

**OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT
ANNUAL EVALUATION REPORT**

on the

HOPI ABANDONED MINE LAND RECLAMATION PROGRAM

**Evaluation Year – 2007
(July 1, 2006 through June 30, 2007)**



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INTRODUCTION

This annual evaluation report is produced by the Office of Surface Mining (OSM) in fulfillment of its statutory responsibility under the Surface Mining Control and Reclamation Act of 1977, (SMCRA). The purpose of this report is to annually assess the effectiveness and report on the accomplishments of the Hopi Abandoned Mine Lands Reclamation Program (Hopi AML Program). The annual report consists of OSM's oversight findings based on field inspections, data provided by the Hopi, and meetings with the Hopi AML Program during the 12-month evaluation period beginning July 1, 2006 and ending June 30, 2007.

The OSM has responsibility under SMCRA for approving State and Tribal Abandoned Mine Land Programs, to carry out the goals of Title IV of SMCRA. The primary goal of Abandoned Mine Land Programs is to mitigate the effects of past coal mining, by reclaiming abandoned mines. The primary emphasis is placed on correcting the most serious problems endangering public health, safety, general welfare, and property. Once this is accomplished, secondary emphasis is placed on the remediation of mining related impacts to impacted communities. This remediation is accomplished through the funding of public facility or infrastructure projects.

On behalf of the Secretary of the Department of the Interior, OSM administers the Abandoned Mine Reclamation Fund by awarding grants to States and Tribes, to cover the administration and reclamation costs of running their Programs. The OSM Western Regional Center's (WRC) Albuquerque Field Office (AFO) provides assistance to the Program and, through oversight, annually monitors the Hopi AML Program's performance.

PART I GENERAL INFORMATION

Program History:

The Hopi inhabit twelve villages and one community on the Hopi Reservation. Under its 1936 Constitution and By-Laws, the Hopi Tribe consists of a Union of 12 self-governing Villages or Communities.

- June 28, 1988 - OSM approved the Hopi AML Program. Hopi AML did not apply for an Emergency AML Program, so OSM retains the responsibility for reclamation of "emergency" AML projects.
- June 9, 1994 - approximately six years after the Program was approved, the Secretary of the Interior concurred with the Hopi AML's certification that all known eligible priority-1 and priority-2 abandoned coal mines were reclaimed. A total of \$1,188,524 was spent by Hopi AML reclaiming abandoned coal mines on the Hopi Reservation.

Aside from its responsibility to "maintain" past mine reclamation work or to reclaim any newly identified abandoned coal mine hazards, the Program is no longer actively involved with mine hazard remediation work of either coal or non-coal mines. Having certified completion of all known coal reclamation, the Program is eligible to use AML funds to construct **Public Facility Projects (PFPs)** or **Community Impact Projects (CIPs)**. Since June 1994, the Program has almost exclusively focused its efforts on the

construction of PFPs.

Program Staffing:

The Program currently consists of around three (2.4 FTE's) employees, including the Office of Mining and Mineral Resources Director (40% funded by AML), Program Manager, and an Administrative Secretary. All but the Director position are 100% funded by Hopi AML. The Hopi AML office is located in a pre-manufactured building located in Kykotsmovi, Arizona on the north side of Highway 264.

In EY-2007, due to OSM's recommendation to decrease program administration costs, the Project Manger position was funded at 50%. In addition, due to OSM's recommendation to clearly separate the accounting for the Hopi AML Program from the Hopi Rental Program, the Equipment Pool Coordinator salary will be 100% funded from the set-aside revenue generating revolving account (Hopi AML Rental Program) and is therefore no longer part of the AML Program staff. In addition, the Program decrease it's field staff by one FTE due the lack of ongoing field work.

Hopi Reclamation Program:

Because the Hopi AML Program has certified that all of its coal reclamation inventory work was completed it no longer has any ongoing reclamation project workload. However, under SMCRA the Program has committed to maintain any previously reclaimed project in need of maintenance due to erosion or the reappearance of safety hazards to the public. In 2005, Hopi conducted a complete survey of previously completed reclamation projects to look for reclamation maintenance issues. In EY-2006 and 2007, those issues that were identified were logged and plans & designs were prepared to address these maintenance issues.

