



UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Economic Development
Washington, D.C. 20230

July 15, 2010

Mr. Joel Neimeyer
Federal Co-Chair
Denali Commission
501 L Street, Suite 410
Anchorage, Alaska 99501

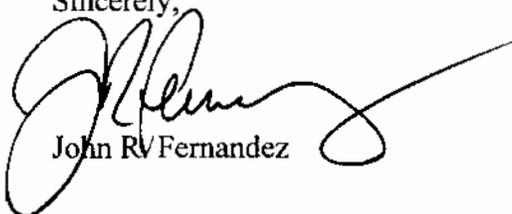
Dear Mr. Neimeyer:

Thank you for your letter requesting Department of Commerce approval of the Denali Commission's Work Plan for fiscal year 2010. The Department has appreciated the opportunity to review and comment on the Work Plan and has asked the Economic Development Administration (EDA) to respond directly.

Pursuant to the authority vested in the Secretary by the Denali Commission Act, Public Law 105-277, I am pleased to notify you that the Work Plan is approved.

I look forward to working with you in the future. If you have any questions regarding this matter, please call me or Sean Cartwright, Chief of Staff, at (202) 482-2900.

Sincerely,



John R. Fernandez

**Denali Commission
Federal Fiscal Year 2010
Work Plan**



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BACKGROUND

The Denali Commission (Commission) is an independent federal agency based on an innovative federal-state partnership designed to provide critical utilities, infrastructure and support for economic development and training in Alaska by delivering federal services in the most cost-effective manner possible. The Commission was created in 1998 with passage of the October 21, 1998, Denali Commission Act (Act) (Title III of Public Law 105-277, 42 USC 3121).

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

By creating the Commission, Congress mandated that all parties involved partner together to find new and innovative solutions to the unique infrastructure and economic development challenges in America's most remote communities.

Pursuant to the Denali Commission Act, as amended, the Commission determines its own basic operating principles and funding criteria on an annual federal fiscal year (October 1 to September 30) basis. The Commission outlines these priorities and funding recommendations in an annual Work Plan. The Work Plan is adopted on an annual basis in the following manner, which occurs sequentially as listed:

- Commissioners first forward an approved draft version of the Work Plan to the Federal Co-Chair.
- The Federal Co-Chair approves the draft Work Plan for publication in the *Federal Register* providing an opportunity for a 30-day period of public review and written comment. During this time, the draft Work Plan is also disseminated widely to Commission program partners including, but not limited to the Bureau of Indian Affairs (BIA), the Economic Development Administration (EDA), and the United States Department of Agriculture – Rural Development (USDA-RD).
- Public comment concludes and Commission staff provides the Federal Co-Chair with a summary of public comment and recommendations, if any, associated with the draft Work Plan.
- If no revisions are made to the draft, the Federal Co-Chair provides notice of approval of the Work Plan to the Commissioners, and forwards the Work Plan to the Secretary of Commerce for approval; or, if there are revisions the Federal Co-Chair provides notice of modifications to the Commissioners for their consideration and approval, and upon receipt of approval from Commissioners, forwards the Work Plan to the Secretary of Commerce for approval.
- The Secretary of Commerce approves the Work Plan.

The Work Plan authorizes the Federal Co-Chair to enter into grant agreements, award grants and contracts and obligate the federal funds identified by appropriation in the chart below.

FY 2010 APPROPRIATIONS SUMMARY

The Denali Commission has historically received several federal funding sources (identified by the varying colors in the table below). These fund sources are governed by the following general principles:

- In FY 2010 no project specific earmarks were directed.
- The Energy and Water Appropriation is eligible for use in all programs, but has historically been used substantively to fund the Energy Program.
- The Energy Policy Act of 2005 established new authorities for the Commission's Energy Program, with an emphasis on renewable and alternative energy projects. No new funding accompanied the Energy Policy Act, and prior fiscal year Congressional direction has indicated that the Commission should fund renewable and alternative Energy Program activities from the available Energy and Water appropriation.
- All other funds outlined below may be used only for the specific program area and may not be used across programs. For instance, Health Resources and Services Administration (HRSA) funding, which is appropriated for the Health Facilities Program, may not be moved to the Energy Program.

Final transportation funds received may be reduced due to agency modifications, reductions and fees determined by the U.S. Department of Transportation. Final program available figures may not be provided until later this spring.

