

Agency: Commerce, Community and Economic Development**Grants to Municipalities (AS 37.05.315)****Grant Recipient: Craig****Federal Tax ID: 926000139****Project Title:****Project Type: Equipment and Materials**

Craig - Public Works Heavy Equipment

State Funding Requested: \$600,000**House District: 5 / C**

Future Funding May Be Requested

Brief Project Description:

Purchase new equipment to meet road maintenance and utility needs and to replace aged and deteriorating public works heavy equipment used to maintain roads, collect garbage, maintain utility infrastructure and perform other public works functions.

Funding Plan:

Total Project Cost:	\$1,360,000
Funding Already Secured:	(\$260,000)
FY2013 State Funding Request:	(\$600,000)
Project Deficit:	\$500,000

*Funding Details:**2005, \$28,000, Local Funds**2009, \$22,000, Local Funds**2010, \$210,000, Title III - Secure Rural Schools Program**Approximately \$350,000 will be requested in 2013 and \$150,000 in 2014 to complete the project.***Detailed Project Description and Justification:**

This project consists of phased replacement of heavy equipment and vehicles for the city. The project has been ongoing since 2005. The city replaced its dump truck in 2005; added a second rubber tire backhoe in 2009, replaced an aged fire truck in 2010; plans to replace a garbage truck, purchase a vacuum truck, replace an failing rubber tire backhoe, and replace a fork lift in 2012; plans to replace the second garbage truck and purchase a street sweeper in 2013; and plans to replace the front end loader in 2014.

Craig Public Works is responsible for road maintenance, utility operations/maintenance, collection of garbage and other public works functions that require heavy equipment or specialized vehicles. Despite an aggressive maintenance program and staff mechanics to repair the equipment most of the equipment in the current fleet was purchased used and is now well beyond its usable life. Maintenance issues and downtime due to breakdowns has become problematic and has resulted in increased costs to temporarily rent equipment or times when critical equipment such as the street sander was simply not available for use. The city has also aggressively been working to pave community streets which will reduce the existing maintenance requirements for gravel roads, but create their own maintenance needs as well which requires equipment that the city does not have such as a street sweeper. The city will request additional funds in 2013 and 2014 to complete those phases of the project.

Project Timeline:

If project funding is approved the city will solicit requests for proposals and purchase of a new garbage truck, vacuum truck, rubber tire backhoe and forklift in late 2012/early 2013. Additional funding requests will be submitted in 2013 for a street sweeper and second garbage truck and in 2014 for a new front end loader.

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

Craig Public Works Department

Grant Recipient Contact Information:

Name: Jon Bolling
Title: City Administrator
Address: 500 3rd Street, PO Box 725
Craig, Alaska 99921
Phone Number: (907)826-3275
Email: jbolling@aptalaska.net

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

CITY OF CRAIG
RESOLUTION 11-16
Establishing Capital Projects for 2012

WHEREAS, the City of Craig Council annually prepares a comprehensive capital improvement program for the City of Craig; and,

WHEREAS, the United States Government and the State of Alaska annually prepare budgets and appropriate funds to local governments and state and federal agencies for the implementation of local and state capital improvement projects; and,

WHEREAS, the Craig City Council has identified certain capital improvement project priorities for the City of Craig for calendar year 2012.

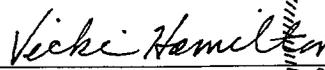
NOW, THEREFORE, BE IT RESOLVED that the following projects, set forth in order of priority, are established as the City of Craig's top priorities for capital improvement projects for calendar year 2012:

- | | |
|--|--------------|
| 1. Water/Wastewater System Planning, Cleaning and Upgrade | \$ 200,000 |
| 2. Heavy Equipment Purchase – Public Works | \$ 600,000 |
| 3. Public Safety Building Annex – Design, Engineering Construction | \$ 100,000 |
| 4. Increase water storage at municipal drinking water source | \$ 100,000 |
| 5. Development of Craig Cannery property & Harbor | \$ 400,000 |
| 6. Water/Wastewater System Improvements (Replace Lift Stations) | \$ 1,200,000 |
| 7. Complete Phase II Improvements in Klawock Airport Master Plan | \$ 2,650,000 |
| 8. Wood Fired Boiler Debt Reduction | \$ 300,000 |
| 9. Boat launch ramp breakwater and improvements | \$ 300,000 |
| 10. Fish enhancement – POW Hatchery Association | \$ 500,000 |
| 11. Float Plane Terminal Access and Parking | \$ 500,000 |
| 12. Connect Craig Tribal Hall to Wood Boiler | \$ 500,000 |
| 13. Aquatic Center Repairs and Expansion | \$ 500,000 |
| 14. Library Expansion Planning and Design | \$ 100,000 |
| 15. Development of city owned residential land | \$ 250,000 |
| 16. Community Quota Entity quota share purchase | \$ 150,000 |
| 17. Harbor Shop Building | \$ 25,000 |
| 18. Covered Boat Work Area Building | \$ 300,000 |
| 19. Craig-Klawock Separated Bike Path | \$ 4,100,000 |

APPROVED December 14, 2011.



