or "themes". The goal of the Commission is to build on the success of the energy program and increase the number of focus areas or "themes" along with associated funding. The themes will consist of specific programs or project areas that show a great need and limited funding to address that need.

Bulk Fuel Storage Background:

The U.S. Coast Guard (USCG) documented major deficiencies associated with rural bulk fuel tank farms in 1991 and began the process of notifying communities that failure to correct deficiencies would result in substantial fines and suspension of fuel deliveries. Deteriorated tanks dating back to WW-II vintage were leaking petrochemical products into local water supplies causing sickness in children and elderly people. Lack of building code compliance further exposed residents to a high risk of catastrophic fire. Large numbers of tanks lacked adequate spill control features.

Arctic and sub-arctic communities are fully dependent on these leaking fuel storage tanks for heat, power and light. In most instances, fuel is delivered annually by barge. Suspension of even one delivery would have catastrophic impact on local residents, many of whom live in a

subsistence economy without cash to bring fuel tanks into compliance with federal standards or to pay fines. Overwhelmed by the cost and urgency of this crisis, residents appealed their plight to State and Federal government representatives.

In 1994 the Governor and Congressional Delegation responded by requesting a moratorium on enforcement actions until an effective solution could be found. With funds provided by Congress specifically for this purpose, the U.S. Environmental Protection Agency (EPA), working through the Alaska Department of Environmental Conservation (DEC) and the Alaska Energy Authority[1] (AEA, formerly the Alaska Division of Energy), identified a work backlog, not including cleanup, estimated at approximately $450,000,000. Principle responsible parties were often traced to pre-statehood federal agencies or to a hodgepodge of now defunct entities. No one accepted responsibility.

Electric Power Background:

Rural communities of Alaska, much like the rest of the nation, are dependent on electric power for basic life support. Unlike most other areas of the country, Alaska's rural communities are remote (not connected to a power grid) and subject to extreme weather conditions. When a system fails, there are no backups and the life and safety of people are in jeopardy. Funding for upgrade and maintenance of systems has been grossly inadequate, resulting in many systems being unsafe, undependable, and very expensive to operate.

[1] The former Department of Community and Regional Affairs Division of Energy programs are now integrated into AEA and administered by AIDEA.

A comprehensive assessment of needs has not yet been completed, but the AEA has identified a number of systems needing immediate assistance. The AEA has also identified some opportunities to replace or supplement high cost diesel power with alternative energy sources.

Project Selection Process for FY 2000 Bulk Fuel Program & Utility Upgrades:

The Commission focused on the most severe problems first by drawing on an extensive database compiled by the State of Alaska in coordination with EPA and the U. S. Coast Guard (USCG). This data was used to develop a preliminary ranking of communities based on the current condition of their facilities as reported by both State and Federal field inspectors. To these preliminary rankings the Commission then applied additional selection criteria, including:

- Citations or warning letters from EPA, USCG, or other regulatory agencies.
- Imminent threat to health and safety, or threat of winter system failure.
- Alternative or supplemental community/region specific funding opportunities, i.e. Federal through the U.S. Department of Housing and Urban Development (HUD) or state through the Department of Education.
- Financial need based on existing costs, rates, and income levels.
- Community commitment and support of tribal elders.

Factors reviewed by the Commission staff, working with Alaska Energy Authority, in formulating recommendations to the Commissioners included:

- Opportunity for consolidation of smaller tanks and economies of scale.
- Community size.
- Cost sharing.

- Demonstrated administrative, operation and maintenance capability.
- Any federal tax delinquency of tank farm owner(s).
- Community contribution and commitment.
- Past experience working in the community.
- Unusual conditions or costs.

Beginning in FY 01, two additional criteria will be key to selection for Denali Commission funding:

1. Consistent with statewide energy strategy now under development; and
2. Consistent with an adopted community based comprehensive plan.

Ultimately, project selection reflected the active involvement, cooperation and support of federal and state regulators, tank farm and electric utility owners, and community leaders.

Project Management Procedures

The Commission determined that the most cost-effective manner to reduce overhead and administrative costs involved with managing its Bulk Fuel Storage Tank Program in FY 1999 was to take full advantage of the Alaska Energy Authority contracts and structure, while maintaining appropriate oversight.

Key elements of project development used by the AEA are:

1. Consult with facility owners and community representatives AEA Staff traveled to the community to meet with tank farm owners, utility owners, and community representatives to obtain information, to develop an initial project concept, and to determine project participants. Community representatives include municipal government, tribal government, and the Village

Corporation. The Commission made approval by village elders a prerequisite for funding. In this way, traditional cultural values are sustained and potentially harmful community impacts are minimized.

Any tank farms that would not be included in the program for FY 2000 are also identified and the reasons for such exclusion are determined. If deficient facilities will not be upgraded as part of the Commission's program, efforts are made to develop a plan with the facility owner on how those facilities will be brought up to code in the future.

2. Consult with State and federal agencies The Commission asked the AEA to coordinate with other agencies and to determine potential sources for supplemental funding of the project wherever possible. Federal agencies include the USCG, EPA, the US Department of Housing and Urban Development (HUD), Bureau of Indian Affairs, and Public Health Service. State agencies include the Departments of Education, Environmental Conservation, and Transportation and Public Facilities.

3. Develop Grant Agreement When agreement is reached on a project concept, and funding has been identified, the AEA prepares a grant agreement and a "consolidation agreement." Grant agreements not only formalize the funding commitment project but also commit grantees -- the future owners of new or reconstructed facilities -- to assist in project development and to properly maintain the projects in the future.

a. Most labor is hired locally on "force account" by the local grantee or government entity. The only "outside" hires are typically foremen, who must have extensive experience, and specialized skilled labor (i.e. welders) not usually locally available. In the future, through focused training, we hope to be able to fill all positions locally or at least within a region.

b. A private sector firm is retained to perform the project accounting, local payroll, and invoice payment, a significant advantage in cost and time compared with government administration, particularly in the context of tight construction schedules.

c. Competitive bids are solicited for equipment and materials. The AEA has chosen to use State regulations for competitive awards among vendors, in place of local procurement.

4. Develop Consolidation Agreement The consolidation agreement binds all of the tank farm participants and records agreement on specific ownership and management structure for the new facility upon its completion.

5. Place Project Funds and Set Up Accounts with Trustee Accounting Firm The AEA has elected to use a standing contract with a private sector accounting firm to provide all accounting and payment services required. The Commission releases funding for projects involving Denali Commission funds to the trustee firm as oversight criteria are met.

Disbursements to vendors for project materials, to engineering and construction management firms for services rendered, and to force account labor are made by the trustee firm only as directed by the AEA. The trustee firm, in order to ensure clear, up-to-date budget and expenditure information for each project, provides monthly expenditure and activity reports.

6. Project Design and Site Selection In consultation with the project participants and community representatives, the AEA then proceeds into site selection and project design. The participants must agree to the site and design before funds are committed to project construction.

The AEA maintains standing contracts with local engineering firms for a broad scope of services. At the present time, the AEA has four such contracts in place that will remain in effect through December 2000, at which time a new set of contracts will be issued. At any time, the

AEA can issue one or more work orders to any of these four firms to immediately begin work on a project related task. These firms are primarily for project design, both for bulk fuel storage and for electric utility upgrades.

7. Site Control Similar contracts are in place with a right-of-way firm to immediately begin work on site control services, including all tasks related to land ownership determination, ownership transfers, leases, and easements. The site control task begins in conjunction with preliminary design, specifically on the determination of land ownership. When the project design has been adopted, the contractor proceeds with all steps needed to acquire site control. The present contract runs through February 2000, at which time one or more new contracts will be issued.

8. Permitting and Environmental Compliance Commission oversight ensures that all applicable permits and regulations pertaining to project construction and operation are obtained or satisfied. Among these permits and approvals are the following:

The U.S. Army Corps of Engineers developed a "general permit" that will expedite approval under Section 404 of the Clean Water Act for the placement of fill material in wetlands for rural bulk fuel storage facilities. This approval process, which is necessary for virtually all tank farm projects in rural Alaska, normally requires 3-4 months to complete but is expected to require only 15-30 days under the general permit.

The State of Alaska has adopted the Uniform Fire Code (UFC) as part of its Alaska Administrative Code requirements for building permits. The UFC was not written for rural Alaska conditions and, in some cases, is difficult or impossible to apply to rural Alaska tank farms. Therefore, the AEA and the State Fire Marshal signed a Memorandum of Agreement that

provides practical solutions to problems posed by UFC requirements. The agreement reflects consideration for dispensing tank placement, tank setback, flood protection, fire-resistive supports or pilings, dike wall materials, equipment placement inside the secondary containment area, overfill prevention equipment, and bulk transfer to small tank vehicles.

9. Construction Management and Local Hire Local hire is a basic principle of the Commission. The Commission seeks to stimulate the creation of not only jobs, but also careers. Local labor helps hold down project costs. Local hire means that people who are knowledgeable about the project will remain in the community after construction.

Four project management firms supplement the AEA's in-house ability to provide overall project management. These flexible contracts are set up on a work order basis – whenever the AEA needs to assign a project manager to a project, it will be able to issue a work order. This project management format provides access to as many project managers, as needed, whatever the workload demands.

