Testimony for September 18, 2024: Jocelyn Fenton, Interim Federal Co-Chair

U.S. Senate Committee on Environment and Public Works

410 Dirksen Senate Office Building, Washington, D.C. 20510

Mr. Chairman, Ranking Member Capito, and Honorable Members of the Committee and Staff, thank you for inviting me to testify and providing this opportunity to present an update on the Denali Commission in concert with the other regional commissions. We thank you and the Members of Congress who have recognized the achievements and value of the Denali Commission over the past 25 years, and appreciate and support the diligence of the teams finalizing Title II of the Economic Development Reauthorization Act, which updates and reauthorizes the programs of the Regional Commissions.

Since its inception in 1998, the Denali Commission's purpose is to deliver services of the federal government in the most cost-effective manner including providing job training, and promoting rural economic development, and supplying the critical infrastructure needed to support thriving communities.

Alaska is home to 229 federally recognized Tribes and 160 municipalities, ranging in size from around 20 to about 300,000 residents. 86 percent of municipalities are not connected to the road system,[1] which means everything a community needs is either flown or barged in, significantly driving up costs and creating logistical challenges especially in inclement weather. Many of those smaller communities do not have much in the way of a cash economy and many who live there have a deep-rooted cultural and subsistence lifestyle, which not only provides the customs

[1] AKMBPA2.pdf (alaska.gov)

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and foods they consume, but are techniques and traditions that are valued and should be preserved for future generations.

For fiscal year 2024, the Commission will be making awards that total just over $32 million, of which 93 percent will go to disadvantaged areas, with most of the funding going to tribal governments or tribal consortia. The Denali Commission aims to address the challenges presented by Alaska's geography and sparse population, and focuses on preparing projects by providing planning or design assistance, gap funding when projects experience unexpected cost increases or delays, or contributing to a community's non-federal local match requirement. In these areas where the infrastructure base is frequently decades behind most of the country, municipalities often do not have tax authority and there is not much to tax even if it did. We appreciate the consideration of lowering local match requirements for distressed, tribal, and Alaska Native villages.

The Denali Commission and other regional commissions have the unique authorities and tools and are best positioned to support disadvantaged populations, including in rural areas. Commission appropriations and transfers have ebbed and flowed over the years, from a high of $67 million to a low of $10 million. In the last six years, the Commission has expanded its program offerings, diversifying back into its legacy programs and adding new programs to reflect critical needs, the public funding available at the time, and to leverage partnership opportunities. The Commission invests in rural Alaska through core program areas such as power generation, bulk fuel storage, transportation, housing, water and sanitation, health facilities, broadband, workforce development, and the protection of these public investments through hazard mitigation. Over the life of the Commission, we have modified programs to reflect the needs and the public funding available at the time. There are three ways we facilitate investments:

1) Priority lists, such as the Rural Power System Upgrade program[2], Bulk Fuel Upgrade

[2] https://www.akenergyauthority.org/What-We-Do/Rural-Energy/Rural-Power-System-Upgrade-Program

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Program[3], Statewide Threat Assessment for communities facing environmental threats, Sanitation Deficiency System, and in the early 2000s a list for rural primary care clinics;
2) Annual competitive funding opportunity announcements; and
3) Individual discretionary funding through justifications, partnerships, and transfers.

Allow me to share some highlights of impacts that reflect the administration's goals or describe innovative partnerships:

Energy: The energy program focuses on remote power system upgrades while incorporating renewables. A recently completed 900-kilowatt wind turbine and connection to the existing electrical distribution system between Stebbins and St. Michael now provides fluctuation-resistant wind energy, offsetting hundreds of gallons of diesel each year and facilitating days of "diesel-off" operation for both communities.

Bulk Fuel: The Denali Commission is at the forefront of addressing the urgent need to upgrade Alaska's aging bulk fuel farms, which are vital for powering rural communities[4]. Despite a $250 million investment over 25 years, less than 50 percent of the need has been met, while climate change accelerates infrastructure decay. The Commission is exploring efficiencies and advocating for urgent action to prevent an impending environmental crisis due to deteriorating fuel storage infrastructure, some of which is up to 75 years old.[5] Many fuel tanks have outlived their foundations and are sitting on the ground, some without any secondary containment. Leaking fuel tanks can contaminate groundwater, adversely affecting people, fish, and other wildlife.[6]

[3] https://www.akenergyauthority.org/What-We-Do/Rural-Energy/Bulk-Fuel-Upgrade-Program
[4] https://www.akenergyauthority.org/What-We-Do/Rural-Energy/Bulk-Fuel-Upgrade-Program/Project-Status-Priority-Ranking
[5] https://www.akenergyauthority.org/What-We-Do/Rural-Energy/Bulk-Fuel-Upgrade-Program
[6] https://dec.alaska.gov/spar/csp/FAQ/contaminants

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Transportation: In fiscal years 2022 and 2023, through newfound partnerships and collaboration with the State of Alaska and the Federal Highway Administration, the recently reinvigorated transportation program awarded 59 surface and waterfront improvement projects for a combined total of $33 million for the direct benefit of 49 communities around the state.