Dennis Watson, Mayor

ATTEST 

Vicki Hamilton, City Clerk





January 19, 2012

Senator Albert Kookesh
State Capitol Room 11
Juneau AK, 99801

Representative Bill Thomas
State Capitol Room 501
Juneau, AK 99801

Dear Senator Kookesh and Representative Thomas,

As you are well aware replacement of heavy equipment is difficult burden for many small communities on a normal basis and even more so in times when municipal revenues are down as part of the broader economy. The City of Craig maintains equipment to maintain roads and utilities; collect municipal solid waste and perform a variety of other public works functions. Most equipment the city has was purchased used and has been owned by the city for a number of years. The city works aggressively to maintain and repair this equipment but additional and updated equipment is necessary.

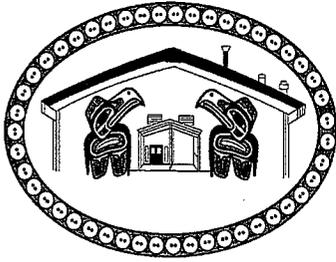
With an increase in the number of paved streets which will require equipment that the city does not have and multiple breakdowns of older equipment it has reached a point where the city needs to immediately replace one of the city's garbage trucks, replace a rubber tire backhoe, replace a forklift and add sewer cleaning vacuum truck to the fleet. The city will also be seeking support to replace an additional garbage truck, add a street sweeper and replace the front end loader in future years as part of this project. I support the project Craig -- Public Works Heavy Equipment Purchase as submitted on CAPSIS.

If you have any questions about this, or any of our capital projects please feel free to call myself, Jon Bolling (City Administrator) or Brian Templin (City Planner) at 907-826-3275.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis Watson". The signature is fluid and cursive, with a large initial "D".

Dennis Watson
Mayor



Craig Community Association
P.O Box 828
Craig AK, 99921
907/826-3996 phone
907/826-3997 fax

January 26, 2011

Senator Albert Kookesh
State Capitol Room 11
Juneau AK, 99801

Dear Senator Kookesh,

The Craig Community Association is the federally recognized Tribal entity for Craig, Alaska and represents Tribal members that comprise a large portion of the residents and business owners in Craig.

Public works activities are important in supporting the Tribe and its members with road maintenance, solid waste collection, utility maintenance and many other functions. A dependable fleet of equipment is necessary for this work.

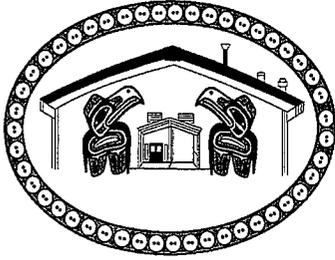
The Craig Community Association supports the city's request for funding for heavy equipment.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward K. Thomas Jr.", written in a cursive style.

Edward K. Thomas Jr.
CCA Tribal President

CC: Representative Bill Thomas



Craig Community Association
P.O Box 828
Craig AK, 99921
907/826-3996 phone
907/826-3997 fax

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Edward K. Thomas Jr.
CCA Tribal President

CC: Senator Albert Kookesh

City of Craig

Craig Community Economic Development Strategy (CEDS)

Annual Report

May 2011



Craig Overall Economic Development Committee City of Craig

The Craig CEDS Committee met April 20 – 21, 2011 in the Craig City Council Chambers.

Committee Members:

Robert Claus	Craig City School District
Roberta Landgren	Interisland Ferry Authority
Gary Lawton	US Forest Service
Don Pierce	Craig City Council
Susan Quigley	Craig Community Association
Bill Russell	Craig Planning Commission
Francisco Sanchez	US Forest Service
Millie Schoonover	Craig Mayor

Staff:

Jon Bolling	Craig City Administrator
Vicki Hamilton	Craig City Clerk
Brian Templin	Craig City Planner

The Craig City Council adopted the 2010 CEDS Annual Report on May 5, 2011.

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Development Strategies and Accomplishments

Following is a priority list of strategies developed by the Craig Economic Development Strategy Committee as a part of the Overall Economic Development Plan. Each item contains a brief description of the project and its impacts and details any activities that have taken place in the last 12 months.

Local Strategies

1. Street Improvements

Project Description: A number of the collector streets in Craig merit upgrading. The addition of sidewalks and asphalt surfacing will define property lines, provide safe places for pedestrians to walk, and lower street maintenance costs. In addition, reducing dust generated by traffic on dirt roads keeps adjacent homes and businesses cleaner, and improves air quality for those with asthma and other diseases that are exacerbated by ambient air particulates. Maintenance and upgrade of existing roads and intersections are major concerns.