This project management format is consistent with the force account construction approach that has been successful in the past and has been well received by local communities. A project manager is needed to communicate directly with the community grantee, the design engineer, the site control contractor, and the on-site construction foreman; to handle material procurement, scheduling and transportation; and to provide financial management and control.

10. Operations and Maintenance The Commission oversees the preparation and proposal process, including details on operations and maintenance (O&M) responsibility. Local sponsors must participate in addressing their estimated O&M budget and revenue requirements. The Commission also supports training for tank farm operators.

11. Insurance The AEA purchases liability insurance to cover damages that may be claimed during the construction phase of our projects, and arranges pollution and liability insurance coverage for consolidated tank farms after the project is complete and placed in operation. To date, insurance applying to the operational phase has been purchased by the AEA on behalf of the new tank farm owner for the first year of operation – no commitments have yet been made for succeeding years.

12. Regulatory Plans A part of the AEA scope of work for every tank farm project is the preparation of all required regulatory plans, including the Operations Manual and Facility Response Plan required by the USCG and the Spill prevention Control and Countermeasure Plan required by EPA.

13. As-Built Drawings and Project Completion Report Closeout tasks include as-built drawings and a project completion report, along with a final project accounting.

14. Long-Term Follow-up The AEA developed and maintains a rural tank farm database. They plan to continue re-visiting rural tank farms on a three-year rotating schedule to update information on tank farm conditions, and to provide limited circuit rider services. In the future, the Commission may expand and integrate these programs into other initiatives. For example, every three years, staff or contractors could examine both the tank farms and electric utility systems in each community, update the data base on current conditions, and provide preventive maintenance services as needed for both fuel storage and electrical systems. This may expand to include all utilities in the future.

Other power related projects under review:

Statewide energy needs assessment and planning is being undertaken in a cooperative arrangement between the State and Federal government in order to guide capital funding decisions. The Commission is a partner in this effort with the State and U.S. Department of Agriculture Rural Development. A comprehensive assessment of issues and their inter-relationships will be completed by December 1999. Development of a comprehensive energy strategy is expected to begin in January 2000.

Other projects under review:

The Commission received numerous local or community specific recommendations. To date, these include economic development, infrastructure, and capacity building projects. Consistent with its published criteria, the Commission will evaluate each of these projects and determine eligibility and priority for funding.

Due to the massive needs of rural areas, and the need to improve the coordination of federal and state programs, the Commission has initiated several cooperative efforts to enhance coordination among federal and state agencies, and encourage comprehensive community-based local and regional planning. As the results of these efforts materialize, the Commission will develop strategies, or "funding themes", to most effectively accomplish it's statutorily mandated goals. In the meantime it is the intent of the Commission in funding "Other Projects" to advance the development of funding themes. When a new funding theme is developed by the Commission, the purpose, process, and deadlines for seeking assistance will be announced to all rural communities and/or regional organizations in Alaska.

FY 2000 Work Plan:

The following table shows the how FY2000 federal funding appropriated to the Denali Commission will be distributed.

Funding Category	Category Class	Funding Level	Percentage
Infrastructure	Energy Projects	15,000,000	75%
Economic Development		2,000,000	10%
Job Training, Education, Capacity Building		2,000,000	10%
Administration		1,000,000	5%
	Total	$20,000,000	100%

PART THREE: WORK PLAN FOR FY 2001 AND BEYOND

The Commission determined that the scope and scale of infrastructure issues facing rural Alaska are staggering. The following table summarizes identified needs for infrastructure categories such as drinking water and wastewater utilities, power utilities, and fuel storage.

The backlog of work in the Bulk Fuel Storage Program alone has been estimated by the Alaska Energy Authority to be approximately $450,000,000. No estimate is currently available for some fundamental needs, including health care facilities and telecommunications.

Assessment of needs and refinement of estimates will be an ongoing process. The total of *known* infrastructure needs is estimated to be over $12 billion. Allocation of funds to various funding categories and classes within those categories (see following table) will be based on a formula agreed to by the Commission at the beginning of each fiscal year. For FY 2000 the formula allocates 75% of available funds to infrastructure, 10% to economic development and 10% to job training and capacity building. The Commission has a statutory limit of 5% for administrative expenses.

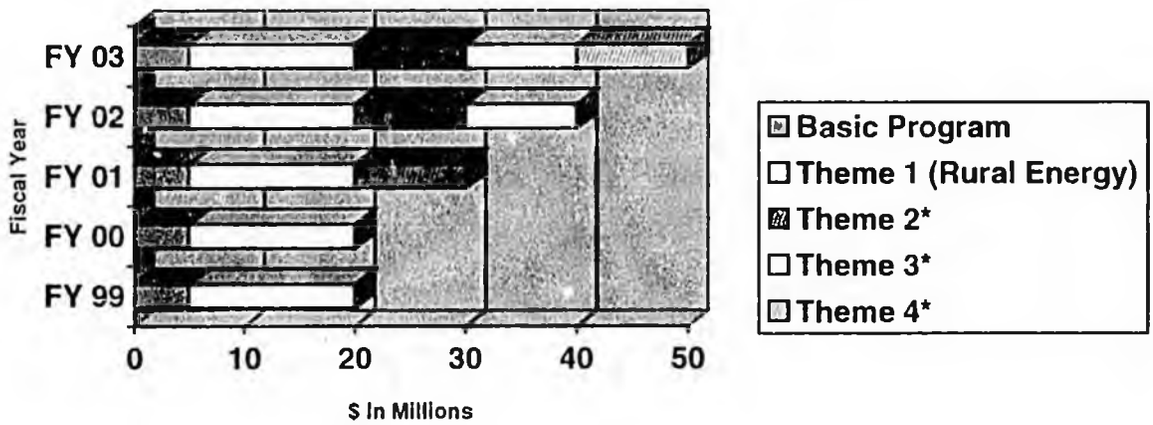
On-going feasibility work will guide specific project selection and approval at quarterly Commission meetings.

Of necessity, the Commission's work must be phased over a number of years based on the urgency of competing needs and availability of funding. The theme of rural energy, as one important prerequisite to all other utilities and economic development, guided the decisions for FY 1999 and will continue to be a primary area of focus in FY 2000.

For planning purposes, the Commission budgeted $45,000,000 using the Commissions

approved formula. This funding increment is based on the addition of one or possibly two themes for FY 2001. The theme(s)* will build on the success of the existing program and provide funding for programs and/or projects that demonstrate a great need, federal responsibility, and limited amount of funding to meet the need. A graphic representing the "theme" concept is shown below. For illustration, the graphic shows a basic program amount of $5 million (Economic Development, Training, Administration, etc.), $15 million to be applied annually to the first theme, and incremental amounts of $10 million for subsequent themes.

DENALI COMMISSION FUNDING AND THEMES



The Commission seeks to be informed by the public year to year as to how best to allocate its efforts and thus reserves the option of changing its allocation formula after hearing from the public. Likewise, there may be variations in specific areas of focus from year-to-year to reflect the public sense of priority and judgement of the Commission.

Once the Commission approves specific projects, they are assigned to a category class.

The incremental budget plan for FY 2001 is as follows:

Funding Category	Category Class	Funding Level	Percentage
Infrastructure			
	Energy	?	
	Theme No. 2	?	
	Theme No. 3	?	
	Subtotal	33,750,000	75%
Economic Development			
	Subtotal	4,500,000	10%
Job Training, Education, Capacity Building			
	Subtotal	4,500,000	10%
Administration			
	Subtotal	2,250,000	5%
	Total	$45,000,000	100%

Note: In FY 2001 in addition to other applicable criteria, any project selected for funding should be part of a community based local or regional comprehensive plan. Additionally, any energy related projects should be consistent with the comprehensive statewide energy strategy.

The following table summarizes current estimates of needs:

Funding Category	Category Class	$	$
Infrastructure	Housing Construction/Development	1,800,000,000	
	School Construction and Major Maintenance	530,000,000	
	Power Utilities	168,000,000	
	Fuel Storage	450,000,000	
	Drinking Water Facilities		
	Waste Water Utilities	1,058,000,000	
	Waste Management Facilities		
	Health Care Facilities	unknown	
	Airport Facilities	926,000,000	
	Road Construction	7,500,000,000	
	Port Facilities	214,000,000	
	Telecommunications	unknown	
	Community Facilities	unknown	
	Other	unknown	
	Subtotal		12,646,000,000
Economic Development	Comprehensive Planning	unknown	
	Other	unknown	
Job Training, Education, Capacity Building	Comprehensive Planning	unknown	
	Other	unknown	
	Total		12,646,000,000

See Appendix A for Background Information on this table.

APPENDIX A

Housing Construction/Development

Need: $1.8 Billion

Annual Funding: $58-87 million

Source: Housing and Urban Development FY 1999 Report.

Background: According to the FY 1999 report published by HUD, Alaska has a need for 12,519 new units. At an average cost of $145,000 per unit, the total need for new housing is approximately $1.8 billion. This estimate does not include repairs and renovation projects. The number of units needed has increased from the 1990 census, which showed over 11,000 units needed.

At the current rate, 400 to 600 units are constructed in Alaska each year (approximately $58-87 million)

Projects are prioritized and funded in a variety of ways including grants to local housing authorities, regional housing authorities, low interest loans, and transfers to other agencies.