All Energy and Water Appropriation funds, including operational funds, designated as "up to" may be reassigned to the Legacy Energy program, Bulk Fuel and Rural Power System Upgrades (RPSU), if they are not fully expended in a program component area or a specific project.

All U.S. Department of Health and Human Services – HRSA funds designated as "up to" may be reassigned to the primary care clinic program if they are not fully expended in a program component area.

The table below provides the following information, by fund source:

- **Total FY 2010 Budgetary Resources provided in the Omnibus Bill:**
These are the figures that appear in various colors (i.e., blue, red, orange, etc.) and are the original appropriations amounts which do not include Commission overhead deductions. These funds are identified by their source name (i.e., Energy and Water Appropriation; USDA, RUS, etc.). The grand total, for all appropriations appears at the end of the FY 2010 Funding Table.
- **Total FY 2010 Program Available Funding:**
These are the figures that appear in gray and are the amounts of funding available for program(s) activities after Commission overhead has been deducted. Traditionally, the Commission's overhead rate has been limited to

5%, except in the case of RUS funds, where it is limited to 4%. The following appropriations language for the Energy and Water appropriation in FY 2010 allows the Commission to retain more than 5% of the Energy and Water for operational activities as it deems appropriate and prudent: “. . . notwithstanding the limitations contained in section 306(g) of the Denali Commission Act of 1998.” The grand total, for all program available funds appears at the end of the FY 2010 Funding Table.

- Program Funding:**
 These are the figures that appear in **yellow** and are the amounts of funding the draft FY 2010 Work Plan recommends, within each program fund source for program components.
- Project Funding:**
 These are the figures that appear in **yellow** and in *italics* and are the amounts of funding the draft FY 2010 Work Plan recommends within each program fund source for specific projects.
- Subtotal of Program Funding**
 These are the figures that appear in white and are the subtotals of all program funding within a given fund source. The subtotal must always equal the Total FY 2010 Program Available Funding.

Denali Commission FY 2010 Funding Table	Totals
FY 2010 Energy & Water Appropriation <i>For expenses of the Denali Commission including the purchase, construction, and acquisition of plant and capital equipment as necessary and other expenses, \$11,965,000, to remain available until expended, notwithstanding the limitations contained in section 306(g) of the Denali Commission Act of 1998.</i>	\$11,965,000
FY 2010 Energy & Water Appropriation - Program Available (less overhead – not limited to 5% in FY 2010 and designated as “up to”)	\$9,965,000
Energy	\$8,665,000
<ul style="list-style-type: none"> <i>Emerging Technology Projects</i> 	\$2,241,607 (up to)
<ul style="list-style-type: none"> <i>Construction Contingency Funds</i> 	\$2,193,393 (up to)
<ul style="list-style-type: none"> <i>Hoonah – Rural Power System Upgrade</i> 	\$3,330,000
<ul style="list-style-type: none"> <i>Brevig Mission/Teller Intertie</i> 	\$900,000
Training Program	\$1,000,000 (up to)
Pre-Development Program	\$150,000 (up to)
Sponsorship Program	\$150,000 (up to)
sub-total \$	\$9,965,000
FY 2010 USDA, Rural Utilities Service (RUS)	\$8,000,000
FY 2010 USDA - Rural Utilities Service (RUS) - Program Available (less 4% overhead)	\$7,680,000
<i>Stebbins/St. Michael – Bulk Fuel Facility Construction</i>	\$730,630