Activity over the Last 12 Months: Nearly all of the underground improvements that will be affected by paving have been completed. Phase 1 of the project was complete and CCA and Southeast Roadbuilders started working on Phase 2 (primarily West Hamilton and Beach Roads). Increases in the cost of the materials and contracts will limit phase 2 to these streets and a small handful of other streets in town. Preliminary designs have been submitted for most other streets.

Current Activity: The city will continue to work with Southeast Roadbuilders to complete phase 2 this year. The city is aggressively working with the state and federal delegations to secure an additional \$2 million to complete the remainder of the streets. This item was the number one funding request during FY2012 state and federal capital project requests.

2. Utility Improvements

Project Description: Upgrades to Craig's water treatment/distribution and sewer systems are very important to maintaining health and safety. Due to the age of parts of the system and changing needs, the city needs to continually look at maintenance, repair and upgrade of Craig utilities. The water distribution system has had a high rate of water loss due to broken pipes in the system. A major leak caused water rationing during 2010.

Activity over the Last 12 Months: The city has continued to work on making the repairs and improvements identified by staff and in long range planning documents. Most of the activity over the past twelve months was designed to complete underground improvements prior to paving. The city has exhausted almost all planned maintenance, upgrade and improvements identified in the current water and wastewater system master plans and is actively seeking funding to complete cleaning of sewer lines, television inspection of lines and updated master planning. The city is looking at some lift station replacements over the next several years.

Current Activity: Staff will continue to monitor the availability of funding and will continue

engineering and construction work to accomplish identified utility projects. Staff will also work aggressively to secure funding for cleaning, inspection and master planning. This project was included in FY2012 funding requests to both state and federal delegations.

3. Harbor Improvements

Project Description: This project includes the development of a new harbor at the Ward Cove Cannery Site and upgrades to existing city harbor and boat launch facilities. Increased and improved harbor facilities will help relieve the crowded conditions and attract pleasure boats traveling through the area. Projected improvements include parking, additional harbor space, current harbor upgrades and improved navigation (i.e. breakwaters). In addition to the design and construction of a new harbor the city also works to constantly upgrade safety, access, efficiency and usability of existing harbors.

Activity over the Last 12 Months: The US Army Corps of Engineers has been very slow in completing their cost share agreement for the Cannery property harbor project. The city is working to secure funds for the non-federal match and complete the cost sharing agreement with the Corps of Engineers for the corps study. The city has been working on maintenance and upgrades in South Cove and other harbors in town.

Current Activity: The city will continue to pursue funding for completion of the Corps of Engineers studies and for ultimate design and construction of breakwaters and harbor space at the site. The city will also continue to work on upgrades to South Cove Harbor and the False Island Boat Launch during the upcoming year.

4. Craig Public Safety Building

Current Situation: Existing public safety facilities in Craig are no longer satisfactory to provide adequate service to the community of Craig. The Craig Volunteer Fire Department (CVFD) recently purchased a new vehicle to replace a 28 year old apparatus. Craig's Emergency Medical Services (EMS) squad has two ambulances and has only parking facilities for one. The second ambulance is parked in an out-of-the-way location resulting in delayed response time for calls requiring a second ambulance. The current facility also does not allow for adequate storage of other equipment or supplies for either service. The Craig Police Department (CPD) provides public safety services and provides the State of Alaska with jail services and DMV services in a space only designed for the Craig Police Department.

Project Description: This project would result in the construction of a new Public Safety Building which may include space for CPD, EMS, and CVFD. The building would include office space for Police Chief, Fire Chief, EMS Captain, police sergeant, a dispatch center, DMV office, classroom/conference room, temporary quarters with kitchen facilities, police interview rooms, and a jail. The aforementioned would be located on the second floor above a five- or six-bay garage for fire trucks and ambulances, and equipment storage areas for police, fire, and EMS.

Activity over the Last 12 Months: As an interim solution to a new public safety or firehall the city has been working with Shaan-Seet Inc. on a land trade which would include addition room to expand the current firehall. City staff is meeting to determine an appropriate

expansion or addition to the existing firehall to meet near term goals.

Current Activity: The scoping group will continue to work on a concept plan expansion to the current facility and designs/locations for the new facility.

5. Fish Enhancement/Community Drinking Water – Water Source Improvement

Project Description: Water source improvements will benefit the king salmon enhancement project and the community drinking water capacity. This project includes improvements and raising the dam at North Fork Lake, which is the municipal water source for Craig. Raising the water level will result in increased water flow to the king salmon hatchery located at Port St. Nicholas and will result in higher capacity for stored raw water for treatment and use by the City of Craig. Improving stocks of high value king salmon has benefits for all categories of fish users.