Entities providing funding for housing includes, but may not be limited to, HUD, AHFC, and USDA.

School Construction and Major Maintenance

Need: $530,183,470

Annual Funding: No recurring funding source.

Source: Final Agency Decision: 4/5/99; Project Priority List Published by the State of Alaska Department of Education and Early Development and Early Development.

Background: Based on requests from individual school districts, the State of Alaska Department of Education and Early Development (DEED) has compiled a listing of school construction and major maintenance projects. DEED has reviewed the project requests and distilled the eligible projects to list that totals $530,183,470.

The state school construction program is not currently meeting the need. This program is the primary responsibility of the state and will remain such. However, there may be opportunities for the Denali Commission to assist the state in areas that are federal responsibility such as bulk fuel storage upgrades.

The Denali Commission will continue to work with the State Department of Education, and at the point when a school construction program is funded, will work to determine if there is an opportunity for the Denali Commission to assist with some federally mandated component of the program.

Power Utilities

Need: $168,000,000

Annual Funding: No program of annual funding

Source: Alaska Energy Authority.

Background: According to the Alaska Energy Authority (formerly the State of Alaska Division of Energy), they have needs in the following categories for the following amounts.

$68,000,000 Power Plant Construction and Rehabilitation

$100,000,000 Power distribution system construction, expansion and rehabilitation

The Alaska Energy Authority (AEA) is a state agency commissioned with oversight of energy related infrastructure in rural Alaska. The agency functions predominantly in areas that are typically not covered by a utility cooperative. These power plants and distribution systems are typically in areas where the economic base is insufficient to bond or self-fund construction of the power facilities and other sources of funding are required. At the current time, the AEA is the only source of funding for these projects, and there is no defined funding stream to take care of the above stated needs.

Another interest of the Denali Commission is to work towards conserving energy usage in rural communities. Efficiencies such as generator efficiencies, structure insulation, waste heat recovery, transmission efficiencies, and alternative power generation are all possible topics of consideration for the Commission.

Fuel Storage

Need: $450,000,000

Annual Funding: $15-18 million ($8-10 million Denali Commission)

Source: Alaska Energy Authority briefing report dated September 24, 1999.

Background: The Alaska Energy Authority initiated an assessment of all bulk fuel tank farms in rural Alaska communities in 1996. The three-year project assessed the condition of the tank farms, including the total fuel capacity of each in terms of gallons.

Approximately 180 communities were surveyed during the three-year assessment period. Total storage capacity of the surveyed communities is 75,221,754 gallons. Assuming an average cost to upgrade as $6/gallon, the total cost to construct new code compliant tank farms in each community is approximately $450,000,000.

Water, Wastewater, Solid Waste

Need: $1,057,512,641

Annual Funding: $78.1 Million;

$18 Million ANTHC,

$21.6 million FC&O (Incl. AHFC, EPA, USDA-RD and state)

Source: Sanitation Deficiencies System Update, May 1999, Published by the Alaska Native Tribal Health Consortium, Department of Environmental Health and Engineering, Division of Sanitation Facilities Construction.

Background: The Alaska Native Tribal Health Consortium (ANTHC) is the responsible organization for administering the Public Health Service (PHS) construction program here in Alaska. The FY99 defined needs, according to the ANTHC/PHS Sanitation Deficiency System that estimates the overall need in the areas of Water/Wastewater/Solid Waste, to be $873,670,525. Currently the ANTHC receives approximately $13,000,000 annually to perform this work. ANTHC has responsibility for the tribal communities and the mission is to provide facilities for Native Alaskans. There is some overlap with the VSW program.

Source: SFY 2000 Capital Budget Priority Lists, 12/16/98; Published by the State of Alaska Department of Environmental Conservation, Division of Facility Construction and Operations

Background: Village Safe Water (VSW); The State of Alaska Village Safe Water Program is a division of the State of Alaska Department of Environmental Conservation's Facility Construction and Operations (FC&O) Division. The division provides grants for planning, design, and construction of water, sewer, and solid waste projects in small, rural communities throughout Alaska. The currently defined needs as submitted by VSW only reflect the requests from communities interested in projects. This amount does not reflect the overall need. The current list of requested projects totals $105,690,744. The current funding level for VSW is $41,890,574.

Municipal Matching Grant and Loan Program provides grants and loans to medium sized communities for planning, design, and construction of water, sewer, and solid waste projects. The program is a division of the State of Alaska Department of Environmental Conservation's Facility Construction and Operations (FC&O) Division. The currently defined needs as submitted only reflect the requests from communities interested in projects. This amount does not reflect the overall need. The current list of requested projects totals $78,151,372. The current funding level of this 50% matching grant program is $18,164,200.

It should also be noted that the information provided by FC&O is not broken out by project type, nor does the division have the resources to provide such a breakout.

Health Care Facilities

Need: Unknown

Annual Funding: Unknown

Source: None

Background: There is no comprehensive source of information relating to the needs for local healthcare facilities. Typically, a community or village will build a clinic and lease the facility back to the organization responsible for healthcare in their community. The Commission has allocated funding to complete an assessment of healthcare facility needs during the next year.

Airport Facilities

Need: $926 Million

Annual Funding: $58-87 Million

Source: 1995 Transportation Needs and Priorities in Alaska; Published by State of Alaska Department of Transportation and Public Facilities. And the current FAA Aviation Improvement Program (AIP)

Background: The Federal Aviation Administration currently provides most of the funding for airport projects throughout the state. The state or local sponsor will contribute roughly 10% in the form of match. There are 1,112 designated airports, seaplane bases, and aircraft landing areas in the state of Alaska. The Alaska Department of Transportation & Public Facilities (ADOT&PF) owns and operates 261 public airports, the majority of Alaska's public airports. Additionally, 23 public airports are owned and operated by local governments.

Backlog of airport projects in the state amounts to approximately $926 million ($1.3 billion in an informal, 1997 tally completed by statewide aviation).

Historically, funding that the state receives for airports from the FAA AIP program has ranged from $58 million in 1990, to $81 million in 1998.

Road Construction and Major Maintenance

Need: $7.5 Billion

Annual Funding: $350,000,000

Source: 1995 Transportation Needs and Priorities in Alaska, published by the State of Alaska Department of Transportation and Public Facilities

Background: The State of Alaska administers most of the Federal Highway Administration (FHWA) funding allocated to Alaska with the exception of money specifically designated for the Bureau of Indian Affairs (BIA), which currently amounts to approximately $14 million per year. Although overall funding levels are up for roads, the BIA share has recently slipped from $16 million annually under ISTEA (1991 – 1997). The BIA funding does not go far considering it must provide for approximately 200 tribes within Alaska. BIA officials have recently announced that any given village can expect one project every 20 years, on average.

Of note, the BIA is currently conducting a rule-making process to revamp the national formula that distributes BIA funding among the states. The legislative language directing this new formula is more Alaska-friendly, but the past distribution formulas have not been favorable to Alaska and remains to be seen if the new formula will redress this situation.

One important distinction between FHWA and BIA funding for roads is the long-term maintenance obligation. Under FHWA, the recipient is responsible for maintenance in perpetuity, with no federal support for this activity. Under the BIA funding system, such roads are then added to the IRR (or Indian Reservation Road system) and are eligible for a share of a national pot of money allocated to maintenance of IRR roads.

Overall needs for highway and road projects were estimate at $7.5 billion in 1999. In the current TEA-21 era, average funding levels are estimated at approximately $350 million not including possible discretionary grants the state may receive. While this is up substantially from the approximately $220 million under ISTEA, the list of unmet needs has been growing even faster as villages and all communities become more aware of this potential funding source.

Most of FHWA funding received by the state stays in larger auto-dependent communities, with some funding going to rural communities, largely for sanitation roads and trail markings. Funding for projects off the road system goes primarily to larger hub communities.

Improved surface transportation can have many positive effects, including lowering costs for goods and services, improving village to village interaction, and allowing for state and federal investments in schools, clinics, airports, harbors, and tank farms to serve more communities per project.

Port Facilities

Need: $214 Million plus

Annual Funding: Varies year by year, typically between $0-5 Million

Source: 1995 Transportation Needs and Priorities in Alaska, published by the State of Alaska Department of Transportation and Public Facilities

Background: Port and harbor facilities are necessary investments to support maritime commerce, commercial fishing, subsistence, water recreation, and general economic development. Wholesale, retail, transportation, and services industries supporting marine activities create jobs and other opportunities. Coastal and riverside communities with good facilities will have safer access, greater mobility, more opportunity and a better quality of life than those without. Port and harbor facilities must offer access to waterways, protection from waves, and water deep enough for navigation. Few communities have perfect naturally occurring conditions. Many communities have spurred economic growth and given vitality to their communities through making improvements by dredging channels and basins, and constructing breakwaters and docking facilities. These improvements open the transportation corridor for maritime commerce.

Port and harbor development in the State has been a close partnership between local government, the state, and the federal government. The federal government has always limited investment and interest to those navigation improvements that satisfy national economic development criteria. State assistance has ranged from complete financial support to little or no financial support. While State assistance expanded and expectations grew during the lucrative days of high oil production, the State has retreated to the basic premise that port and harbor projects require a substantial local funding commitment to be eligible for State assistance. Though not a dedicated fund source, the marine users fuel tax is the traditional foundation of small boat harbor improvements in the State. General obligation bonds have been the foundation of State assisted port development.

