

Agency: Commerce, Community and Economic Development

Grants to Named Recipients (AS 37.05.316)

Grant Recipient: REAPPROP \$3 million to Denali

Federal Tax ID: 92-0173238

Commission

Project Title:

Project Type: New Construction and Land Acquisition

REAPPROP \$3 million to Denali Commission - State Support for Rural Roads and Waterfront Development Partnership

Project Sponsor(s):
House Finance Committee

House District: Statewide (1-40)

FY2017 State Funding Request: \$0

One-Time Need

Brief Project Description:

Barge mooring points and marine fuel headers in multiple rural Alaska locations, and one board-road project to better connect Toksook Bay and Tununak

Prior Appropriations:

Project Title: Denali Commission Federal-State Partnership Grant
 Appropriation Amount: \$3,000,000 Estimated Available Funding: \$3,000,000
 Bill: SLA 2010, ch.43, sec. 7, pg. 19, ln. 30

Funding Plan:

Total Project Cost:	\$11,900,000
Funding Already Secured:	(\$8,900,000)
FY2017 State Funding Request:	(\$0)
Project Deficit:	\$3,000,000

Detailed Project Description and Justification:

The Denali Commission proposes a barge mooring point program using the following sources of funding that is in place.

\$7,200,000 (2016 Trans-Alaska Pipeline Liability [TAPL] interest funding)
 \$2,800,000 (2013 State of Alaska transportation partnership grant))
 \$1,350,000 (prior-year Federal Highways Administration funding)
 \$11,350,000

The \$7.2M in TAPL funding became available in FY2016. The Commission has worked with Congress to obtain the authority to use the TAPL funding for the barge mooring point program. Attached is a August 6, 2014 US Government Accountability Office decision that stated the Commission could not use the TAPL funding for the barge mooring point

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program. The Alaska delegation was successful in getting authority for the Commission to use TAPL funding in the FY2016 budget. This explains one reason why the Denali Commission has yet to access the State grant funding. Other reasons why the Denali Commission has yet to access the State grant funding are articulated below along with proposed State statutory changes to overcome these obstacles.

The Denali Commission requests three legislative authorization changes to the SFY2013 \$3M State transportation partnership grant.

1. Extend the estimated project dates from 07/01/2012 to 06/30/2017 to 07/01/2012 to 06/30/2019.

Justification: Construction of the proposed work will begin in 2017 and be completed in 2018, and leaving time for warranty, the Denali Commission requests the extension to 6/30/2019.

2. Identify by State statute that the Denali Commission is eligible to be the recipient for the State grant.

Justification: At the time, in 2012, the State approved the \$3M State Support for Rural Roads and Waterfront Development Partnership grant, it was understood that the Denali Commission did not have the authority to receive a conditional grant (see attached September 1, 2010 US Government Accountability Office Decision B-319246 " Page 4 and attached May 3, 2013 Memorandum from Scott Ruby). However, on July 6, 2012 in Public Law 112-141 Section 1520 Congress provided the Denali Commission authority to receive conditional grants (see attached excerpt of PL 112-141).

3. Identify by State statute that the Denali Commission is not required to indemnify the State of Alaska, nor waive its sovereign immunity with respect to enforcement of the grant agreement between the State and the Denali Commission.

Justification: The State provided in FY2011 a \$3M Federal-State Partnership grant to the Commission for energy, health facilities, job training and rural transportation projects (see attached State fiscal note reference no. 49127). However, State officials required (see attached May 3, 2013 Scott Ruby Memorandum) the Commission to indemnify the State of Alaska, which Federal agencies are not typically allowed to do (see attached September 1, 2010 US Government Accountability Office Decision B-319246 " Pages 4 and 5). As a consequence, a "work-around" was developed in which energy projects were identified and the Department of Commerce, Community and Economic Development then provided the funding to the Alaska Energy Authority to provide cost share match to the projects in question. See attached letters dated July 15, 2013 and March 7, 2016. This approach is problematic for the State transportation partnership grant. The Commission has partnered with the US Army Corps of Engineers (Corps) to carry out the barge mooring point program and the Corps as a Federal agency faces the same indemnification barrier. It is our intent to issue a reimbursable agreement to the Corps to construct the proposed barge mooring points. An alternative would be for the State to issue a number of grants to tribes and municipalities " using the work-around process discussed above. Then these local organizations would execute into sub-agreements with the Denali Commission or the Corps. This would create unnecessary administrative burden for all the players as well as complicate the budgeting, funding and funds reimbursement process. We estimate that up to six to eight communities will be served by this proposed program.

Attached is a three-page memo dated February 2, 2016 authored by the Denali Commission's Transportation Program manager " Tessa Axelson. The memo outlines the use of \$2.8M of the \$3M State Support for Rural Roads and Waterfront Development Partnership grant and approximately \$8.5M in Federal funding for the barge mooring point program. The Denali Commission has a statutory cost share match (see attached FY2016 budget for the agency which identifies a minimum of a 20% cost share match for economically distressed communities). The State funding will be used for cost share match (i.e. approximately 25%).

Project Timeline:

During the summer of 2016 final designs and other pre-construction activities will be undertaken. The Corps has both design and construction companies, on retainer, that can carry out the barge mooring point improvements.

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

The local communities will be responsible for ongoing maintenance costs.

Grant Recipient Contact Information:

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Has this project been through a public review process at the local level and is it a community priority? Yes No

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