Increased populations of these fish will mean greater opportunities for commercial, subsistence, charter, and sport fishermen. Working in cooperation with the Prince of Wales Hatchery Association, king salmon stocks can be increased locally. By enhancing king salmon stocks, all fishermen will have access to more high value fish. In addition, those king salmon will not be counted toward the Southeast Alaska King Salmon Harvest under the Pacific Salmon Treaty, resulting in a net gain of available king salmon. The local charter and sport fishing sectors will benefit by increasing the number of popular king salmon available to charter customers and sport fishermen.

Activity over the Last 12 Months: The hatchery has been operating successfully now for three years and rearing king salmon for Port St. Nicholas and Coffman Cove. Silver Bay Seafoods operated successfully for their first season and increased the overall water demand substantially. The city has continued to look for funds to raise the dam at the water source. The project was recently listed on the Federal Resource Advisory Committee (RAC) for funding under Title II of the “Forest Receipts” program.

Current Activity: The salmon hatchery will continue to hatch and rear zero-check fry for Coffman Cove and one plus fry for release at Port St. Nicholas. This year will be the first year that there will be a full run of fish consisting of three, four and five year old king salmon. The hatchery is also in the exploratory/feasibility phase of looking at alternative energy production using the raw water coming into the facility. The city will work with the Forest Service on permitting and other issues related to the RAC funding.

6. Heavy Equipment Replacement

Project Description: This project consists of purchase of heavy equipment to replace aging and failing machinery. Craig maintains approximately 19 miles of roads, water treatment/distribution system, sewer collection/treatment, parks, facilities, parking lots, garbage collection and other municipal services. To accomplish these tasks the public works department maintains a small fleet of heavy equipment which includes garbage trucks, dump trucks, a bulldozer, a small backhoe/front end loader, sander, and plow. All equipment was originally purchased used and had significant wear when they were acquired. City maintenance personnel work to keep all of the equipment operational but

many of the vehicles are reaching the end of their useful life and some, such as the bulldozer and backhoe/front end loader are near complete failure. In addition to routine tasks the front end loader and bulldozer have been used to clear landslides and road failures to the city's water treatment and water source in emergencies. In addition to current services the city will also need to purchase equipment to maintain the additional paved streets in town.

Activity over the Last 12 Months: The city has been working hard to maintain existing equipment.

Current Activity: The city has identified equipment that is at or near complete failure and are a priority to be replaced. The city will also look at the priority and funding options for replacement of other equipment before it reaches the end of its useful life. A request was submitted to the state legislature as part of the FY2012 capital projects process to replace some of the highest priority equipment.

7. Expand Biomass Heat Capacity and Distribution

Project Description: With the completion and startup of the wood fired boiler in 2008 the city is continuing to look for ways to make it operate more efficiently and to use excess capacity generated by the facility. Options include heating additional buildings and electrical co-generation. The city should continue to look for ways to maximize the use of the existing facility and look for other alternative energy sources such as development of a micro-hydro turbine at the water treatment plant to supplement traditional energy sources.

Activity over the Past 12 Months: This last year saw another considerable impact on the amount of propane and oil used by the pool and school. There has been some continued interest in connecting the tribal hall to the system and using some of the current capacity to generate electricity. The city has also been working with Viking Lumber to install drying and storage capacity for fuel that is delivered to the plant. Ultimately this dry fuel could also be used for other biomass projects in the region.

Current Activity: The city will continue to make adjustments to the system to operate at full potential. The city will also continue to look at adding facilities or developing other uses for excess capacity.

8. Community College/Community Center/Vocational Training

Project Description: Establishing a community college program locally could provide a wide array of vocational, arts, and academic classes for residents. An associate degree program could allow local high school graduates the option of staying home for two years of a four-year program, reducing the cost of postsecondary education substantially. The Craig Community Foundation has completed a scope of work and a draft site plan for development of a community center at Crab Creek. The foundation envisions many of the projects on this list, including a library, museum, a visitor center and college classes at the facility. A focus added during the 2008 CEDS process adds vocational training as a part of this project.

Activity over the Last 12 Months: Local school district superintendents worked very hard

last year to secure significant funding from the state for development of a Career and Technical Education (CTE) Center.

Current Activity: The City of Craig has appointed a representative to the CTE working group which will begin planning and development for the project this year.

9. Recycling and Solid Waste Management Program (Cleaner and Greener Community)

Project Description: Due to increasing costs of solid waste disposal and renewed interest in recycling, the 2008 CEDS committee added this project to the list. This project is in the conceptual stages and will be further formed over the next twelve months.

Activity over the Last 12 Months: No action has been taken on this project in the past twelve months.

Current Activity: The City of Craig is working with the Craig Community Association and other communities to look at some recycling options. The city is also looking at ways to reduce the amount of sold waste in the current waste stream to reduce solid waste costs.