The threshold for federal involvement, an assessment of national benefits and costs, is very high. For most of Western Alaska, the geography, climate, and low population density weigh heavy against projects meeting this test. The federal navigation improvement program is helpful in making an existing activity more productive but it is not useful in creating an opportunity for activity that does not already exist.

Port and harbor projects can reduce the delivery cost of goods and services, increase the frequency of delivery, reduce damage loss during transport, reduce environmental risk, improve the value of regionally exported resources and products, and improve the productivity, safety and quality of life of people in the region. There are opportunities through port and harbor developments that are consistent with the goals and objectives of the Denali Commission.

Telecommunications

Need: Unknown

Annual Funding: Unknown

Background: Telecommunications and Internet technologies, which are revolutionizing daily life in the United States, are not reaching most Alaskan communities. The positive impact Internet connections will have on education, training, healthcare and economic development in rural communities cannot be overemphasized. The negative impact of leaving the rural communities behind in technological advances will only further compound the challenges of self-sustainability for rural Alaska.

The remoteness and sparse populations that so uniquely identify rural Alaska also are the primary limitations for private telecommunications to justify connections in most communities.

Typically, small communities have access only through the local public school or library, and tribes may have access through a program being implemented by the Department of Interior. Private users are prohibited from accessing these federally subsidized services. So, an individual who wishes to access vital information, obtain distance education or training, open a web-site for commerce, or have an e-mail account from home, must use "1800 dial-up access". Such service in rural Alaska costs between $200-$400 per month for basic e-mail and minimal Web browsing.

The Denali Commission will evaluate the availability of basic telecommunications, Internet technologies, and other advanced telecommunications in relation to the future of economic development, education, training and healthcare in rural Alaska.

Community Facilities

Need: Unknown

Annual Funding: Unknown

Background: Communities have a need for community assembly facilities for various purposes, including planning, meetings, traditional functions, and recreation for youth. These facilities, when available, are heavily used in rural communities. No assessment mechanism is in place for determining statewide needs for community facilities.

MOU

Memorandum of Understanding

Between the State of Alaska

- Department of Administration (DOA);
- Department of Community and Economic Development (DCED);
- Department of Corrections; (DOC)
- Department of Education and Early Development; (DEED)
- Department of Environmental Conservation; (DEC)
- Department of Health and Social Services; (DHSS)

- Department of Labor and Workforce Development; (DOL&WD)
- Department of Military and Veterans Affairs; (DMVA)
- Department of Natural Resources; (DNR)
- Department of Transportation and Public Facilities; (DOT&PF)
- University of Alaska; (U of A)

  Also
- Denali Commission;
- U. S. Department of Agriculture (USDA), Rural, Alaska Office;
- U. S. Department of Commerce Economic Development Administration, Western Region (EDA); U.S. Commercial Service
- U. S. Department of Housing and Urban Development (HUD); and
- U. S. Department of Interior Bureau of Indian Affairs (BIA), Alaska Office.

Background

The Denali Commission Act of 1998, as amended (Division C, Title III, PL 105-277) (Act) states that the purposes of the Denali Commission are to:

1. Deliver the services of the Federal Government in the most cost-effective manner practicable by reducing administrative and overhead costs;
2. Provide job training and other economic development services in rural communities, particularly distressed communities; and
3. Promote rural development, provide power generation and transmission facilities.

The Act recognizes that these purposes can only be accomplished through a collaborative, coordinated effort by the State of Alaska and key federal agencies. The State of Alaska also recognizes the above benefits can be furthered if State agencies work in a collaborative and coordinated effort.

Purpose

This Memorandum of Understanding (MOU) outlines some points of agreement that will facilitate the collaboration and coordination necessary for achievement of the purposes of the Denali Commission and related missions of agencies who are parties to this MOU.

Points of Agreement

The parties to this MOU agree the following are a key element in achieving shared goals:

1) **Community plans.** A single community strategic plan should be sufficient to identify and establish the priorities of each rural community. To be effective, the plan must be value-based; based on significant community participation and support; approved by the city and tribal councils and village corporation (if these entities exist); and take into account regional priorities.

   The parties to this MOU agree to:
   a) Support the development of comprehensive community plans where an acceptable comprehensive plan does not now exist; (USDA Rural Development, in collaboration with the Denali Commission, has developed a model planning process);
   b) Support the concept of a single comprehensive community plan and utilize comprehensive community plans (or other acceptable plans that currently exist) as the basis for determining priorities in a community;
   c) Work to coordinate the timing for service and project delivery so that projects are "whole" and sequenced most effectively (e.g. constructing road, water, and sewer for housing project in an orderly fashion).

2) **Regional strategies.** Systematic planning and coordination on a local, regional and statewide basis are necessary to achieve the most effective results from investments in infrastructure, economic development and training. Because Alaska is so vast and the regions of Alaska are unique, ideally these needs and priorities would be based on community plans presented as a regional strategy.

   The parties to this MOU agree:
   a) To develop a protocol that weaves together many existing regional planning efforts, maximizing development and delivery of resources.
   b) A State-recognized regional strategy should be:
      - Based on community strategic plans that are value-based and comprehensive (more than a project list) and approved by the city council, tribal government, and village corporation, if applicable;
      - A balance of local, regional, and State identified needs, including needs identified by existing regional and sub-regional economic development organizations; any borough in the region; the regional Native profit and non-profit corporations; any other significant economic development "drivers"; and State and federal agencies doing work in the region.

- Approved by the regional entities, (an entity recognized and agreed be it an ARDOR, native regional non-profit or some other regional structure; and
- Reflect existing State and federal agency approved plans, or a written agreement by an agency to change the approved plan.

c) To collaborate on the development of a single uniform federal and state funding application and reporting process. The purpose of this effort is to reduce the administrative burden on communities.

3) **Regional Funding Summits.** The USDA Rural Development, Denali Commission and DCED, have held and plan to organize future regional funding summits. While the purpose of the summits is to help communities and regions fund their priority project(s), another long-term goal of the summits is to provide an opportunity for agencies and local and regional participants to discuss community and regional economic development issues and opportunities. Projects discussed at the summit must have municipal and tribal support and must be the result of a community planning process. Each project is reviewed and potential funders are identified.

Communities present their priority project(s) and agencies and community and regional representatives jointly scope available resources and assign a lead agency contact.

The parties to this MOU agree to:

a) Participate in the regional funding summits if the agency has funds or other available resources. (e.g. technical assistance)

4) **Rural Alaska Project Identification Delivery System (RAPIDS).** The RAPIDS database maintained by the state's Department of Community and Economic Development provides information on completed and planned projects for most rural Alaska communities. The goal is to expand RAPIDS to include appropriate information for all communities in rural Alaska and regional projects.

The parties to this MOU agree to:

a) Participate in the enhancement of RAPIDS by providing ideas and information.
b) Contribute all appropriate updated information at least annually.
c) Utilize RAPIDS as a management tool to achieve coordination and maximize the efficient use of available resources.

5) **Alaska Economic Information System.** The goal is to create and provide for the maintenance of a system of information relevant to economic development in Alaska, ultimately web-based. Components of

the AEIS include but are not limited to DCED's Economic Data Mapping Project, Community Database, and Rural Alaska Project Identification Delivery System (RAPIDS); and, DOL's "Polaris" Project. The AEIS will provide information for decision-making and be a vehicle for coordination and collaboration between local, regional, State and federal entities.

The parties to this MOU agree to:

a) Participate in the development of the AEIS by providing ideas and information.
b) Contribute all appropriate updated information at least annually.
c) Utilize AEIS as a management tool to achieve coordination and maximize the efficient use of available economic development resources.

6) **Regional Economic Development Initiative (REDI).** REDI is intended to 1) create links between job placement, training, and community and economic development; and 2) enhance the communication between a region and the Governor's Jobs Cabinet. The seven regions targeted by REDI are Southeast, Gulf Coast, Anchorage-Mat/Su, Southwest, Yukon-Kuskokwim Delta, Interior, and Northern. Each region has a designated DOL/DCED captain and co-captain who are responsible for organizing the teleconference and compiling regional reports. In the teleconferences, DOL and DCED report on economic/workforce activities for and administration news and initiatives affecting economic and workforce development in the region. ARDOR executive directors and others are invited to participate.

The parties to this MOU agree to:

a) Participate in the Rural Economic Development Initiative (REDI) as requested;
b) Participate in REDI-related follow up, as requested.

7) **Vocational and Career Training.** For purposes of state agency input and coordination with the Denali Commission, the Alaska Human Resource Investment Council (AHRIC) is the recognized lead agency in vocational and career training. (SB 289) This agreement also recognizes that the Balance of State Workforce Investment Board sets policy and provides the state job training and employment resources through the one-stop system (ACJN). The Alaska Department of Education and Early Development has been tasked with developing a statewide comprehensive vocational education training strategy. The Denali Commission will continue to collaborate with AHRIC, the Alaska Department of Education and Early Development, other federal and state agencies and organizations in the design of the state's process to identify vocational and career training needs in high unemployment areas of Alaska, and deliver training to meet the workforce needs for the

foreseeable future. The State and the Denali Commission believe that a collaborative, coordinated approach to delivering needed training will be most effective and efficient.