<i>Igiugig – Rural Power System Upgrade</i>	\$1,350,000
<i>Yakutat -- Rural Power System Upgrade</i>	\$3,150,000
<i>Pending Bulk Fuel or RPSU project to be selected per Energy Program Prioritization Process as outlined in the FY 2010 Work Plan</i>	\$1,500,000
<i>Conceptual Planning/Design for Bulk Fuel and RPSU</i>	\$949,370
sub-total \$	\$7,680,000
FY 2010 Trans Alaska Pipeline Liability (TAPL) Trust	\$7,084,606
FY 2010 Trans Alaska Pipeline Liability (TAPL) – Program Available (less 5% overhead) – Estimate	\$6,730,376
<i>Stebbins/St. Michael -- Bulk Fuel Facility Construction</i>	\$6,730,376
sub-total \$	\$6,730,376
FY 2010 DHHS - Health Resources & Services Administration (HRSA) <i>The Committee provides \$10,000,000 for the Denali Commission. The fiscal year 2009 comparable level was \$19,642,000 and the budget request for fiscal year 2010 did not include funding for this program. These funds support the construction and renovation of health clinics, hospitals and social service facilities in rural Alaska, as authorized by Public Law 106-113, to help remote communities in Alaska develop critically needed health and social services to Alaskans in remote rural communities as they are in other communities throughout the country. The Committee expects the Denali Commission to allocate funds to a mix of rural hospital, clinic, long-term care and social service facilities, rather than focusing exclusively on clinic funding.</i>	\$10,000,000
FY 2010 DHHS- Health Resources & Services Administration (HRSA) – Program Available (less 5% overhead)	\$9,500,000
Primary Care	\$7,267,400
<i>Igiugig – Primary Care Clinic</i>	\$1,000,000
<i>Ekwok – Primary Care Clinic</i>	\$1,600,000
<i>Kasaan – Small Primary Care Clinic</i>	\$800,000
<i>Kaltag – Primary Care Clinic</i>	\$1,818,400
<i>Design Pool and Program Management, ANTHC</i>	\$2,049,000
Behavioral Health	\$492,900 (up to)
<i>[Projects are undergoing due diligence and vetting process at publication. No specific projects are named at this time.]</i>	
Primary Care in Hospitals	\$734,700 (up to)
<i>Petersburg - Radiology Equipment</i>	\$36,733
<i>Bartlett Regional Hospital - Blood Chemistry Analyzer</i>	\$52,500
<i>Mt. Edgecumbe - Fluoroscopy Radiography</i>	\$100,000
<i>Wrangell Medical Center - Mammography Equipment</i>	\$43,000
<i>Kanakanak Hospital - CT Scan Equipment</i>	\$100,000

<i>Providence Seward - Electronic Health Records</i>	\$100,000
<i>Providence Kodiak - Infant Security System</i>	\$28,919
<i>Ketchikan General Hospital - Breast Biopsy Equipment</i>	\$76,500
<i>Central Peninsula Hospital - Medication Verification System</i>	\$97,976
<i>Providence Valdez - Patient Services Equipment</i>	\$7,996
<i>Sitka Community Hospital - Surgical Equipment</i>	\$91,076
Elder Supportive Housing	\$805,000 (up to)
<i>Kenai Peninsula Housing Initiatives, Soldotna (6 units)</i>	\$770,000
<i>Program Management, AHFC</i>	\$35,000
Health Program: Technical Assistance & Strategic Planning	\$200,000 (up to)
sub-total \$	\$9,500,000

FY 2010 Federal Transit Administration (FTA) – Estimate <i>\$5,000,000 from section 3011 (FTA) for docks and harbors;</i>	\$5,000,000
FY 2010 Federal Highway Administration (FHWA) – Estimate <i>For necessary, expenses for the Denali Access System Program as authorized under Section 1960 of Public Law 109-59, \$5,700,000, to remain available until expended and \$14,040,000 from section 1960 (FHWA) for Denali Access System Program.</i>	\$19,740,000
FY 2010 Additional Transportation Funding – Estimate	\$2,300,000
FY 2010 Transportation – Program Available (less 5% overhead) – Estimate	\$25,688,000
<i>Transportation Program: Docks & Harbors - Estimate</i>	13,688,000
<i>Transportation Program: Roads -Estimate</i>	12,000,000
sub-total \$	\$25,688,000
TOTAL FY 2010 Federal Appropriations - Estimate	\$64,089,606
TOTAL FY 2010 Federal Program Available – Estimate	\$59,563,376

FY 2010 PROGRAM DETAILS & GENERAL INFORMATION

The following section provides narrative discussion, by each of the Commission Programs identified for FY 2010 funding in the table above, in the following categories:

- Program History and Approach
- FY 2010 Project Description
- FY 2010 Project Selection Process
- FY 2010 Program and Project Policy Issues (as applicable)

The final section also includes a general summary of other program and policy issues facing the Commission, statements of support by the Commission for the funding requests and activities of other program partners which the Commission works in partnership with, and detail regarding the Commission’s evaluation and reporting efforts.

Government Coordination

The Commission is charged with the special role of increasing the effectiveness of government programs by acting as a catalyst to coordinate the many federal and state programs that serve Alaska. In FY 2010, the Commission will continue its role of coordinating state and federal agencies and other partner organizations to accomplish its overall mission of developing Alaska's communities. Particular focus will be given to the collaborative efforts of the Commission's federal and state Memorandum of Understanding (MOU) and the various workgroups and planning sessions and forums that occur as a result of the MOU meetings.