Hopi Public Facility Program:

Sections 411(e) and (f) of SMCRA provide for infrastructure development projects as a means of offsetting both current and past mining related impact to Hopi communities. PFPs are considered priority-3 and 4 public facility projects. These projects are perceived by SMCRA as a means of off-setting/mitigating mining related impacts to Tribal populations by contributing to the development or expansion of local infrastructure and other public facilities. Both Hopi Villages and the Hopi government (for Tribal-wide PFPs) determine their own Project priorities.

Basic human needs for infrastructure and public facilities on the Hopi Reservation greatly exceed the funds available from AML and from other Tribal, State, and Federal sources. The AML Program has conducted substantial public outreach to explain what types of facilities are eligible for AML funding, has provided guidance and assistance to each village regarding the funding criteria for PFPs. Hopi AML initially has reserved or dedicated approximately \$200,000 for each village to have a Public Facility Project. Unfortunately, many Villages have not taken advantage of these funds. In EY-2006, Hopi AML notified those Villages that had not applied for these funds that the funds would be forfeited and redirected unless the Village submitted a construction ready and program eligible project by the deadline of May 31, 2006. This provision will allow the Hopi AML Program the ability to redirect badly needed funds to other fundable projects such as Tribal-wide projects.

Several of the Public Facility Projects completed to date were funded in partnership by Hopi AML and other Agencies. Other sources of funding include Village, Tribal, State, Private funds, or funding from other Federal agencies. [See Table-1 of this report for a listing of Public Facility Projects and their funding status.]

PFP Project Management Process:

Once a project is funded, the Hopi AML Program works with a project development task team. The team typically consists of Village administrators, contractors and tribal representatives from other Departments or Federal agencies such as Indian Health Service. Project development typically includes:

- 1) Obtaining environmental clearances and hiring contractors if necessary to perform biological or cultural & historic surveys and to write environmental documents;
- 2) Securing all necessary permits and to meet National Environmental Policy Act (NEPA) requirements;
- 3) Developing geo-technical surveys, to perform legal property assessments;
- 4) Performing hazardous property assessments; and,
- 5) Development of architectural / engineering specifications and contract specifications for the project.

The Hopi AML Program does not oversee compliance with building code or design specifications for structurally significant buildings. However, Hopi AML has developed the contracts that specify compliance with the Uniform Building Code.

Status of Fee Collections and Fund Distributions:

The Abandoned Mine Reclamation Fund consists of fees, contributions, late payment interest, penalties, administrative charges, and interest earned on investment of the fund's principal.

Historically, between \$1.0 and \$1.5 million in AML fees have been collected annually from active coal production on Hopi land. However, recently coal production on Hopi land has decreased which has caused AML fee collections to likewise decrease. Total State-share (Tribal) collections for the Hopi, from January 1978 through FY-2006 (September 30, 2006), total \$33,293,154 in coal fees. State-share (50%) collections for this amount would therefore be \$16,646,577. However, State-share distributions during this same period have only totaled \$9,242,732 (62% of State-share collections). The difference, \$7,403,845, is the Hopi unappropriated State-share balance as of September 30, 2006. See the section below for the current Tribal-share balance.

SMCRA AML fee collections were due to expire on September 30, 2006. However, H.R. 6111 was approved by Congress on December 9, 2006, and thus Congress signed into law P.L. 109-432 effective December 20, 2006. P.L. 109-432 extends AML fee collection at reduced rates through FY-2021. In addition, it mandates that OSM begin full distribution of AML fees that have accumulated in each State or Tribal Share's undistributed balance. Overall it is a rather complicated amendment to the Surface Mining Control and Reclamation Act which is difficult for most readers to interpret or understand. As a result, the full effect of the SMCRA amendment has raised several questions that have not yet been resolved. To implement the amendment, OSM will publish an interim final rule by September 30, 2007 and a final rule probably around the same time in 2008. These final rules will amend relevant part of 30 CFR Parts 700 through end.