The parties to this MOU agree to:

a) Where applicable and practicable, utilize the AHRIC process and the combined resources of all agencies including the Denali Commission; to identify needs and deliver training in high unemployment areas of Alaska.

Implementation:

1) This MOU becomes effective immediately for participating agencies upon signature and will remain in effect indefinitely.
2) Any party to this MOU may withdraw upon 30-day notice to all other participants. The MOU will remain in effect for all other participants so long as two or more remain.
3) Nothing in this MOU shall be construed to limit or modify the authority or responsibility of any participating agency.

This list will be an amendable document to allow for other agency participation.

9/26/00
Commissioner, Department of Administration

11/6/00
Commissioner, Department of Community and Economic Development

9/26/2000
Commissioner, Department of Education and Early Development

11/14/00
Commissioner, Department of Environmental Conversation

9/26/00
Commissioner, Department of Health and Social Services

Commissioner, Department of Law

Commissioner, Department of Labor and Workforce Development

Commissioner, Department of Military and Veterans Affairs

Commissioner, Department of Natural Resources

10/2/00
Commissioner, Department of Transportation and Public Facilities

President, University of Alaska

10/2/2000
State Co-Chair, Denali Commission

9/25/00.

Dr. Sheila Selkregg
State Director
USDA-Rural Development

Bernhard Richert
Director
EDA

Colleen Bickford
State Director
US HUD

Niles Cesar
Regional Director
BIA

Patrick Poe
Regional Administrator
FAA

Marcia Combes
State Director
EPA

Christopher Mandregan, Jr., MPH
Director
IHS, Alaska Area Native Health Service

Rick Cables
Regional Forester
USDA Forest Service

Colonel Steven Perrenot
District Engineer
U.S. Army Corps of Engineers

Jeff Staser
Federal Co-Chair
Denali Commission

Charles Becker
Director
Alaska Export Assistance Center
U.S. Commercial Service
United States Department of Commerce

CREATION OF THE COMMISSION

The Denali Commission Act of 1998, authored by Senator Ted Stevens (R) Alaska, was signed into law on October 21, 1998, becoming Title III of Public Law 105-227, 42 USC 3121. This Act draws national attention to the plight of impovefished rural Alaska communities.

The Denali Commission is an innovative federal-state partnership designed to provide critical utilities, infrastructure and economic capacity, throughout Alaska. With the creation of the Denali Commission, Congress acknowledged the need for increased interagency cooperation and focus on Alaska's rural communities.

The Denali Commission Act of 1998 defines the specific purposes as follows:

1. To deliver the services of the Federal Government in the most cost-effective manner possible by reducing administrative and overhead costs.
2. To provide job training and other economic development services in rural, particularly distressed, communities.
3. To promote rural development, provide power generation and transmission facilities, modern communication systems, water and sewer systems and other infrastructure needs.

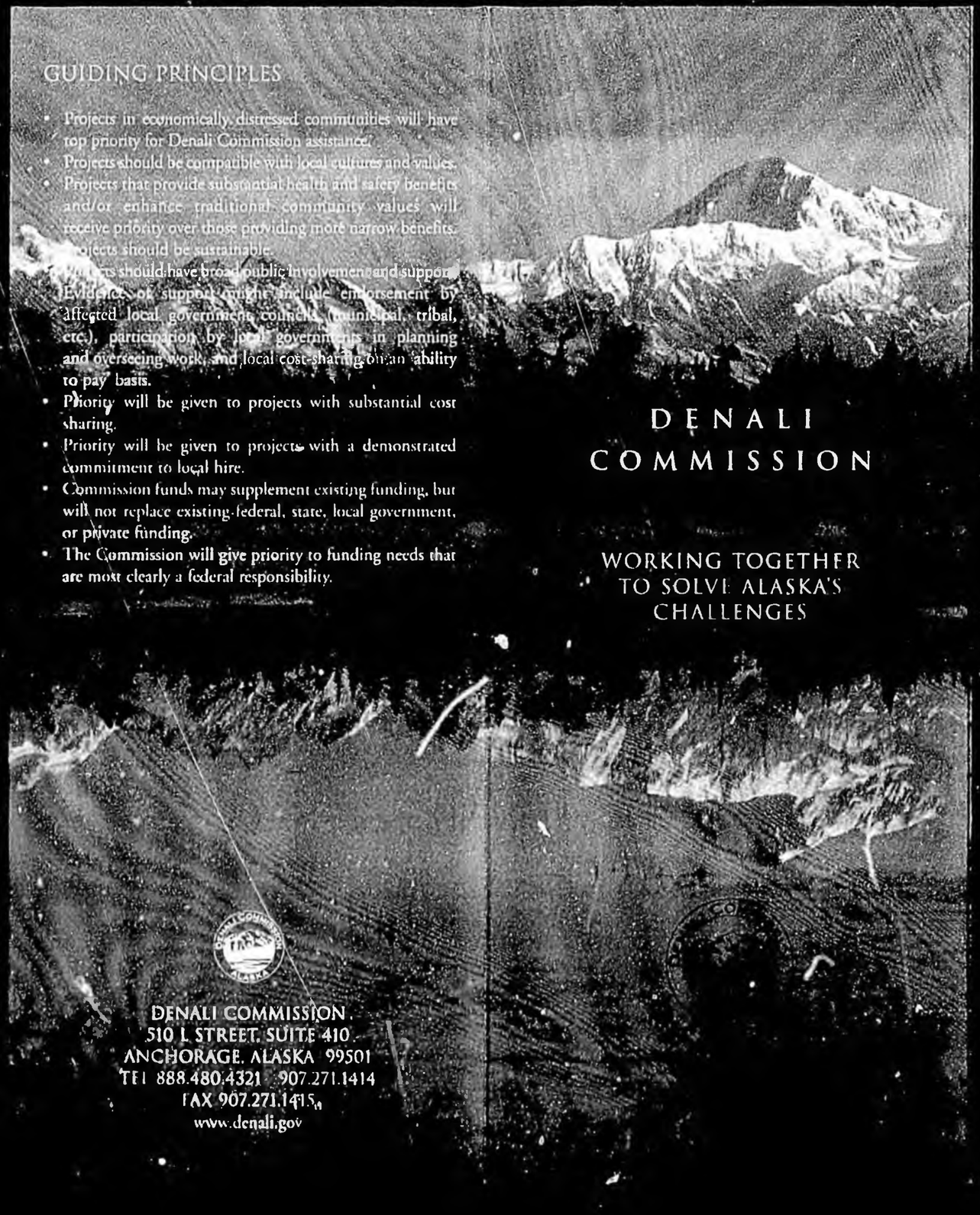
The Act appoints the Governor of Alaska to serve as the State Co-Chairman. The Federal Co-Chairman is nominated by the United States Senate and the House of Representatives and appointed by the Secretary of Commerce.

The Act brings decision-making closer to Alaskan communities through the appointment of the following statewide organizations:

1. President of the University of Alaska
2. President of the Alaska Municipal League
3. President of the Alaska Federation of Natives
4. Executive President of the Alaska State AFL-CIO
5. President of the Associated General Contractors of Alaska

GUIDING PRINCIPLES

- Projects in economically distressed communities will have top priority for Denali Commission assistance.
- Projects should be compatible with local cultures and values.
- Projects that provide substantial health and safety benefits and/or enhance traditional community values will receive priority over those providing more narrow benefits.
- Projects should be sustainable.
- Projects should have broad public involvement and support. Evidence of support might include endorsement by affected local governments, councils (municipal, tribal, etc.), participation by local governments in planning and overseeing work, and local cost-sharing on an ability to pay basis.
- Priority will be given to projects with substantial cost sharing.
- Priority will be given to projects with a demonstrated commitment to local hire.
- Commission funds may supplement existing funding, but will not replace existing federal, state, local government, or private funding.
- The Commission will give priority to funding needs that are most clearly a federal responsibility.



DENALI COMMISSION

WORKING TOGETHER TO SOLVE ALASKA'S CHALLENGES

DENALI COMMISSION
510 L STREET, SUITE 410
ANCHORAGE, ALASKA 99501
TEL 888.480.4321 907.271.1414
FAX 907.271.1415
www.denali.gov

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 tribal, federal, state and local governments and will 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.

DENALI COMMISSION

Federal Co-Chair
Jeff Staser

State Co-Chair
Lieutenant Governor Fran Ulmer

Julie Kitka, President
Alaska Federation of Natives

Mano Frey, Executive President
Alaska AFL-CIO

Mark Hamilton, President
University of Alaska

Henry Springer
Associated General Contractors of Alaska

Kevin Ritchie, Executive Director
Alaska Municipal League

INFRASTRUCTURE

The scope and scale of improvements needed in basic infrastructure like bulk fuel storage facilities, power generation facilities and primary health care facilities are staggering. Recognizing the significance of these challenges, the Commission focuses a majority of funds to rural infrastructure development.