Energy Program

Legacy Program

The Energy Program is the Commission's original program and is identified as a "legacy" program. The program focuses on bulk fuel facilities (BFU) and rural power system upgrades/power generation (RPSU) across rural Alaska. About 94% of electricity in rural communities is produced by diesel and about half the fuel storage in most villages is used for these power plants for distribution. Alternative means of generating power can reduce the capacity needed for fuel storage and ultimately reduce the cost of power to the community.

Alternative/Renewable Program

The *Energy Policy Act of 2005* established new authorities for the Commission's Energy Program with an emphasis on alternative and renewable energy projects. Although the 2005 Energy Policy Act did not include specific appropriations, the Commission is expected to carry out the intent of the Act through a portion of its Energy and Water appropriation funding. To date, the Commission has co-funded a number of renewable projects and each year new initiatives are considered. In 2007, the State of Alaska passed legislation and funded the Renewable Energy Program (REP) which modeled the project selection process set forth by the Commission's early investment.

Emerging Technologies

With the advent of the REP, more resources to meet commercial-ready renewable technology needs are now available. The area of emerging technologies, meaning pre-commercial yet post-research/development, has become an appropriate role for the Commission. A solicitation was conducted in FY 2009 identifying over \$50 M in project requests (and only \$4 M in available funds). Similar to the REP, this initiative is a leveraging opportunity with the State of Alaska in considering the development of an emerging technology fund that could accept funds from multiple sources to meet these ongoing needs. The goal of the program is to fund pilot projects for applied research and further technologies focusing on replication in rural Alaska so they are commercially viable and ultimately eligible for REP.

Other Renewable Initiatives

In addition to the emerging technology program, the Commission has funded energy efficiency efforts with the goal of energy cost reduction and leveraging of funding sources. The Commission will continue to track opportunities under the American

Revitalization and Recovery Act (ARRA) and to provide supportive incentives, financial or otherwise, to utilize such opportunities. For example, in FY 2009 the Commission provided match funding to tribes that submitted group applications to the Energy Efficiency and Conservation Block Grant program under the Department of Energy. In doing so, the barrier of administering grants by small tribes was minimized and potential funding losses were avoided. The Commission received 8 eligible group applications, representing 106 Alaskan tribes, totaling \$456,710 in Commission funding and leveraging over \$4 M of federal funding. While the FY 2010 Work Plan allocates all renewable funds toward emerging technologies, it also recommends that if funds become available to support efforts to incentivize energy efficiency or other stimulus opportunities around energy for rural Alaska be considered allowable. No funds are currently set aside for these needs.

The FY 2010 Work Plan outlines a strategy to balance the Energy Program in both legacy and renewable components, providing up to \$2.24 M of available program funds specifically toward the emerging technology program which is pending passage by the Alaska State Legislature. If match for this program is not provided, this funding shall be reallocated to legacy projects.

The project amounts listed below are estimates and final award documents may vary based on changes in match by project and receipt of funding.

FY 2010 Project Descriptions:

Bulk Fuel Projects					
Recipient/ Impacted Community	Project Description	Total Project Cost	Denali Commission Cost	Cost Share Match*	Project Selection Methodology
TBD	TBD	TBD	\$1,500,000	TBD	TBD
Stebbins/ St. Michael	AVEC – Bulk Fuel Facility Replacement serving both communities in conjunction with power plant, standby power plant, distribution modifications, recovered heat and intertie between villages.	\$8,290,000	\$7,461,000	\$829,000	AVEC nominated
RPSU Projects					
Yakutat	AEA – Rural Power System Upgrade. New powerhouse and distribution system. Waste heat recovery to school and pool.	\$3,500,000	\$3,150,000	\$350,000	AEA nominated -
Hoonah	AEA – Rural Power System Upgrade. New diesel powerhouse and heat recovery system in conjunction with pursuant hydro, geothermal, wood heating and intertie to	\$3,700,000	\$3,330,000	\$370,000	AEA nominated -