For the Hopi AML Program, which is a certified AML Program, it will likely mean that the Program will receive funding in accordance with the following:

- 1) Previously unappropriated fee collections - An amount equal to the existing Hopi Tribe's unappropriated balance of all allocations made before October 1, 2007 will be paid to Hopi in seven (7) equal annual installments (grants) beginning in FY-2008. Funds for these payments will come from the US Treasury not from the AML fund. As of September 30, 2006, the Hopi AML Program has approximately \$7,403,845 in its unallocated Tribal share balance. So beginning in FY-2008 through FY-2014, Hopi will receive annual payments of approximately \$1,057,692 to payoff this balance.
- 2) Current fee collections – In 2007 and 2008 Hopi AML will receive each of its current (50%) fee collections from the previous year. These funds will have no new restrictions and can be expended in the same manner as past years funding. However, beginning with FY-2009, Hopi AML will no longer be entitled to receive its current (50%) tribal-share allocations (the past source of Program funding prior to 2008). Instead, they will receive annual payments from the US Treasury that are equivalent to, but in lieu of, the 50% amount of current fee collections from active coal mining during the previous fiscal year. One caveat is that these payments will be reduced down to 25%, 50% and 75% of the full amount for the first three years (2009, 2010 and 2011) respectively. The difference (the annual 3-year reduction amount of 75%, 50% and 25% respectively) will be added together and awarded to Hopi AML later in the form of two separate and equal annual payments beginning in 2018. [Under the new law, the actual 50% Tribal share collections will henceforth be transferred (allocated) to OSM's Historical Production allocation on an annual basis for distribution by OSM to State and Tribal AML Programs with remaining Priority-1 coal hazards.]
- 3) Historical Share – Because Hopi AML is a certified AML Program, it is not eligible to receive any historical share funding. Historical share funding is reserved for programs that still have unreclaimed high priority coal hazards. Actual 50% State & Tribal share allocations are reallocated to this Historical Share fund in order to increase the level of funding going toward uncertified AML Programs that have unreclaimed high priority coal reclamation hazards in their inventory. Certified AML Programs receive equivalent US Treasury funds in lieu of their State / Tribal share funds, which are being reallocated to historical share funds, so Hopi AML will not lose any funds as a result of this reallocation.
- 4) Minimum Program Funding – Although in the past SMCRA set the minimum program funding level at \$2.0M, OSM has only funded to the \$1.5M level. The new SMCRA amendment raised the minimum funding level (threshold) from \$2.0M (actual \$1.5M funding) to \$3M for an uncertified AML Program to receive Minimum Program Funding. Under the new Law, these funds will come out of the Secretary's 50% federal / discretionary share. Because Hopi AML is a certified AML Program, it is not eligible to receive minimum program funding (see 402(g)(8)(A)). Since these funds are no longer subject to Congressional appropriation, the actual minimum program funding levels will not be decreased from the \$3M level, for qualifying programs (non-certified programs who's funding level is less than \$3M).

OSM-Albuquerque Area Office’s current interpretation of P.L.109-432 is that for uncertified programs, Item-1 funds may be restricted to priority-1 or -2 coal hazards only. However, for certified programs like the Hopi AML Program, Item-1 funds can be used without restrictions. Furthermore, for certified programs, OSM has not officially deciphered the SMCRA amendment to determine if Item-1 funds will be distributed through OSM’s grants procedures or if these funds will simply be distributed to the respective State or Tribe as general funds without restrictions on their use.

According to the SMCRA Amendment, Item-2 funds above must be used “in accordance with Tribal Council direction, with priority given to addressing the impacts of mineral development.”

The Program will therefore be able to continue to use both sources of funding for Public Facility, Infrastructure and Reclamation projects. This interpretation as well as whether or not the funds will need to be awarded through the OSM grants process, is subject to change in OSM’s interim final rules or permanent rules, once adopted. Interim final rules to implement these statutory revisions must be published in the Federal Register by September 30, 2007 in order for OSM to begin FY-08 payments to States and Tribes.