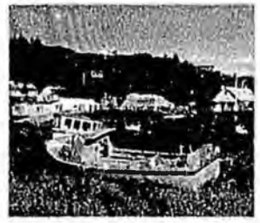
The intent of the Commission is to compliment, not duplicate, the efforts of other agencies in addressing each infrastructure theme selected. The Commission creates partnerships with local, tribal, state and federal agencies and infrastructure funds are invested in priority projects that leverage the most benefit for Alaskans.

The Denali Commission continues to focus on energy and health clinic infrastructure development as primary themes.

Guiding Principles for Infrastructure Projects:

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

ECONOMIC DEVELOPMENT



In most rural communities, the opportunities for development of the market economy are extremely limited. With this in mind, the Commission's goal is not to make every community individually self-sufficient, but to assist communities in attaining their full potential, and through regional economies of scale, provide for sustainable markets.

Guiding Principles for Economic Development Projects:

- Priority will be given to projects that enhance employment in high unemployment, economically distressed areas of the State, with emphasis on sustainable, long-term local jobs or career opportunities.
- Projects should be consistent with statewide or regional plans, and the Denali Commission Act of 1998.
- The 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.

JOB TRAINING

With the limited number of jobs available in rural Alaska, the Denali Commission believes it is imperative to provide local residents with the training and education needed to be successful in the job market. The Commission will promote training and invest in preparing local residents to assume the jobs created by the construction, operation and maintenance of Denali Commission funded public facilities.

The Commission believes that in order for construction and sustainability of public infrastructure in rural Alaska to be successful we must invest in training local residents.

Guiding Principles for Job Training Projects:

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

WORKING TOGETHER TO SOLVE ALASKA'S CHALLENGES

1/22/01

CARLSON V. STATE

1-22-01

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

TONY KNOWLES, GOVERNOR

P.O. BOX 110300
JUNEAU, ALASKA 99811-0300
PHONE: (907)465-3600
FAX: (907)465-2075

January 18, 2001

Honorable Eldon Mulder
Co-chair, House Finance Committee
State Capitol, Room 507
Juneau, AK 99801-1182

Honorable Bill Williams
Co-chair, House Finance Committee
State Capitol, Room 511
Juneau, AK 99801-1182

Honorable Beverly Masek
Co-chair, House Resource Committee
State Capitol, Room 128
Juneau, AK 99801-1182

Honorable Drew Scalzi
Co-chair, House Resource Committee
State, Capitol, Room 13
Juneau, AK 99801-1182

Re: Status of *Carlson v. State, CFEC,*
Case No. 3AN-84-05790 CI
Our file no.: 223-97-0054

Dear Representatives Mulder, Williams, Masek, and Scalzi:

In *Carlson v. CFEC*, nonresident commercial fishermen are challenging the state's practice of charging them three times more than residents for annual entry permit fees and crewmember licenses. I would like to brief your committee and others on this case. *Carlson* could soon impose an extraordinary cost on the state.

This suit has been ongoing since 1982, and it has been before the Alaska Supreme Court twice. In the latest appeal, decided in 1996, the Court announced a formula that establishes, for each year, the maximum additional amount that a nonresident may be charged.

One of the main factors in the formula is the state's annual expenditures that support commercial fisheries. The more services, paid for by non-fish receipts, that can be found to support the industry, the higher the fees that may be charged to nonresidents.

After a June, 2000, trial in Anchorage, the superior court decided which types of expenditures, related to commercial fisheries, may be counted in the formula. When that decision is applied for every year since the inception of this suit, the potential refunds to nonresident fishermen are enormous. We estimate that overpaid fees and interest total approximately thirty million dollars. There would also be an indirect cost. The state would lose future revenues that are predicated on fees that exceed the permissible amount.

This spring, we expect the superior court to enter a judgment against the state for an exact amount. In an effort to reduce or eliminate the refunds, we will be appealing several of the superior court's decisions to the Alaska Supreme Court. We expect a final decision from the Court by the end of 2002.

Over the years, the Department of Law has met a number of times with chairs and members of key committees to keep the legislature apprised of the status of *Carlson*. Most recently, in July, 1999, we wrote to the co-chairs of the Finance Committees and met with several of them, and in June of last year, briefed the Legislative Budget and Audit Committee.

I believe it is important to again inform the legislature about the *Carlson* case and the potential financial liability it presents. I am available, at your request, to brief the members of your committees on what has transpired in this case, what issues remain to be resolved and appealed, and the potential range of refunds that may be owed to nonresidents.

If you would like for me to meet with your committee to discuss the *Carlson* case, please contact my secretary at 465-2133. Thank you.

Sincerely,

Bruce M. Botelho
Attorney General

BMB: kh

MAIN STATUTE AND REGULATION AT ISSUE: *CARLSON V. STATE*

AS 16.43.160(b)

Annual fees established under this section (for entry or interim use permits) shall be no less than $10 and no more than $750 and shall reasonably reflect the different rates of economic return for different fisheries. The amount of an annual fee for a nonresident shall be three times the amount of the annual fee for a resident.

20 AAC 05.240(4)

…the resident and non-resident annual fees are:

FEE CLASS	ANNUAL FEE	
	Resident	Non-resident
I	$250	$750
II	$200	$600
III	$150	$450
IV	$100	$300
V	$50	$150

1-22-01

ALASKA SUPREME COURT'S FORMULA FOR CALCULATING THE MAXIMUM PERMISSIBLE FEE FOR A NONRESIDENT COMMERCIAL FISHING LICENSE OR PERMIT:

MAXIMUM PERMISSIBLE FEE FOR A NONRESIDENT PERMIT/LICENSE = FEE FOR A RESIDENT PERMIT/LICENSE + (ANNUAL FISHERIES BUDGET/ALASKA POPULATION) X (% STATE BUDGET FROM OIL REVENUES)

1/24/01

AK

TRAVEL

INDUST.

ASSOC.

1/24/01

ALASKA TRAVEL INDUSTRY
ASSOCIATION

2600 Cordova Street, Suite 201 • Anchorage, Alaska 99503
PHONE: (907) 929-2842 • FAX: (907) 561-5727
www.travelalaska.com www.alaskatia.org

The **Organization** is managed by a 23-member elected Board of Directors, representing various sectors of the Alaska visitor industry and various regions of the state. Marketing programs are developed and implemented through an extensive committee structure, including advisory committees with the active participation of 40 members. As managers of the contract, the Department of Community and Economic Development must approve the marketing plan prior to implementation.

ATIA Membership is just over 900 and consists primarily of small businesses.

- **61 %** have 0 to 5 employees
- **20 %** have between 6 and 15 employees
- **10 %** have between 16 and 50 employees
- **4 %** have between 51 and 100 employees
- **3 %** have over 100 employees
- **2 %** Convention & Visitors Bureaus (CVB) / Destination Marketing Organizations (DMO)

Regular membership levels start as low as $100 for small businesses; and marketing partner investment rates increase depending on the number of people employed during the peak season.

FY01 Contract **Funding Sources**

• Total Contract	$6,928,571
• State of Alaska	$4,850,000
• ATIA / Private Sector	$2,078,571
➢ Cruise Partners	$ 819,040
➢ CVB / DMO Partners	$ 342,590
➢ Pay-to-Play Programs	$ 916,941 +

The ATIA will meet and exceed the match required by the legislature. Under the FY01 contract, there are total funds of $6,928,571, of which 30% or $2,078,571 is matched by the ATIA through a variety of contributions. To date, the ATIA has raised 83% of the match or $1,735,000. The remaining 15% will be collected in the next several months as payments are received.

THE DENALI COMMISSION 1999 ANNUAL REPORT

WORKING TOGETHER TO SOLVE ALASKA'S CHALLENGES

Dear Mr. President:

We are pleased to submit for your review and transmittal to Congress a report on the activities of the Denali Commission during fiscal year 1999 (FY99). This report summarizes activities funded by Congress and cost-shared with the State of Alaska and others.

Since statehood in 1959, Alaska's most isolated and distressed communities have struggled to achieve access to the basic public infrastructure taken for granted elsewhere in the United States. Throughout Alaska there are 226 Native communities struggling to reconcile traditional subsistence lifestyles with the demands of modern American culture and its cash economy. Forty percent of Alaska's rural homes still lack adequate indoor plumbing, and diesel-generated electricity costs approach sixty cents per kilowatt-hour, roughly ten times the national average cost. The typical rural community remains inaccessible by road, rail or power grid. The challenges of isolation, arctic climate and economic development are nowhere greater.

Alaska's leadership has recently made significant strides in raising the standard of living and lowering the cost of living for many of the most geographically remote communities. However, the challenges to economic self-sufficiency are staggering, well beyond the means of local or even state government alone. For many years, Congress has recognized the need for effective and flexible teamwork between local, state and federal government in addressing these extraordinary challenges. That need was addressed with passage of the Denali Commission Act of 1998.

The Commission was established to deliver the services of government in the most cost-effective manner possible throughout Alaska. The Act charges the Commission to promote sustainable rural development by providing infrastructure and basic utilities to communities throughout Alaska, particularly to isolated and distressed communities including Alaska Native villages. The Act also requires the Commission to promote job training and encourage economic development in remote communities in rural Alaska.

The first meeting of the Commission in April 1999 resulted in a cost-sharing partnership to respond to the immediate and critical threat to human health and the environment presented by non-code compliant, often leaking, bulk fuel storage facilities. Working with the Environmental Protection Agency, the Coast Guard, the State of Alaska, local governments and the people themselves, the Commission was able to improve electrical service to nine communities and move another thirteen of over ninety communities off of the priority list for bulk fuel consolidation established by federal regulatory agencies.