	Pelican.				
Brevig Mission/ Teller	Submarine Cable Intertie	\$1,000,000	\$900,000	\$100,000	AVEC – nominated
Igiugig	AEA – Rural Power System Upgrade. Renewal of existing powerhouse including waste heat recovery to washeteria and water plant in conjunction with hydrokinetic project.	\$1,500,000	\$1,350,000	\$150,000	AEA – nominated
Contingency**	Commission to hold	\$2,193,393	\$2,193,393	0	N/A
If additional funds become available the following Bulk Fuel and RPSU projects may proceed (not listed in priority order):					
Chenega Bay	RPSU	TBD	TBD	TBD	AEA nominated
Ekwok	Bulk Fuel Facility	TBD	TBD	TBD	AEA nominated
Emmonak/ Alakanuk	Intertie (state funded), BF Facilities and Power Plant in Emmonak	TBD	TBD	TBD	AVEC nominated
Kipnuk	Bulk Fuel Facility	TBD	TBD	TBD	AEA nominated
Levelock	RPSU	TBD	TBD	TBD	AEA nominated
Mekoryuk	RPSU	TBD	TBD	TBD	AVEC nominated
Napakiak	RPSU	TBD	TBD	TBD	AEA nominated
Red Devil/ Sleetmute	Intertie	TBD	TBD	TBD	AEA nominated
Ruby	RPSU	TBD	TBD	TBD	AEA nominated
Stebbins/St. Michael	AVEC – main power plant in Stebbins, distribution mods., stand-by power plant in St. Michael, recovered heat and Intertie Construction	TBD	TBD	TBD	AVEC nominated
Alternative/Renewable Energy Projects					
Emerging Technology Program	Applied Research renewable energy pilot projects.	\$2,241,607	TBD	pending	Selection process in SB150 and accompanied HB

FY 2010 Program & Project Policy Issues

Cost Share Match

The approved FY 2008 Denali Commission Policy Document requires and prioritizes cost share match for funded projects. In implementing this policy, the Energy Advisory Committee (EAC) has provided guidance on the appropriate match requirements. In

general, projects with match will be prioritized, and a final match policy will be implemented once other match funding sources are known for FY 2010.

Sustainability Policy

As a renewed effort toward sustainability, all energy design and construction grants will proceed after business plans are reviewed and approved by Commission staff. Additionally, Commission staff is expected to be engaged throughout the planning process of projects to assure policy requirements are adhered to earlier in the process.

Construction Contingency Pool

The Commission has historically handled construction cost overruns on an ongoing basis, with the requirement that those in excess of 10% be reported to Commissioners via an “exceptions report”. Concurrently, Commission staff has been critical of project budgets in keeping with the investment policy requirements that per unit costs be considered as part of due diligence when making project decisions. Consequently, either risks are taken on part of program partners in their original project budgets, or extra contingency is worked into project budgets. In an effort to spread available funds further the project budgets listed above do not include contingency funds. Instead, a Construction Contingency Pool in the amount of up to \$2,193,393 is dedicated for the Commission to meet these needs.

FY 2010 Project Selection Process

Legacy Program (Bulk Fuel/RPSU)

Due to the nature of the due diligence requirement of energy projects, seasonal logistics in Alaska and funding restrictions (i.e. TAPL funds may only be used for bulk fuel projects) -- a project may not progress as quickly as another. Further, cost estimates may change from the FY 2010 Work Plan development to the actual grant execution. The projects are prioritized in the list above, and will progress to construction as a project attains all due diligence requirements; projects may proceed out of priority order and costs may vary from the above numbers to the actual grant document. All match requirements will remain intact given these considerations.

Emerging Technologies Program

Pending state legislation creates a project selection process involving two phases. A review committee was established with representatives name-identified in the legislation. The Commission replicated the process and suggests the same process be used in FY 2010, pending state funding for the program. In summary, applicants in the first round submit a letter of interest which the review committee narrows to a list of second round applicants that are invited to submit a more thorough proposal and present to the review committee face to face. The review process will to the extent possible follow that set forth in pending state legislation however final project/grant approval is subject to approval by the Federal Co-chair.

Health Facilities

The Denali Commission Act was amended in 1999 to provide for the “planning, constructing and equipping of health facilities.” Since 1999, the Health Facilities

Program has been methodically investing in the planning, design and construction of primary care clinics across Alaska.

Primary care clinics have remained the “legacy” priority for the Program. However, in 2003 the “Other Than” primary care component of the Program was adopted in response to Congressional direction to fund a mix of other health and social service related facility needs. Over time, the Program has developed Program sub-areas such as Behavioral Health Facilities, Domestic Violence Facilities, Elder Housing, Primary Care in Hospitals, Emergency Medical Services Equipment and Hospital Designs. The FY 2010 Draft Work Plan emphasizes the priority of the Primary Care Clinic Program as the legacy program area, with the majority of funding dedicated to clinics.