Housing: Notable projects to encourage housing innovation and de-risk private development include affordable housing assessments and strategy development, climate-specific housing best practices, site control/platting/surveying given land ownership complications on tribal lands, and continually evaluating the housing life cycle, assessing local timber utilization, better sawmills to develop rural home kits, locally produced trusses, and everything in between. The Commission is advancing materials science and additive manufacturing in Alaska by developing the state's first 3D concrete-printed house and a rural-specific infrastructure printing robot. Through partnerships with leading research institutions and local organizations, the Commission is paving the way for utilizing local materials like gravel and biomass to reduce supply chain costs, enhance automation, and tackle workforce challenges, all while driving innovation in construction technology.

Water and Sanitation: About 20 percent of Alaska Native homes in rural Alaska lack access to water and sewer services.[7] Many solid waste systems in rural Alaska also lack protections for human health and the environment. The Sanitation Program benefits from the Commission's unique transfer authority in several ways. For example, the Commission has a partnership with the Indian Health Service that results in the transfer of funds *from* the Commission, as well as recent partnerships with the U.S. Environmental Protection Agency result in the transfer of funds *to* the Commission. This has created advantages for several communities seeking to complete solid waste projects. In addition, it streamlines the transfer and consolidation of funds as directed by Congress.

[7] https://www.arctic.gov/arwswg-publications

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Broadband: Since 2019, utilizing just under $3 million, the Commission has initiated comprehensive outreach efforts to assist and fund in-depth applications to achieve 187 2.5 GHz FCC tribal licenses, in addition to our recent leveraging of over $200 million in broadband deployment since 2022.

Workforce and Economic Development: The Commission found timely success through reinvigorating the regional Alaska development organizations each with a $75,000 grant and a simple instruction to double that funding to promote a pipeline of projects within a year. This led to an Economic Development Authority Build Back Better Regional Challenge award. . This award is anticipated to grow the mariculture industry to a target of $325 million per year, supporting 1,800 jobs across the state from Ketchikan in the Southeast to Unalaska, far out the Aleutian Chain, in the Southwest in 20 years. Other innovative partnerships include promoting the recreation economy, both through direct awards to recipients, and financially participating in the Environment Protection Agency's Recreation Economy for Rural Communities Program for at least two projects in Alaska.

Village Infrastructure Protection: The Commission works with Tribal, local, regional, state, and federal partners to continue to support the resilience of Alaskan communities by protecting public investment in critical infrastructure. We fund the planning, partnership, and construction efforts to move communities to safer environments while also protecting communities in place and assisting in managed retreat. This program's technical assistance arm, the Center for Environmentally Threatened Communities, has leveraged substantial additional funding for Alaskan communities. Since 2016, this collaboration has secured $43 million for infrastructure protection across 133 projects in 44 communities, with every three cents of Commission funding generating one dollar in returns.

Land and Water Resources: The Commission is in the beginning stages of setting up a forestry, soil, and water conservation program, partnering with the U.S. Department of Agriculture Forest Service and Natural Resource Conservation Service. This program will provide technical

assistance to soil and water conservation districts, match funding when needed, and work with other agriculture producers to promote food security, wood use innovations, biomass energy, insulation and other building materials, fire fuel mitigation, and stream habitat improvements.

Lastly, as the only Alaska-headquartered federal agency, the Denali Commission serves as a critical hub for White House-led working groups and Arctic policy. As a principal member of the Arctic Executive Steering Committee under the Executive Office of the President and the Interagency Arctic Policy Committee (IARPC), the Commission offers direct advocacy for pressing scientific and policy needs. This includes updating the Statewide Threat Assessment for IARPC's Risk Management and Hazard Mitigation priorities, asset mapping for infrastructure prediction, and long-term data management. The Commission actively promotes Arctic security through its involvement in the National Strategy for the Arctic region and other intergovernmental efforts, recognizing that a resilient Arctic is essential for broader security.

The regional commissions were all created as a Federal-State partnership to focus on the needs of rural communities, and the Denali Commission prides itself in the successes seen from working closely with the State of Alaska, federal partners, Tribes, tribal consortia, and other non-federal entities to address these growing challenges. After 25 years of service, and particularly in the last six years, I am proud of the progress we have made in supporting Alaska's future.

Thank you again for your time.

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