10. Development of Cannery Site Uplands

Project Description: Development of this five acre upland parcel will greatly enhance the traffic flow, parking, appearance and commercial attraction to the downtown area. Primary development will probably include commercial and marine related development that supports the harbor development and downtown parking. Throughout the planning process for the site discussions included the potential of adding museum, visitor center, community center, or other public facilities as well as commercial development.

Activity over the Last 12 Months: The city has continued to work on the development of this area. The city allowed a lease of the industrial dock on the site to allow Seafood Producers Co-op to land fish locally for transportation. The city also started the planning and concept design process for a new park at the west end of the property and completed some of the initial groundwork, specifically a new rock retaining wall along the beachline.

Current Activity: The city will also continue to gather input and move forward with the park/seaman's memorial at the west end of the property.

11. Behavioral Health Services

Project Description: With a long-term view to replacing and expanding the services previously conducted by COHO, several agencies and the Prince of Wales Health Network are working to provide mental health and substance abuse programs (behavioral health) and services on the island. At the moment there are no concrete projects formed but the City of Craig will work to support other agencies working to provide these services.

Activity over the Last 12 Months: Most services previously done by COHO have been assumed by SEARHC, Community Connections and other healthcare providers and the Prince of Wales Health Network has been gathering information to complete a behavioral health needs assessment to further identify needs.

Current Activity: The city will continue to work with the Prince of Wales Health Network and area providers to meet the behavioral health needs of the city's residents.

12. Fishing Industry Value Added Input and Support

Project Description: Reestablishing fish processing capability in Craig has been an important development step. The employment, fish processing tax, and selling point for commercial fishing boats all generate new income for the local private and public sector. That revenue increases payroll, and in turn the net amount of dollars circulating within the community. The net increase in raw fish tax receipts provides a revenue stream for maintenance and upgrade of the community's harbors that is now absent. In order to increase the infrastructure, add value to the area fisheries, provide economic flexibility to the local fleet and add local jobs to the community it is crucial that we upgrade fishing, fish processing and storage capabilities in Craig. Commercially available ice, fish processing capability and cold storage space are critical to increasing this industry in Craig.

Activity over the Past 12 Months: The city provided dock space at the Cannery industrial dock to Seafood Producers Co-op (SPC) out of Sitka to land fish here. Silver Bay Seafoods continues to process significant amounts of seine caught salmon in their facility. Silver Bay once again employed over 150 people at the peak of the season under the long term lease agreement with the city.

Current Activity: The city will continue to work with both SPC and Silver Bay to utilize city owned property to process fish in the 2011 season. The city will also work to continue to increase the quality and capacity of ice at the city's ice plant with planned capacity upgrades this year.

13. Prince of Wales Emergency Resources (POWER) Facility

Project Description: POWER, a non-profit group in Craig runs a thrift store, food bank and assistance clearing house in Craig. POWER is currently located in an old city owned building that is in need of major upgrade or replacement. This project would upgrade the current facility, construct a new facility or move POWER into a different facility.

Activity over the Last 12 Months: None.

Current Activity: This project is still in the conceptual stages.

14. School District Capital Projects

Project Description: The Craig City School District supports P-12 and alternative education on three separate campuses. The school district is active in maintaining and expanding their facilities to enhance education in Craig. While the school district goes through a capital project list within the district it is important to provide municipal support to those projects.

Activity over the Last 12 Months: This project was added new during the 2011 CEDS meetings.

Current Activity: A copy of the current School District Capital Project list will be added as an attachment to this report.

15. Port St. Nicholas Road Upgrade

Project Description: This project consists of survey, design, engineering and construction of road improvements along the current Port St. Nicholas Road corridor from the Craig-Klawock Highway to 5.5 mile on the Port St. Nicholas Road. Improvement of this road will reduce long term maintenance of roads and will improve driving conditions for residents of Port St. Nicholas.

Activity over the Past 12 Months: The Craig Community Association (CCA) has continued to work this project. The CCA has been working on the road reconstruction and realignment by force account. CCA has continued to work to secure additional funding to complete the project. The city worked with the CCA to replace 900' of water and sewer line along the road corridor as part of their upgrades.

Current Activity: CCA will continue to work the funding issues to try to ensure that the current 5 ½ mile project is fully funded and completed.

16. Borough Discussion (Pros and Cons)

Project Description: From time to time discussions surface as to the merits of forming an island borough. However, a lack of understanding of the consequences of borough formation results in action on the issue ending at the initial discussion level. As discussions go on at an island wide level it is important for the City of Craig to look at effects of borough formation on the city itself.

Activity over the Last 12 Months: POWCAC and the Prince of Wales Chamber of Commerce have conducted a number of discussions regarding formation of a borough.

Current Activity: Craig city staff continues to closely monitor borough issues in the legislature, governor's office and the Local Boundary Commission. The city will continue to weigh the benefits and drawbacks of conducting an independent study on the feasibility of borough formation.