The Program utilizes a “universe of need” model for primary care and a competitive selection process for other sub-program areas. In 1999 the Program created a deficiency list for primary care clinics, which totaled 288 communities statewide in need of clinic replacement, expansion and/or renovation. Currently, 95 clinics have been completed; 29 are in construction; and approximately 110 are in the conceptual planning/business planning/design phases.

The Program is guided by the Health Steering Committee, an advisory body comprised of the following membership organizations: the State of Alaska, Alaska Primary Care Association, the Alaska Native Tribal Health Consortium, the Alaska Mental Health Trust Authority, the Alaska Native Health Board, the Indian Health Service, the Alaska State Hospital and Nursing Home Association, the Rasmuson Foundation and the University of Alaska.

Projects are recommended for funding by Commission staff if they demonstrate project readiness, which includes the completion of all due diligence requirements. In priority order, those stages of completion are:

1. Having a recently approved business plan
2. Having a completed (100%) design
3. Cost share match status
4. Ranking in the 2000 Rural Health Facility Needs Assessment

Finally, all of these are considered in regard to the realistic ability to move the project forward in a given construction season.

The Health Facilities Program anticipates the Commission policy document, which was adopted in November 2008, will impact the clinic prioritization process, specifically for those communities located on the road system, and within proximity to one another, and for communities with populations less than 100.

In 2008 the program identified small communities (populations of less than 100) as an area for improvement in terms of cost containment and sustainability. Consequently, the Commission has funded a pilot design project to create a cost effective, energy efficient clinic prototype for these small communities. The result of work to-date is the 35% designs of three small clinics – one around 700 square feet, one approximately 850

square feet, and the third close to 1,000 square feet. These 65% design documents for three prototype clinics will allow the construction of right-sized, energy efficient community health clinics in small communities. It is common for health services in small Alaskan communities to be provided by part-time Community Health Aides/Practitioners. Furthermore, emergency medical services and preventive health services are of paramount importance to the residents of these small villages, and these clinics will allow for the safe, consistent provision of these.. The design team has included a professional architect/engineering firm and representatives from a diversity of interests and expertise, including the tribal health system, practitioners, eventual owners/operators, and funding agencies. The 65% designs are anticipated in late spring, with a pilot project being constructed from one of the three designs in a rural Alaska location in early fall 2010.

The Health Facilities Program is evolving. What began ten years ago with an assessment of rural Alaska health facility needs grew into a \$40 M a year infrastructure program by 2005. Over the course of its history, the Commission has invested \$191 M in health projects, contributing to the construction of 95 clinics and the planning efforts of another 100.

The projects presented here reflect the process for prioritization recommended and endorsed by the Health Steering Committee. In compliance with recently adopted procedures for the Denali Commission Work Plans, the Health Program must propose specific projects for FY 2010 funding. Projects presented here are aligned with the appropriation conference language, as follows:

The Committee expects the Denali Commission to allocate funds to a mix of rural hospital, clinic, long-term care and social service facilities, rather than focusing exclusively on clinic funding.

For historical context, the following reflects the allocation of Health Facilities Program appropriations across the program component areas:

Fiscal Year	Primary Care Clinics	Primary Care in Hospitals	Elder Supportive Housing	Behavioral Health	Other Program Areas
2007	\$ 37,119,040	\$ 2,500,000	\$ 0	\$ 5,063,000	\$ 637,000
2008	23,319,040	4,000,000	5,840,890	5,000,000	0
2009	14,758,102	1,526,746	1,901,420	1,017,831	0

Allocation of Program Resources Across Program Component Areas:

Primary Care Clinics	Primary Care in Hospitals	Elder Supportive Housing	Behavioral Health
\$ 7,267,400	734,700	805,000	492,900

Up to \$200,000 will be made available for technical assistance and strategic planning. This allocation scenario, recommended by the Health Steering Committee, distributes available funds across the breadth of program areas.