For grants awarded during FY-2008, 2009, and 2010, the new law extends from three (3) years to five (5) years, the time after which the Secretary may rescind (reclaim or recover) any unexpended tribal share grant awards (under either Item-1 or Item-2 funding above). In which case Hopi AML could lose those unexpended funds and the recovered funds would be re-allocated to States or Tribes as part of the historical coal production allocation. Thus construction grants must be completely expended within five (5) years of the award or the Secretary could (and likely will) re-allocate the balance to uncertified AML Programs.

For a complete history of the AML fee go to:
<http://cnie.org/NLE/CRSreports/06May/RL32993.pdf>

Projected 10-Year Funding Levels for Hopi AML by Year (in millions)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Undist. St. Share Balance Funding : (7=Pmts.)	\$1.06									
Other funding :	\$0.34	\$0.14	\$0.34	\$0.44	\$0.54	\$0.54	\$0.54	\$0.4	\$0.4	\$0.4
Total Proj. Funding :	\$1.4	\$1.2	\$1.4	\$1.5	\$1.6	\$1.6	\$1.6	\$0.4	\$0.4	\$0.4

Grants and Financial Information:

The following table shows grants that were active during the evaluation period:

Grant Number	Awarded	Closes	Admin.	Const.	Total
GR 307800	09/01/03	08/31/06	\$247,596.79 (\$36,982.21 deobligated)	\$200,000.00	\$484,579.00
GR 407800	09/01/04	Closed	\$313,162.00	\$ 0.00	\$313,162.00
GR 507800	09/01/05	08/31/08	\$290,415.00	\$51,860.00	\$342,275.00
S06AP12218*	09/01/06	08/31/09	\$249,023.00	\$200,000.00	\$449,023.00

* New Grant using Numbering System under DOI's FBMS.

In addition to the above grants the Hopi AML Program has over \$1.0 M available for construction projects in its allocated Tribal-share balance. This amount includes money from prior year carry over, money from prior year de-obligations and money for the EY-2007 distribution.

Program Maintenance (AML Plan):

There are no oversight issues with regard to Program maintenance (maintaining a current AML Plan / regulations) nor do any Program maintenance deficiencies currently exist with regard to the Hopi AML Plan. Timeliness of Program maintenance has never been an issue with the Hopi AML Program.

Southwest AML Partnership:

In EY-2007, Hopi AML partnered with the Navajo AMP program to extinguish a coal fire near the community of Shonto, Arizona. Due to limited funding for the project, Navajo AML partnered with the Hopi AML Program's Rental Program and with Peabody Coal Company to assist with the work. The project was opened for bid and a contract was awarded for the project. Hopi AML's Rental Program provided a water truck and driver for water suppression at the project. Peabody Western Coal Company performed road upgrades, provided red-dog gravel and furnished and delivered water. The project started on September 5, 2006 and was completed on March 31, 2007. Most of the project construction took place in the dead of winter under difficult field conditions. (See cover photo of Hopi water truck.)

Navajo AML submitted the Shonto Coal Fire project as its 2007 award nomination project. Although he project was not selected by OSM to receive this year's award, it was nonetheless a great project. It involved a complex field situation to address due to the unpredictable nature of underground coal fires. Both Hopi AML's Rental Program and Peabody Coal Company's contributions, were appreciated by Navajo AML and by OSM. Their cost reducing efforts helped to make the project feasible.

PART II. NOTEWORTHY ACCOMPLISHMENTS

Since the Hopi AML Program did not start nor complete any AML/PFP projects this year, OSM does not have any physical accomplishments to highlight for EY-2007. However, Hopi AML did complete all the Project Development and NEPA for the construction of a coal maintenance project to do approximately \$80,000.00 of construction. This project was awarded a FONSI and an Authorization to proceed on July

26, 2007. Construction will begin in August, 2007 and the contractor will be the Hopi Rental Program in order to reduce the project costs.

