

Agency: Commerce, Community and Economic Development**Grants to Named Recipients (AS 37.05.316)****Grant Recipient: Denali Commission****Federal Tax ID: 92-0173238****Project Title:****Project Type: Other**

Denali Commission - Non-Federal Match for Federal Infrastructure Projects

State Funding Requested: \$5,000,000**House District: Anchorage Areawide (9-24)**

One-Time Need

Brief Project Description:

Increase opportunities to leverage funding in support of federal investments. Support the awards that communities are receiving from federal agencies and provide them the non-federal match.

Funding Plan:

Total Project Cost:	\$5,000,000
Funding Already Secured:	(\$0)
FY2025 State Funding Request:	<u>(\$5,000,000)</u>
Project Deficit:	\$0

Detailed Project Description and Justification:

The Federal Infrastructure Investment and Jobs Act (IIJA) and more recently passed Inflation Reduction Act (IRA) have potential to direct more than \$3 billion a year for the next five years into Alaska's communities and economy.

The Denali Commission will use the \$5 million as non-federal match for public works and community facilities. Focus on EDA's Public Works and Economic Adjustment Assistance, and USDA's Community Facilities Program - the State's match would be used to invest in small-scale community improvements. These two grants provide federal funding for heavy equipment, city or Tribal buildings, harbors and barge landings, and workforce development. The average funding of between \$500,000 and \$1 million for these projects, and require at least a 20% non-federal match.

\$5 million would be leveraged for at least 25 projects and as many as 50, with \$25 million coming into Alaska for the federal investment. This would make a significant difference in community applications and maximize their potential success. Applicants could certify that they don't have match otherwise available; the Denali Commission already has metrics for determining disadvantaged communities, which is much of the state.

Applicants may not always need the full match from the State, and are often contributing on their own and need just an additional amount to supplement what they have available. This further stretches the State's investment.

Project Timeline:

Through out FY 24

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

Denali Commission

Grant Recipient Contact Information:

Name:	Garrett Boyle
Title:	Co-Chair
Address:	550 W 7th Avenue, Suite 1230 Anchorage, Alaska 99501
Phone Number:	(907)271-1414
Email:	gboyle@denali.gov

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

For use by Co-chair Staff Only:



The Denali Commission is an independent federal agency focusing on the development of basic infrastructure, economic development, and workforce training needs for rural Alaska in collaboration with federal, state, local, tribal, and private partners. The Commission's core competencies include: energy, workforce development, transportation, climate resilience, health facilities, and other infrastructure improvements.

Each year the Commission is able to make available millions of dollars in funding for disadvantaged and distressed communities. This funding can be considered non-federal match by recipients, and is complementary to other federal agency investments. With the incredible opportunity that comes with the Infrastructure Investment and Jobs Act (IIJA), the Denali Commission has expanded its funding and its capacity, even as there is more need than ever.

With this in mind, the Commission has the ability to increase the opportunities to leverage funding in support of federal investments. While the Commission's annual funding allows for approximately \$30 million distributed through a competitive process, we could do more. We have systems in place that would allow us to distribute twice that amount or more.

If the State of Alaska were to consider an appropriation to the Denali Commission, then the Commission would be in a position to deploy that effectively. Together we can support the awards that communities are receiving from federal agencies and provide them the non-federal match that is a key ingredient in their success (and a current barrier).

The Commission will establish a non-federal matching funds opportunity that will be accessible on a rolling basis. We expect funding needs to be at least \$20 million and project interest much greater than that. This funding can be made available to communities who can demonstrate a federal award, with project vetting already occurring at the agency level. Our role will be to provide a simplified but responsible way in which they can access non-federal match. We can develop a formula for allocation based on the interests of the Legislature, including to focus on rural and disadvantaged communities as a priority, by infrastructure type, and by region.

Our experience thus far has indicated that some of the greatest needs are related to U.S. Department of Transportation and Department of Energy grants. These often require at least a 20% non-federal match. We know that there are around \$100 million in awards each year, at least, and this might grow as additional funding becomes available.

We are able to provide more information and be a resource as you deliberate within your process, knowing that we have mutual interest in meeting the needs of rural Alaska. This is an opportunity for collaboration, resulting in efficiency of operations and maximizing the benefit coming to Alaska.

Sincerely,

Garrett Boyle
Federal Co-chair
Denali Commission

Fact Sheet: Non-Federal Match for Federal Infrastructure Projects

Background: The federal Infrastructure Investment and Jobs Act (IIJA) – also known as the Bipartisan Infrastructure Law (BIL) – and more recently passed Inflation Reduction Act (IRA) have the potential to direct more than \$3 billion a year for the next five years into Alaska’s communities and economy. While many of these funding streams are by formula, many require some level of cost-sharing. This applies to the state as well as local and Tribal governments, utilities, and other eligible entities, who in order to compete for funds must commit to funding between 20 and 50% of the project’s cost.

Challenge: Many applicants lack the resources to manage this requirement and are unable to compete for funds. Instead of that federal investment flowing to Alaska, it is headed to other states. Missed opportunities in this last year range from \$200 to \$500 million, and that might increase this coming year as those who were successful now have less capacity to compete on other projects. The ability to commit to the required cost-share is a significant barrier to entry and is limiting Alaska’s community and economic development.

Solution: The State of Alaska can help to ensure that eligible applicants like local and Tribal governments have access to funds that can be used for the non-federal cost-share. Appropriating funds for use by the Denali Commission to manage a grant process is an effective way to limit the impact on State capacity while ensuring that a capable fund administrator is in place. Denali Commission manages a \$50 million competitive grant program currently, focused on rural and disadvantaged community needs.

How this would work: The Legislature appropriates \$5 million to the Denali Commission for use as non-federal match for public works and community facilities. If these were focused on two grants – EDA’s Public Works and Economic Adjustment Assistance, and USDA’s Community Facilities Program – the State’s match would be used to invest in small-scale community improvements. These two grants provide federal funding for heavy equipment, city or Tribal buildings, harbors and barge landings, workforce development, and so on. They average funding of between \$500,000 and \$1 million for these projects, and require at least a 20% non-federal match.

\$5 million would be leveraged for at least 25 projects and as many as 50, with \$25 million coming into Alaska for the federal investment. This would make a significant difference in community applications and maximize their potential success. Applicants could certify that they don’t have match otherwise available; the Denali Commission already has metrics for determining disadvantaged communities, which is much of the state.

Example list of projects:

- Cordova’s drainage and sidewalks - \$2 million with match needs of \$400,000
- Seldovia’s water main - \$186,000 with match needs of \$37,000
- Bethel’s bridge - \$3.3 million project with match need of \$297,000
- Houston snow removal equipment - \$475,000 with match need of \$118,000

Applicants may not always need the full match from the State, and are often contributing on their own and need just an additional amount to supplement what they have available. This further stretches the State’s investment.

This pilot program may be strengthened in future years based on findings from FY24, and with available resources.