FY 2010 Prioritized Project Descriptions

Community	Project Description	Total Est. Project Cost	Denali Commission Share (Est.)	Cost Share Match (Est.)
Igiugig	1,600 SF primary care clinic	\$2,000,000	\$1,000,000	\$1,000,000
Ekwok	1,600 SF primary care clinic	\$2,000,000	\$1,600,000	\$400,000
Kasaan	900 SF primary care clinic	\$1,000,000	\$ 800,000	\$200,000
Kaltag	2,058 SF primary care clinic	\$2,273,000	\$1,818,400	\$454,600
Chistochina	6,000 SF Multi-use facility; 3,000 SF clinic	\$3,443,120	\$2,754,496	\$688,624
Chalkyitsik	1,642 SF primary care clinic	\$1,855,373	\$1,484,299	\$371,074
Shaktoolik	2,650 SF primary care clinic	\$2,700,000	\$2,160,000	\$540,000
Arctic Village	2,067 SF primary care clinic	\$1,694,016	\$1,524,614	\$169,402
Akiachak	3,200 SF primary care clinic	\$3,094,400	\$2,784,960	\$309,440
Takotna	900 SF primary care clinic	\$1,000,000	\$800,000	\$200,000
Wales	Relocation & renovation of primary care clinic	\$855,000	\$769,500	\$85,500
Venetie	2,147 SF primary care clinic	\$1,751,952	\$1,576,757	\$175,195
Napakiak	2,600 SF primary care clinic	\$2,514,200	\$2,262,780	\$251,420
Circle	1,647 SF primary care clinic	\$1,343,952	\$1,209,557	\$134,395
Tyonek	2,580 SF primary care clinic	\$2,146,560	\$1,931,904	\$214,656
Willow	8,000 SF Community Health Center	\$4,808,000	\$4,327,200	\$480,800
Hoonah	4,000 SF primary care clinic	\$3,116,000	\$2,804,400	\$311,600

TOTAL

\$31,608,867

Due to the nature of the due diligence requirement of Primary Care projects, a project may not progress as quickly as another. The projects are prioritized in the list above, and will progress to construction as a project attains all due diligence requirements; projects may proceed out of priority order.

The competitive proposal processes for the elder supportive housing and primary care in hospitals programs were completed in January 2010. Specific projects proposed for FY 2010 funding are included in the FY 2010 Funding Table.

The Commission's major program partner for behavioral health projects is the Alaska Department Health and Social Services (A-DHSS), which maintains a prioritized list of infrastructure needs related to behavioral health. The Health Facilities Program will continue to work with A-DHSS to address the prioritized needs, as projects attain the due diligence standards of the Commission.

As denoted above, if viable, sustainable, and vetted projects in the behavioral health, primary care in hospitals, and elder supportive housing programs will not utilize all of the allotted funds in those component areas (by June 2010), the remaining funds will be re-programmed to the legacy primary care clinic program.

Prior Year Reprogramming of Project Funds:

While care is taken to obligate program funds to viable projects with reliable cost estimates, occasionally a project will not move forward to construction, or will experience a cost savings. In those instances, the Commission staff will identify to Commissioners and the Federal Co-Chair how prior year project funds will be utilized. Historically the Health Facilities Program has funded a mix of health projects. Prior work plans have indicated unexpended funds in Health component areas other than primary care would revert back to primary care projects. As the legacy focus of the Health Facilities program is primary care clinics, a large percentage of funds will be re-programmed to that component area. However, consideration is typically given to ensure that a wide variety of projects in the areas of rural hospitals, clinics, long-term care and social service facilities is supported.

The Denali Commission Health Facilities Program must at this time re-program \$6,871,470 in unexpended prior year funds. The funds to be re-programmed are time-limited (they must be expended within five years of the original appropriation), so the money must be used for projects that will be ready to move to construction in calendar year 2010 or early 2011. The following three primary care clinic projects have a high probability of moving into construction in 2010 or early 2011:

<u>Community</u>	<u>Project Description</u>	<u>Denali Commission Share (Est.)</u>
Chistochina	3,000 SF primary care clinic	\$ 2,754,496
Chalkyitsik	1,642 SF primary care clinic	\$ 1,484,299

Akiachak	3,200 SF primary care clinic	\$ 2,784,960 \$ 7,023,755*
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* This amount exceeds the available balance of reprogrammable funds by \$152,285 – which will be transferred from the design pool budget line in the FY 2010 Work Plan.

If these projects should not proceed to construction as expected the Commission will utilize the prioritization methodology outlined in the health facilities program section above to identify other projects.

Training

The Training Program was instituted by the Commissioners as a standalone program in 1999 to ensure local residents were trained to construct, maintain and operate Commission investments in rural Alaska. From 1999 to 2003, it was the general policy of the Commission to appropriate 10% of Energy and Water funds to support the Training Program. In 2004, US Department of Labor (USDOL) began direct appropriations to the Commission to support rural training and continued this support through 2009.

In 2010, the Commission was not appropriated training funds from USDOL, but the FY 2010 Work Plan includes funding for the program in the amount of \$1,000,000 from the Energy and Water appropriation for the continuation of workforce development in rural Alaska.