17. Library Expansion

Project Description: The current library space is full with no room for much needed expansion. As the city develops property related to other projects relocation of the library to another facility or construction of a new library needs to be considered.

Activity over the Last 12 Months: The library staff continues to analyze user data and services.

Current Activity: The library staff and board will continue looking at alternatives for renovation or new construction to meet current and future needs.

18. Indoor/Outdoor Recreation Facilities/Skatepark

Project Description: The city provides recreational and fitness activities to the area residents at the aquatic center, city gym and other facilities in town. This value is a strong part of the quality of life of Craig residents and staff is always looking to expand the available services and opportunities to area residents. Among the proposed expansions is a racquetball court and expanded physical fitness facilities at the Aquatic Center, skate park and others.

Activity over the Last 12 Months: The community garden has now been operating for five years. City staff continues to add opportunities within existing facilities such as the aquatic center, gym, and youth/recreation center.

Current Activity: City staff will continue to look for potential funding for expansion of the aquatic center and will move forward as funding becomes available. Staff will also look at other recreational opportunities as they present themselves.

19. Residential Land Availability

Project Description: Due to community growth and the land-locked nature of the City of Craig there is limited residential land available for development. In addition to small undeveloped areas in Craig there are two large undeveloped tracts and a small city subdivision which are currently zoned for residential development. The western half of Cemetery Island is owned by Shaan-Seet and is zoned residential. This tract may be developed into numerous prime residential lots in an area that is currently undeveloped. Tract 18 of USS 2611 in East Craig is owned by the Craig Community Association and may yield as many as eleven residential lots in the middle of a residential neighborhood. The city owns seven undeveloped lots that make up the Salmonberry Subdivision on the Port St. Nicholas Road

Activity over the Last 12 Months: The city has been working to design utility installation for the Salmonberry Subdivision.

Current Activity: The city will continue to work on the Salmonberry Subdivision.

20. Community Quota Entity

Project Description: The project is the purchase of halibut quota shares by the Prince of Wales Island Community Holding Corporation (POWICHC), a non-profit corporation representing the City of Craig in the Community Quota Entity program. The Community Quota Entity program was enacted by Amendment 66 to the National Marine Fisheries Service rules. Craig quickly took the lead in the state in participation in this program. The city completed formation and approval of the POWICHC as a Community Quota Entity under amendment 66. As the charter fleet has moved to a Charter Halibut Permit (CP) system the CQE will also work under any new rules to incorporate Catch Sharing Plan (CSP) to include Charter businesses into the CQE system.

Activity over the Last 12 Months: Staff has continued to look for funding sources for the CQE program.

Current Activity: Recently the Gulf of Alaska Coastal Community Coalition (GOAC3) have been working with state legislators to establish a workable loan or grant program to allow for quota purchase by CQEs. Staff will continue to monitor these opportunities and will work with state legislators and staff if a program is approved.

21. Sunnahae Mountain Trail

Project Description: The Sunnahae Trail ownership was transferred to the US Forest Service. The Sunnahae Trail was constructed over twenty years ago on extremely steep ground. The condition of the trail has deteriorated significantly over this time and is now in a state of disrepair that can be dangerous to hikers. The Forest Service is committed to reconstructing the Sunnahae Trail as soon as funding is available. It is estimated that complete reconstruction of the Sunnahae Trail will cost between \$700,000 to \$1 million. The Sunnahae Trail is approximately ¾-mile long and climbs over 2000 feet to an exquisite open muskeg system, with excellent views of the City of Craig, its surrounding waters and the Prince of Wales Outer Islands. Accessible by foot from the City of Craig, the Sunnahae Trail supports Prince of Wales Island tourism by providing a high value recreation opportunity and a nearby place for local residents to hike, get exercise and spend some time in the natural environment. Seeking grant funds and partnership funding would be a strategy the Forest Service would employ.

Activity over the Last 12 Months: The city and Forest Service have been working to secure funding to bring the trail up to USFS standards.

Current Activity: The city and Forest Service will continue to work to secure trail redesign and reconstruction funding.

22. Float Plane Terminal Access and Parking

Project Description: The State of Alaska has turned over ownership and operation of the float plane terminal property in Craig to the city. Reopening this facility has improved the appearance of the float plane terminal, has been a benefit to travelers, and has allowed local air carriers to operate more efficiently. Continued work on this project would include improvement of parking at the facility and continuing to analyze the feasibility of access along the Eighth Street corridor.

Activity over the Last 12 Months: Operations of the float plane facility are going well. Both tenants appear to be satisfied with the facilities and utility bills are under control. The city included environmental permitting for the access road and parking lot in the street improvement project. In addition to Promech and Pacific Airways the city recently approved an access permit to Taquaan Air to use the old mechanical room as a staging area for their local staff and freight.