With regard to AML reclamation, in EY-2005 Hopi AML inspected several of its past reclamation projects for site stability, erosion, etc., to determine if any maintenance work is needed. As a result of that survey, maintenance work was determined to be necessary at eight sites previously reclaimed by Hopi AML. In EY-2006, Hopi AML was unable to submit a reclamation maintenance project proposal to OSM however in ey-2007 the program submitted a package for NEPA compliance and a scope of work for the proposed maintenance in the form of worksheets for each site. Construction would have started during EY-2007 but delays were experienced in securing compliance with Cultural and Historic Resources and in obtaining biological concurrences. These concerns were beyond the control of Hopi AML. The concerns were resolved by and the project is expected to be underway as of August 2007.

This is a major accomplishment for the Hopi AML Program for 2007 and OSM-AFO appreciates their dedication to getting this project underway in accordance with OSM recommendations from 2006. The Hopi AML Program Director was assigned to an Energy Program project in 2007 and this means that only one technical person was available to handle the full responsibility for getting the maintenance project designed and approved, while concurrently working on project development for several public facility projects with both Tribal and Village constituents.

As previously discussed, through the Southwest AML Partnership, the Hopi AML Program provided a driver and equipment from the Hopi Rental Program to the Navajo AML Program as assistance on the extermination of a coal outcrop fire near Shonto, Arizona. This partnership effort took some a significant amount of time and attention to coordinate and to work out agreements. The project was successfully completed and Navajo AML appreciated the assistance. OSM commends the Hopi AML Program for this assistance and the cost savings that were realized as a result of their partnership efforts. The coal fire was on Navajo Land underlain by joint Hopi and Navajo owned coal. It was in both Hopi Tribe and Navajo Nation interests to extinguish the coal fire and protect the coal resource.

With regard to PFP's, Hopi AML has not initiated construction on any new projects since the Conference and Wellness Center project was completed in early 2004. The Hopi AML Program did not have any Public Facility Projects in construction during EY-2005, or 2006. However, the Hopi AML Program continued work on project development for potential projects with three Villages: Mishongnovi (development of a water well in cooperation with HIS), Tewa (purchase and installation of a modular administrative office building), and Walpi (bath house & office addition). In addition, Hopi AML worked with the Villages of Sichomovi and Lower Moencopi, to secure eligible (fundable) project proposals with signed resolutions from them.

In EY-2007, the Hopi AML Program completed project development and funded a Public Facility Project to construct a new 5,590 square foot building, referred to as the Tewa Administration Building. The facility will be a newly constructed stand-alone building. The new building will contain office space, a conference/meeting facility and restroom and kitchen facilities. The structure will be built on 1.5 acres of a 50 acre parcel that has been set aside for development by the Village of Tewa. Funding for the Project will consist of \$200,000 from Hopi AML Funds and \$712,253 from the Village of Tewa. The total cost of the facility will be \$912,253. The Village of Tewa will be responsible for the operation and

maintenance of the facility when completed. The construction will be done under contract, it started on May 15, 2007 and is scheduled to take 18 months for completion.

Getting the coal maintenance project and the Tewa administration building through project development and into construction was a substantive workload for basically one person and a secretary, besides the Program Director.

PART III. RESULTS OF ENHANCEMENT AND PERFORMANCE REVIEWS

The Hopi AML Program originally reserved \$200,000 in AML funding for each Village to construct a PFP. After successfully completing about six (6) PFP's the Hopi AML Program began to have increasing difficulty in getting the remaining Villages to propose projects and adopt Village resolutions for PFPs. Village priorities are determined by individual Villages and the Hopi AML Program has little influence over Village project selection. The role of the Hopi AML Program is one of providing guidance to the Villages to direct them on what types of potential projects are authorized for funding under the Hopi AML Program and the Title IV of SMCRA.