The Commission's Training Program has been critical to building the capacity of rural communities through training and employment. In February 2009 the Alaska Department of Labor (A-DOL), Research and Analysis Section released an employment and training report that specifically evaluated the participants who completed training funded through the Commission between FY 2001 and FY 2007. This report concluded that the participants' wages increased 64.4% and their employability increased 12.1%.

The following is a list of training partners who have been funded by the Commission to carry-out training programs responsive to the Training program goals:

- Alaska Department of Labor and Workforce Development
- University of Alaska
- Alaska Works Partnership
- Associated General Contractors/Construction Education Foundation (CEF)
- First Alaskans

The FY 2010 Work Plan is based on the two primary goals. First, to use the remaining FY 2009 funds in the amount of \$3,209,100.00 to continue legacy priority.

Secondly, in response to an early policy of the agency, that approximately 10% (\$1 M) of the Energy and Water appropriation be provided to the FY 2010 Training Program to ensure its continuation. When combined with prior year funds that were only recently received by the agency from Federal USDOL, this will allow the Commission to continue the program and fund substantial workforce development in rural Alaska.

Transportation

Section 309 of the Denali Commission Act 1998 (amended), created the Commission's Transportation Program, including the Transportation Advisory Committee. The advisory committee is composed of nine members appointed by the Governor of the State of Alaska including the Federal Co-Chair of the Denali Commission; four members who represent existing regional native corporations, native nonprofit entities, or tribal governments, including one member who is a civil engineer; and four members who represent rural Alaska regions or villages, including one member who is a civil engineer.

The Transportation Program addresses two areas of rural Alaska transportation infrastructure, roads and waterfront development. There is consensus among agencies and communities that the Program is successfully addressing improvements to local and regional transportation systems. This is largely a function of the Transportation Advisory Committee's success at project selection and monitoring, and the success of the Program's project development partners.

The Program is generally a competitively-bid contractor or materials-based system grounded in Title 23 CFR. These strict project development and construction guidelines have presented some challenges to the Commission's ability to respond quickly to targets of opportunity, but they have also had the positive effect of ensuring project design and construction is executed at a professional level. The Program operates under a reimbursable payment system that requires local and program partner sponsors to pay close attention to accounting procedures prior to their payments to contractors and vendors. This system helps ensure project payments are eligible when submitted to the Commission.

In FY10 the program will increase its focus on barge landings at rural communities. These projects range from one or two mooring points to secure a barge, to small dock structures, depending on community size and barge operation characteristics. The value of these structures lies in improved fuel/freight transfer operations and improved worker and environmental safety. The Commission and the U.S. Army Corps of Engineers (USACE) have prepared a barge landing analysis that will be utilized to identify projects in FY10. The universe of need for the first generation of projects is in the range of \$40,000,000.

The Committee met on January 13-14, 2010 to select the road and waterfront development projects and program priorities for FY10 and forwarded those to the Federal Co-Chair for final approval.

Other Program and Policy Issues

Pre-Development Program

The Commission intends to continue to engage in the Pre-Development program in FY 2010. Pre-Development is a joint collaboration between the Alaska Mental Health Trust Authority, the Commission, The Foraker Group, and the Rasmuson Foundation to assist organizations with development of plans for successful capital projects.

The funding agencies are concerned that inadequate planning during the initial projects development phase can result in projects that are not sustainable in the long term. The Pre-Development Program was created to provide guidance and technical assistance to ensure that proposed projects: meet documented need, are consistent with strategic and community plans, consider opportunities for collaboration, have appropriate facility and site plans and realistic project budgets, are financially sustainable and will not negatively impact the sustainability of the proposing organization. Through this partnership an agency's capital project is better equipped to proceed.

The amount of \$150,000 will provide funding for the pre-development program for FY 2010.

Sponsorship Program

The Commission plans to continue conference sponsorships in FY 2010. Commissioners reinstated Conference sponsorship funding for events that were consistent with the Commission's mission and values in 2006.

Sponsorship activities provide a positive venue for communicating Commission activities. Sponsorship opportunities also provide Commission outreach to a wide variety of events and audiences. Events sponsored by the Commission promote key programmatic areas that are key to the Commission's values and mission, including efforts in alternative-renewable energy conferences, health, training and leadership and transportation.

In FY 2010 this program will be funded in the amount of \$150,000. Events funded will be in line with the major program areas at the Commission and will have a statewide focus.