Current Activity: At this time the access road and parking lot are low on the priority list, but as funds allow, they may get paved as part of ongoing street improvement projects.

23. Craig – Klawock Separated Bike Trail

Project Description: This project includes the construction of a separated trail along the Craig – Klawock Highway. The trail would start at the Craig High School and run parallel to the highway approximately seven miles into Klawock. The trail would be used by bicycles, runners and hikers.

Activity over the Past 12 Months: A group of community representatives began meeting in 2010 to move this project forward.

Current Activity: This project is still in the conceptual stages.

Regional Strategies

1. Solid Waste Facility/Recycling Program

Project Description: The local landfill transships solid waste to a landfill in eastern Oregon. Initially, the landfill, operated by the City of Klawock, and used primarily by the cities of Craig and Klawock, anticipated changing their disposal method from landfill to incineration. However, Klawock has moved away from incineration after hearing reports of unsatisfactory results in other southeast communities. There is some interest in the region in developing a SE Alaska solid waste site to serve the area's communities, almost all of whom now transship their municipal solid waste to points in Washington and Oregon. The effort to find a regional solid waste facility should continue through feasibility and site studies. In 2008 the CEDS committee added a recycling program component to this project to encourage regional recycling efforts in relation to solid waste disposal.

Activity over the Last 12 Months: Communities and Southeast Conference have continued to look at alternative methods of dealing with municipal wastes. During the 2009 Municipal Elections the residents of Craig recommended creation of a regional solid waste authority to deal with this problem. The city council adopted a resolution forming the Southeast Alaska Solid Waste Authority (SEASWA). Petersburg, Thorne Bay and Wrangell conducted similar public advisory votes and adopted similar resolutions. These four communities have appointed representatives and currently make up the membership of the authority.

Current Activity: SEASWA is currently doing mostly formative work and initial planning. Ultimately the authority will work to resolve regional solid waste disposal issues.

2. Island-Wide Economic Development Planning

Project Description: With a wide array of common economic and social issues facing all the communities on Prince of Wales Island, a coordinated, Island-wide effort to address these issues is merited. The obvious place to begin is with an update of the 1992 Prince of Wales Economic Development Strategy produced by C.L. Cheshire and funded by a grant from the U.S. Forest Service. Economic development planning is a critical part of long term, comprehensive development on Prince of Wales. Recent cuts to commercial halibut quota, changes to the charter industry, severely curtailed logging activities, higher costs of doing business on Prince of Wales and the overall downturn in the economy make good, solid,

comprehensive economic development planning critical for the island. Part of economic development planning on Prince of Wales should include some small business planning assistance or information clearinghouse.

Activity over the Last 12 Months: The City of Craig has deferred to the Prince of Wales Community Advisory Council as lead organization on this project. Over the last 12 months POWCAC invited various people to speak on economic development issues but has not yet begun to develop a comprehensive economic plan for the Island.

Current Activity: City staff will look at the feasibility of conducting an island wide economic summit in the next couple of years. Staff will also look for funding to have a new economic development plan written.

3. Alternative Energy Sources

Project Description: With the high and increasing cost of fuel there has been a major impact in gas, home heating, electricity, transportation and purchase of consumer goods. Biomass, wind, hydro and other alternative fuel and power sources are becoming more and more feasible and prudent given the high cost of fuel. The CEDS Committee would like to see some exploration of alternative energy and fuel sources. One of the focuses for alternative energy should be a wind power feasibility study of likely areas on the island.

Activity over the Last 12 Months: The City of Craig has continued to operate the wood fired boiler system in Craig. This boiler uses wood waste to heat the municipal pool, elementary school and middle school and has significantly reduced fossil fuel use for these facilities.

Current Activity: POWCAC and communities will continue to look at various alternative energy sources.

4. Island-Wide Electrical Intertie

Project Description: The Alaska Energy Authority, with the Denali Commission, is considering an on-island intertie between the existing electric grid serving (Craig, Klawock and Thorne Bay), and the communities on the north end of the island. Doing so will reduce kilowatt hour costs in the north end communities by about one half, resulting in significant cost savings for north end rate payers. Connecting the Island's electric grid to the east side communities of Coffman Cove and Whale Pass also provides two additional connection points for an eventual tie into a region-wide intertie in Southeast Alaska. This project also includes connection to the proposed Reynolds Creek Hydro site.

Activity over the Last 12 Months: AP&T has continued to extend lines on the island. Work also continues on finding funding and completing design and permitting for the proposed Reynolds Creek Hydro project near Hydaburg.

Current Activity: The City of Craig continues to work with Southeast Conference and other communities on the electrical intertie project. Recently AP&T has been working to complete permits and start adding poles and lines to connect Naukati and Coffman Cove to the Black Bear Hydro Grid.