The remarkable progress in this area of activity during FY99 must be attributed to the collaboration and active support of the federal and state agencies involved and to the leadership of the Commissioners in helping to direct that collaboration.

All Commission funded projects were cost-shared in FY99, and were required to be self-sustainable for the foreseeable future and consistent with local values. State and local cost-share partners helped double the impact of every Commission dollar expended, with accountability for long term operations and maintenance firmly established before any federal funds were obligated.

The resulting code-compliant fuel and power facilities will save lives, greatly reduce the risks of groundwater contamination and move twenty-two communities closer to economic self-sufficiency. This efficacy of teamwork was accomplished with less than 3% overhead attributable to the Commission, consistent with statutory mandates.

The Commission is currently working on a comprehensive strategy to address the other purposes of the Act. The Co-chairs take this opportunity to thank the Administration for support and applaud continued cooperation as we address vital issues to all Alaskans.

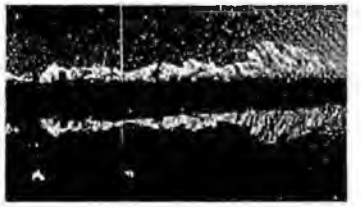
Jeff Staser
Federal Co-Chair

Fran Ulmer
State Co-Chair

"The Commission has made good progress toward fulfilling the intent of Congress that it provide the most cost-efficient methods to complete projects and programs with federal, State of Alaska, and non-public funds, particularly in our rural communities.

There is still much to be done. Based on the Commission's track record so far, in my judgement it has avoided duplication of oversight of projects and saved taxpayers' dollars. It is my hope Congress will continue to fund the Commission so that it will become a dominant force in modernizing the basic infrastructure of rural Alaska."

Senator Ted Stevens
United States Senate



ALASKA'S CHALLENGES

In Alaska, rainforests give way to barren arctic tundra and Aleutian grasslands to surreal volcanic mountains thrust thousands of miles above sea level. Seventeen of North America's twenty largest mountains are here in a state one-fifth the size of the continental United States. Many rural communities are well over 1,000 miles from the state capitol in the last frontier, home to just over 600,000 Americans. Along side enormous natural diversity however, is the challenge of providing basic infrastructure to Alaska's rural residents.

In contrast to the trend toward urbanization across most of the United States, about 30% of Alaska's people, live in small villages, away from large population centers. Everyday Alaskans face scenarios where the nearest major health care facility may be over 1,000 miles from their home, and where transportation access is limited to chartered air service and may cost the equivalent of a flight from New York to Los Angeles. In some communities drinking water and human waste disposal systems mirror those of developing nations.

Establishing the roads, clinics, utilities, telecommunications and other basic infrastructure common throughout the contiguous states presents tremendous logistical difficulties in rural Alaska where construction of these necessities are cost intensive and difficult to engineer.

Alaska contains 586,412 square miles, 488 times larger than Rhode Island, two and a half times larger than Texas, and larger than the next three largest states in the United States combined. In 1999, the state's population was estimated at 622,000 people. That is less than one fourth of one percent of the total US population. Only Wyoming, Washington DC and Vermont have fewer people. That makes just one person per square mile in Alaska. In contrast, the average population density in the whole United States is 75 persons per square mile.

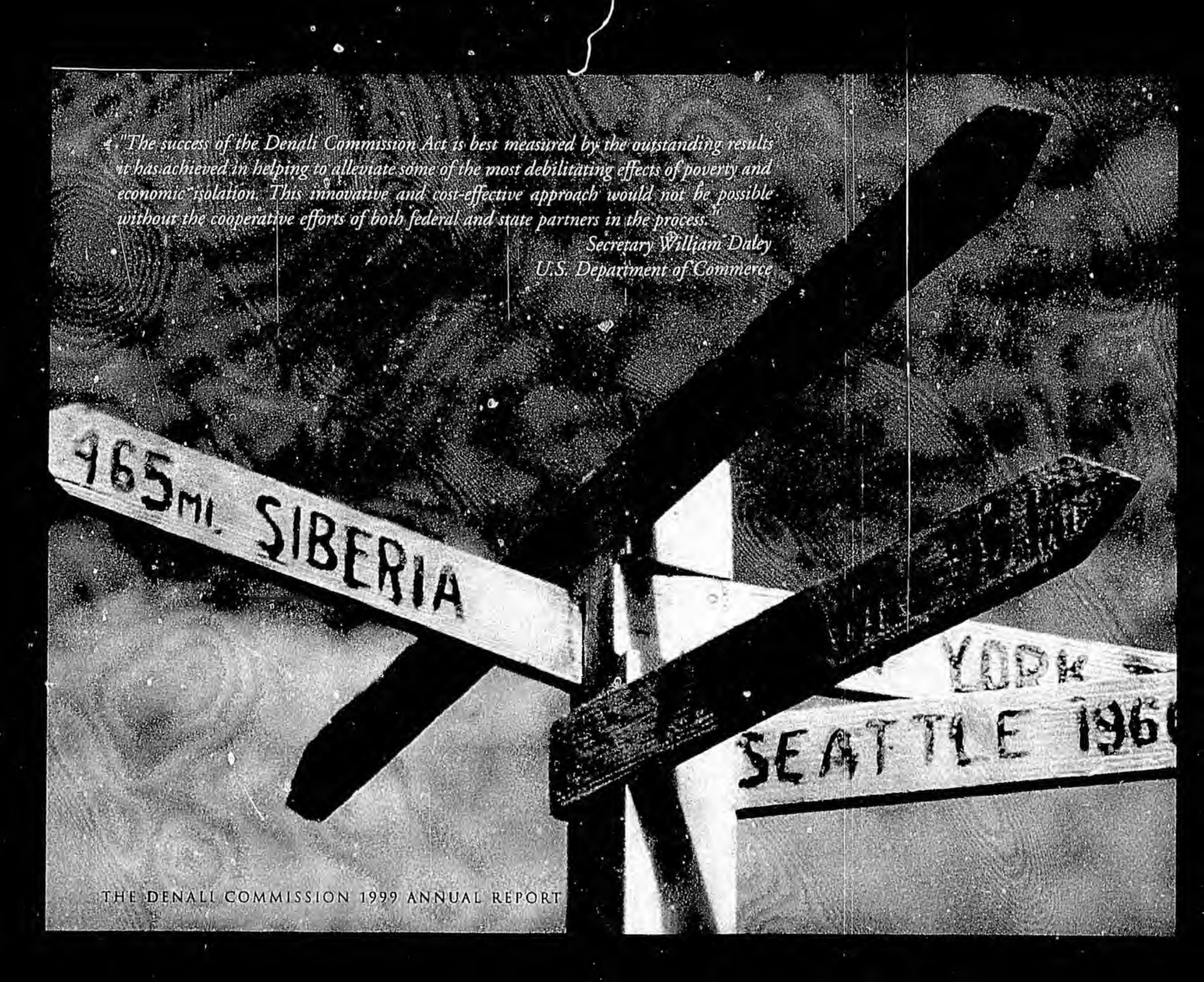
There are more active glaciers and ice fields in Alaska than in the rest of the inhabited world. Five percent of the state, or 29,000 square miles, is covered by glaciers. There are more than 3,000 rivers in Alaska and over 3 million lakes. About 100 of these lakes have surface areas of more than 10 square miles. The largest, Lake Illiamna, encompasses over 1,000 square miles.

Alaska's mountain ranges, glaciers and vast wilderness create natural barriers to transportation and communications. For most Alaskans, flying is a necessary part of life. Alaska has about six times as many pilots and fourteen times as many aircraft per-capita as the rest of the United States. Lake Hood, in Anchorage, is the world's largest and busiest seaplane base. In northern Alaska, snowmobiles and "all terrain vehicles" have replaced the traditional dogsled, but there are few roads and terrain is treacherous.

Did you know...
- The typical community is over 1,000 miles from the state capitol.
- There are more than 200 federally recognized tribal governments in Alaska.

Population of Alaska's Ten Largest Cities		
1.	Anchorage	258,782
2.	Fairbanks	83,928
3.	Juneau	30,684
4.	Ketchikan	14,231
5.	Sitka	8,779
6.	Kenai	7,058
7.	Kodiak	6,859
8.	Bethel	5,463
9.	Wasilla	5,134
10.	Soldotna	4,134

In contrast to the trend toward urbanization in most of the United States, about 30% of Alaska's people live in small villages or away from large population centers.


"The success of the Denali Commission Act is best measured by the outstanding results it has achieved in helping to alleviate some of the most debilitating effects of poverty and economic isolation. This innovative and cost-effective approach would not be possible without the cooperative efforts of both federal and state partners in the process."
Secretary William Daley
U.S. Department of Commerce
65MI. SIBERIA
SEATTLE 196

The Denali Commission Act draws national attention to the plight of impoverished rural and Alaska Native communities.

CREATION OF THE DENALI COMMISSION

The Denali Commission Act of 1998, authored by Senator Ted Stevens (R) Alaska, was signed into law on October 21, 1998, becoming Title III of Public Law 105-227, 42 USC 3121. This Act draws national attention to the plight of impoverished rural and Alaska Native communities.