When Hopi AML first started funding PFPs in 1994 several Villages proposed projects for funding and the projects were ultimately constructed. The remaining Villages have had ten (10) years to submit a project proposal but either were unresponsive or their proposals were not the type of project that is considered eligible for funding under either the AML Program or SMCRA. Because of the long term difficulty that Hopi AML has experienced in obtaining viable Public Facility or Infrastructure Projects from the remaining Villages, OSM continues to recommend that Hopi AML concentrate their emphasis on funding Tribal-wide projects so that Hopi AML funds could be properly utilized for the benefit of the Hopi Tribe.

Hopi in EY-2007 have verbally agreed that such a policy change would make it easier for the Hopi AML Program to spend AML funds and get projects in the pipeline. The Hopi Tribal Council is better equipped to deal with project proposals and the need of the Hopi Tribe and in some for the Villages as well. Individual Villages often lack the human resources needed to fully develop viable and eligible projects and many Villages have unstable governing bodies. Although Tribal wide projects are typically larger in scope and require substantially more funds, partnership funding (matching funds) appears to be more widely available for Tribal-wide projects, the Tribal government may be more inclined and motivated to propose and implement a viable project and these projects typically have tribal-wide benefits (benefit all Villages).

In EY-2006 the Hopi AML Program notified the Villages by letter that the \$200,000 that the Hopi AML Program originally reserved for each Village to construct a PFP would be forfeited unless the Hopi AML Program received a viable and fundable (eligible) project proposal package by May 31, 2006. OSM viewed the imposition of this deadline as a very positive step by Hopi AML and a much needed policy change for the Program to remain effective (have projects in construction). OSM commends the Program for instituting this deadline. Aside from the Village projects already in the works and under project development, Hopi AML funds that were being saved for the non-responsive Villages, can now be recommitted to areas where they will certainly be used.

In response to the letter implementing a deadline for project submission, Hopi AML considers four (4) Villages to have met the requirements of the deadline. These are: 1) the Village of Moenkopi submitted several “project ideas” one of which is a water development project that is considered eligible for funding and a Village resolution was submitted to authorize the project; 2) the Village of Sichomovi submitted an eligible proposal for the construction of a senior citizen center; 3) the Village of Tewa has been working with Hopi AML for over a year to develop a fundable modular office building; and, the Village of Walpi has been working with Hopi AML for over a year to develop a fundable bath-house and office building. Hopi AML is going to continue working with several Villages to get projects funded and under construction, provided that the Villages remain committed to the project.

Three other villages did not meet the deadline for submission of a viable project. These three non-responsive Villages are Shungopavi, Mishoungnovi and Old Orabi. Hopi AML indicated that they will no longer reserve PFP funds for these three (3) Villages. The Hopi AML Program has the authority to withdraw funding for non-responsive Villages.

The Village of Mishongnovi was previously working with the Hopi AML on submission of a project proposal for a water development project, however, the Village did not submit a proposal by the deadline so this project is no longer being considered for funding by Hopi AML. The Village of Shungopavi was also interacting with Hopi AML on a potential project proposal, however, it no longer has a governing Board and it has since lost \$100,000 in matching funds making this project also moot.

In the 2005 Annual Evaluation Report OSM recommended that Hopi AML Program look for innovative ways to get projects in the project planning and development stage and subsequently, into construction. Effective project planning and development of Tribal-wide Public Facility and Infra-structure Projects may help to provide a continuous stream of projects in construction as well as to show that the AML Program has the capability to utilize its tribal-share balance that currently exists in “unallocated” state/tribal share funds. It appears that the Hopi AML program has taken the necessary steps to accomplish this. Now that the 2006 SMCRA amendment will increase funding levels for Hopi AML, it is possible for Hopi AML to entertain larger projects. This gives the Program more flexibility than it had in the past.

In 2005, the Hopi AML Program expressed concern that their annual appropriation of about \$400,000 severely limits their ability to pursue larger Tribal-wide projects. The Hopi AML Program has now accumulated funds for two years in order to amass sufficient funds for a tribal wide project and increased annual funding levels should be forthcoming. These AML funds can also be combined with funds from other Federal, State or Tribal sources in order to bring a large PFP to fruition. Even with the increased level of funding, Hopi AML will have to save for a year or two to do any really large projects.