The Denali Commission is an innovative federal-state partnership designed to provide critical utilities, infrastructure and economic support throughout Alaska. With the creation of the Denali Commission, Congress acknowledged the need for increased interagency cooperation and focus on Alaska's rural communities. Since its first meeting in April 1999, the Commission is credited with providing twenty-two cost-shared electrical utility and fuel storage projects that exemplify this effective and efficient partnership. While helping the residents move closer to economic self-sufficiency, the Commission strives to preserve the cultural values of those living in America's last frontier.

The Denali Commission Act of 1998 defines the specific purposes as follows:

1. To deliver the services of the Federal Government in the most cost-effective manner possible by reducing administrative and overhead costs.
2. To provide job training and other economic development services in rural, particularly distressed, communities.
3. To promote rural development, provide power generation and transmission facilities, modern communication systems, water and sewer systems and other infrastructure needs.

The Act appoints the Governor of Alaska to serve as the State Co-Chairman. The Federal Co-Chairman is nominated by the United States Senate and the House of Representatives and appointed by the Secretary of Commerce.

In addition to the Federal and State Co-Chairs, the Denali Commission Act provides for a five member panel of statewide organization presidents, or their designees, to be appointed by the Secretary of Commerce:

1. President of the University of Alaska
2. President of the Alaska Municipal League
3. President of the Alaska Federation of Natives
4. Executive President of the Alaska State AFL-CIO
5. President of the Associated General Contractors of Alaska

As required by the Act, the Denali Commission determines its own basic operating principles and funding criteria. These are outlined in the annual Denali Commission work plan, which is provided for public comment prior to being reported to the Federal Office of Management and Budget through the Secretary of Commerce.

The Denali Commission is an innovative federal-state partnership designed to provide critical utilities, sustainable infrastructure and economic development throughout Alaska.

Did you know...

- Unemployment exceeds 50% in over 150 of Alaskan communities.
- Over 40% of Alaskan communities lack indoor plumbing for the majority of homes.

THE COMMISSIONERS

Jeff Staser is the Federal Co-Chairman of the Denali Commission. A third 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 an MBA and a Master of Construction Management from Stanford University. Prior to joining Senator Stevens, Mr. Staser was Assistant Director of Civil Works for the U.S. Army Corps of Engineers in Washington. Mr. Staser serves as President of the Federal Executive Association and is active in other local and national economic development organizations.

Fran Ulmer 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 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.

THE COMMISSIONERS

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. MG(R) Hamilton received his bachelor of science degree from the U.S. Military Academy at West Point and his master's 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, MG(R) Hamilton was twice assigned to Alaska. MG(R) Hamilton received the Army's highest peacetime award, the Distinguished Service Medal, and the Armed Forces' highest peacetime award, the Joint Distinguished Service Medal.

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.

Kevin Ritchie is Executive Director of the Alaska Municipal League. In addition to these activities, he is an adjunct professor in the Master of Public Administration Program at the University of Alaska, South East. Mr. Ritchie received his Bachelor of Arts in Geography from the University of California at Santa Barbara and completed his Masters degree in Public Administration at the University of Alaska, South East. His diverse occupational background includes the Alaska Office of Equal Opportunity Employment, the Juneau Economic Development Council and the Volunteer in Service to America Project in Tacoma. He is currently a member of the Area Discipline Committee for the Alaska Bar Association and a charter member of the Juneau Gastineau Rotary Club.


"The answer to the question of what are the greatest infrastructure needs in a city or village is best answered by the community. Small community driven and decided projects can have a greater impact than a big ticket project."
Commissioner Henry Springer
Executive Director, Alaskan Association of General Contractors
POLLY

INFRASTRUCTURE

In urban America the public facilities and resources that form the backbone of economic prosperity and social progress are easily taken for granted. However, in the absence of basic infrastructure such as roads, utilities, clinics and telecommunicarions the daily activities of commerce, health and learning are significantly more difficult and diminished in quality. The scope and scale of improvements needed in basic infrastructure across rural Alaska are staggering. Recognizing the significance of these challenges, the Commission agreed in 1999 to commit 75% of funds to rural infrastructure development.

Rural energy was selected as the first priority for infrastructure development. Adequate energy production and delivery systems are an essential prerequisite to all other infrastructure and the most basic to sustaining quality of life in the extreme weather conditions for which Alaska is known.

The Commission is dedicated to integrating infrastructure themes with pre-existing development efforts and the comprehensive community and regional infrastructure planning now occurring at the local, regional and statewide levels.

To promote community voice in rural infrastructure, the Commission funded the "community toolbox" project in conjunction with the U.S. Department of Agriculture–Rural Development. The toolbox will provide a guide for communities to assess local infrastructure and formulate comprehensive development plans.

The intent of the Commission is to compliment, not duplicate, the efforts of other agencies in addressing each infrastructure theme selected. In 1999, the Commission assessed existing state and federal infrastructure development programs to identify the gaps in available resources. Invaluable partnerships were developed with local, tribal, state and federal agencies and infrastructure funds were invested in priority projects that leveraged the most benefit for Alaskans.

In October of 1999, the Infrastructure Sub-Committee was established to provide guidance and direction for the Commission staff in the areas of infrastructure development. Lt. Governor Ulmer, Mr. Ritchie and Mr. Springer are the voting Sub-Committee members. The Sub-Committee has convened twice in 1999 to provide direction for infrastructure funding in fiscal year 2000.

Infrastructure Funding Principles

- Themes are selected by the Commissioners to guide the allocation of funds.
- Selection of themes will address the most critical needs first.
- Commission resources will target "gaps" in state and federal funding.
- Cost-share partners will be identified to carry out infrastructure development.
- The Commission will tailor agreements with partners to maximize efficiency and effective delivery of Commission resources.
- Projects must be sustainable.
- Projects should lower the cost of living, raise the standard of living,or both.

Did you know...

- According to the FY99 report published by HUD, Alaska has a need for 12,519 new housing units. At an average cost of $145,000 per unit, the total need for new housing is approximately $1.8 billion.
- The total need for sanitation facilities in rural Alaska is estimated at over $1 billion.

"I believe the greatest role the Commission can play is coordinating the efforts of the different state and federal agencies, more than the actual funding the Commission may bring to the state."

Commissioner Kevin Ritchie
Executive Director, Alaska Municipal League

ENERGY

The Denali Commission selected rural energy as the primary infrastructure theme for 1999. Remote communities of Alaska, much like those in other areas of the nation, are dependent on electric power for basic life support. Unlike most other areas of the country however, Alaska's rural communities are not connected to power grids and are subject to extreme arctic weather conditions. Most arctic and sub-arctic communities rely entirely upon diesel fuel to generate the electric power for heat, light and transportation essential to survival. When a power system fails in rural Alaska there are often no backups, and the lives and safety of people are placed in jeopardy.

Unfortunately, deteriorating and failing power systems are not rare occurrences. An overwhelming number of bulk fuel storage tanks are not compliant with applicable state and federal safety standards. Declining tanks may result in fuel spills that devastate community water resources, leave Alaskans without fuel supplies in harsh conditions, contaminate the environment and endanger wildlife and ecosystems upon which subsistence living depends.

In FY99, the Denali Commission funded energy projects in the areas of bulk fuel design, planning and construction, utilities upgrades and hydroelectric power generation. The Alaska Energy Authority (AEA) was the Commission's primary partner for these rural energy projects. AEA is a state agency commissioned with oversight of energy related infrastructure in rural Alaska.

The Commission entered into an agreement with the AEA to provide $10 million in construction funding and $500,000 in planning and design funding for bulk fuel facility upgrades. An additional $4.5 million was invested in rural power plant and utility distribution upgrades, and $1.6 million was disbursed for two hydroelectric power generation projects. Commission funding complemented funds from AEA, the U.S. Environmental Protection Agency, the U.S. Department of Housing and Urban Development, the State of Alaska Department of Education and other sources for a total combined funding effort of $19,177,000. The AEA listing of communities with non-compliant facilities guided project prioritization.

As a result of these concentrated efforts, fourteen bulk fuel farms are now being constructed, funding was provided to an additional twenty-two communities for planning and design, and invaluable partnerships were created and strengthened among the agencies involved in addressing the energy challenges of Alaska. Page twenty-three of this report displays a complete listing of projects funded in 1999.

The Commission has endorsed rural energy as an important area of focus for infrastructure improvements and is committed to supporting energy development in the years to come.

There are over $350 million reported needed for statewide bulk fuel storage facilities.

There are over $160 million in statewide need for power system upgrades in rural Alaska.

State, federal and private partners working together to improve rural energy in Alaska:

- Alaska Energy Authority
- U.S. Environmental Protection Agency
- U.S. Department of Housing & Urban Development
- State of Alaska Department of Education
- U.S. Department of Agriculture – Rural Development
- U.S. Department of Commerce – Economic Development Association

Did you know...

- In most remote Alaskan communities, if a power system fails the extreme temperatures can jeopardize residents' lives.
- A gallon of unleaded fuel in some Alaskan communities can cost over $4.00.
- Some diesel fuel freezes into a gel at extreme cold temperatures, requiring specially processed fuel in the winter.