AML Program Accomplishments During the 2007 Evaluation Period

In EY-2005, OSM reported that AML reclamation maintenance surveys were conducted on past reclamation sites. This is consistent with Program certification requirements and the Hopi AML Plan. The survey work concluded that some maintenance work was needed on eight sites. Hopi AML has completed the project development work for the reclamation maintenance project and submitted a package to OSM for Authorization to Proceed. OSM received the NEPA package and issued a FONSI for the project and an Authorization to Proceed with the project on July 26, 2007, just after the end of this evaluation period. Some of the delays were caused by OSM's tardiness in providing technical assistance to the Hopi AML Program. Hopi AML will start construction in August 2007 and complete construction for the maintenance work the same summer.

During EY-2005 period the Hopi AML Program also was involved with three Villages in finalizing project proposals for PFP funding and project development. These potential PFPs are the Walpi - Bathroom Addition; the Sichomovi - Senior Housing Project; the Tewa - Modular Office Building and the Lower Moencopi - Water Development Project. Despite involvement by Hopi AML, one of these projects did not move forward in 2006 or 2007, mostly as a result of technical and political issues within the villages. Hopi AML anticipates that the Walpi PFP will eventually be funded and enter construction in 2008 or early 2009. The Tewa PFP did enter construction in late EY-2007. Both of these projects are discussed below.

1. Tewa New Office Building (Administrative Office Building).

A Hopi AML PFP project entered construction in late EY-2007. The PFP is for the Village of Tewa to build a new 5,600 square foot building. The Village of Tewa will contribute additional funds to provide water, sewer, and electrical utilities to the building. The Village has a land use plan that includes construction of the building. Environmental / NEPA clearances have been completed and SHPO concurrence has been obtained; the project application was not submitted in EY-2006 pending the Village securing service line agreements for water, sewer, and electrical services. It is anticipated that the Tewa Office Building Project will be completed in EY-2008.

2. Walpi Bathhouse Renovation and Office Addition Project.

The Village of Walpi is one of the oldest inhabited establishments in North America. The Village Council submitted a Council Resolution for PFP projects, which include expansion to the existing bathhouse and the construction of a new addition for Village office space for administration personnel. Expansion to the existing "bath house" building will include an administrative office, maintenance office, a kitchen area and storage space. The existing bath house provides shower facilities for area residents whose homes do not currently have running water and associated facilities.

The project would potentially impact less than one acre. A categorical exclusion was prepared for NEPA compliance. The status of this PFP has not changed from the 2007 annual evaluation reports in that it is still in the project development stage, however the project is making progress and is expected to ultimately enter construction in EY-2007 or 2008.

TABLE 1
Status of Public Facility Projects since Program Began

Project	Village	Status (Funded or Completed)	Funded to Date
Bacavi Plaza Restoration	Bacavi	Completed 01/98	\$200,000. AML \$ 62,722. Az. H.Fnd.
Hopi HS reverse osmosis water purification	Tribal-wide	Completed 11/98	\$100,000. AML \$250,000. BOR
Moenkopi community & youth center	Moenkopi	Completed 09/99	\$235,000. AML \$100,000 Moenkopi
Sipaulovi cultural & historic resources	Sipaulovi	Completed 03/01	\$225,000. AML \$ 54,185. Sipaulovi
Mishongnovi sewage facility	Mishongnovi	Project abandoned	\$ 13,225. AML for EA
Polacca day school multi-purpose bldg.	Polacca	Project abandoned. (new school built in lieu of project).	\$ 2,066. AML for EA
Westside Wildland Fire Station	Tribal-wide	Completed 2002	\$ 36,073. AML for NEPA only.
Kykotsmovi -Sewage Lagoon Treatment Facility Project	Kykotsmovi	Construction began 10/17/01. Completed 09/17/02.	\$215,000. AML \$200,000 IHS \$350,000. USDA-RD
Yu-Weh-Loo Pah-ki (Spider Mound) water well & fluoride treatment Project	Spider Mound	Well Completed 2003. Pump-house is pending.	\$215,000. AML (\$55K not used & remains for Village)
Shongopavi Community Bldg. Renovation	Shongopavi	Project abandoned (no matching funds).	\$35,000 AML spent for project development.
Hopi Conference & Wellness Center	Tribal-wide	Completed 12/24/04	\$1.8 Million AML
Hotevilla Youth / Elderly Center	Hotevilla	Completed 11/01/04	\$235,414. AML \$300,000 Hotevilla
Public Coal Project & Equip. Rental Pgm.	Tribal-wide PFP	Completed	\$341,352 AML, (then Self-sustaining)
Tewa Office Building	Tewa	In Construction Phase	\$200,000. AML \$712,253. Tewa
Water Development Project	Lower Moencopi	Project Proposal Stage	\$0
N/A	1 st Mesa Consol.	Missed proposal deadline	\$0
N/A	Old Oraibi	Missed proposal deadline	\$0
Water Development Project	Mishongnovi	Missed proposal deadline	\$0
Walpi – Bath-house and office addition Project	Walpi	Hist. Renov. & Planning	\$0
Turquoise Community	Tribal-wide	Planning ongoing by Tribal government	\$4,888. - AML for Arch. & Eng.
Sichomovi – Elderly Center	Sichomovi	Met proposal deadline	\$0 Pending
Total Hopi AML Funding (to date)	(to date)		\$3,422,604
Total Funding (all sources) (to date)	(to date)		\$4,739,511

PART IV. SUMMARY AND RECOMMENDATIONS

Past OSM evaluation of the Hopi AML Program determined:

- the Program is a cost effective Program and completed PFPs are of excellent quality;
- the Program has performed admirably in assessing previously completed coal reclamation projects for maintenance needs and has prepared a scope of work and NEPA compliance documents to address those reclamation concerns identified in the assessment;
- the Program has appropriately sought out public involvement on the Hopi Reservation in determining project priorities and selecting projects;
- the Program has done an exemplary job of ensuring that projects proposed for funding meet the eligibility requirements of SMCRA;
- the Program has routinely scheduled and sponsored oversight tours of construction projects as necessary and has efficiently provided information to OSM when requested.

OSM is very pleased that the Hopi AML Program was finally able to bring a reclamation maintenance project into construction during the summer of 2007. In the 2006 annual evaluation report, OSM raised concerns about funds going toward Program Administration while the Program had not been able to recently bring a project into construction. OSM felt that the cost-effectiveness of the Program would ultimately be called into question unless a project could be brought into construction. This year, the Hopi AML Program with very limited staff was able to get the coal maintenance project to construction. In addition, the Program was able to continue work that will ultimately get two PFP to the point to where construction funds can be requested from OSM. Also the Hopi AML Program downsized its field staff in order to remain cost effective while projects were not in construction.

Given the small size of the present Hopi AML Program, OSM recognizes this year's successful efforts by Hopi AML to comply with OSM's recommendations. This effort has fully put the Hopi AML Program back on track. OSM believes that the Hopi AML Program will continue in this success and that the Program will remain effective in meeting Program objectives. OSM further believes that the Hopi AML Program has developed and instituted the policy and procedural changes necessary to achieve funding and construction of planned AML projects. These new procedural and policy changes will help ensure that the Hopi Tribe will continue to receive its AML funding and that those funds will be promptly used to realize PFPs that provide benefit for the Hopi people.

Furthermore, OSM recognizes that the Hopi AML Program is a small Program and that many of the obstacles that the Program faces are in large part due to limited Program funding. External factors such as Village politics and the lack of adequate resources at the Village level are other obstacles that the Program faces in initiating projects. However, this should not prevent Hopi AML from initiating and completing reclamation maintenance projects. Tribal-wide public facility projects that require substantial funding have proven difficult to fund due to the limited annual funds that the Program receives. Funds must be saved from prior years in order to fund a large tribal-wide project.

OSM realizes that even with its increased funding, the Hopi AML Program will only have about \$1M annually for construction projects after deducting for administration costs.