5. Vocational Training Center

Project Description: Post-high school education is important to our area. The ability for local graduates, industry workers looking to enhance their skills and marketability and displaced workers in the timber and fishing industries to receive vocational training is important. This project is to encourage development of vocational training in the area for these target populations.

Activity over the Last 12 Months: Local school district superintendents worked very hard last year to secure significant funding from the state for development of a Career and Technical Education (CTE) Center.

Current Activity: The City of Craig has appointed a representative to the CTE working group which will begin planning and development for the project this year.

6. Borough Study (Pros and Cons)

Project Description: Prince of Wales Island is in Alaska's unorganized borough. Put another way, no borough-level government exists on the island. From time to time discussions surface as to the merits of forming an island borough. However, a lack of understanding of the consequences of borough formation results in action on the issue ending at the discussion level. A comprehensive analysis of the changes brought about by the formation of a Prince of Wales Island Borough is necessary to give island residents a complete look at what borough formation would mean, and whether or not it is in the island's best interest to organize in that manner.

Activity over the Last 12 Months: Communities on Prince of Wales Island have continued to discuss the pros and cons of borough formation through POWCAC and the Prince of Wales Chamber of Commerce..

Current Activity: Craig city staff continues to closely monitor borough issues in the legislature, governor's office and the Local Boundary Commission. The city will continue to weigh the benefits and drawbacks of conducting an independent study on the feasibility of borough formation.

7. Emergency Planning

Project Description: Preparedness for emergencies and response to them has critical economic impact. The local emergency planning committee has been charged with the responsibility of preparing draft emergency response plans for area communities. Adoption and implementation of plans are completely at the discretion of each individual community.

Activity over the Last 12 Months: The Southern Southeast Local Emergency Planning Committee (SSLEPC) has continued to meet and work on community emergency response plans.

Current Activity: The SSLEPC continues to work on draft emergency plans for communities to consider adopting. The committee is working with the regional Metropolitan Medical Response System to conduct an area wide drill at the Klawock Airport at the end of April.

8. Timber and Value Added Processing Input and Support

Project Description: With the overall decline of the timber industry it becomes more and more critical for municipalities to support a marketable level of timber harvest and development of added value industries.

Activity over the Last 12 Months: The City of Craig has been very active in timber related issues over the past year. There have been significant discussions on the Sealaska land exchange bill, initial briefings on the Alaska Mental Health Trust proposal to exchange land for timber land on Prince of Wales Island and on environmental litigation against current timber sales and other issues within the US Forest Service.

Current Activity: Craig city staff will continue to monitor timber sale availability relative to local demand and will seek ways to develop or enhance the value added timber industry in Craig. Staff will also work with the USFS to seek ways to diversify the use of local timber.

9. Peratrovich Airport Improvements

Project Description: The State of Alaska-owned airport near Klawock, formally called the Frank Peratrovich Airport, is a critical piece of island infrastructure. The facility's 5,000 foot long paved runway can accommodate many classes of passenger and freight aircraft. Regular air freight service from the airport to markets in the continental U.S. or on to the east via Anchorage can increase the price paid to local fishermen by selling their product on the fresh market, rather than selling to cold storage buyers for eventual sale in the frozen or processed markets.

In addition, scheduled air passenger service to and from the island would eliminate the expensive, unpredictable and all-too-often unpleasant travel required to board the jet in Ketchikan.

The airport runway is already long enough for jet cargo and passenger service. The State of Alaska last year contracted for the installation of a security fence along the airport perimeter. The presence of a perimeter fence and the installation of an instrument approach provide two important prerequisites for introduction of jet passenger service to the island. Other physical improvements, as well as promotion of the airport, are necessary to bring regular jet service to the island.

Activity over the Last 12 Months: The airport has continued to fill areas for expansion and is continuing planning for additional improvements based on the completed update to the Klawock Airport Master Plan.

Current Activity: Analysis, funding and improvements will continue this year. Potential improvements include resurfacing the runway and continuing to fill expansion areas.

10. Island-Wide Transportation System

Project Description: With the advent of daily ferry service by the Inter Island Ferry Authority (IFA) and with great growth potential at the Island's airport, an effort to organize and plan for passenger and freight transportation needs is needed. An integrated system will

allow for orderly growth and ideally encourage on-island businesses to meet anticipated needs. Additionally, the document will qualify the Island for mass transit and other grant programs geared toward moving people and freight between the various transportation modes.

Activity over the Last 12 Months: The State of Alaska has designated highways on Prince of Wales Island as Scenic Byways and a corridor management plan is being written and approved to manage projects and opportunities under this designation.

Current Activity: CCA will continue to develop a draft program and seek funding. IFA and other parties will continue to look at options for reestablishing a northern run, or alternative uses for the second ferry.

11. Paralytic Shellfish Poisoning Testing Laboratory

Project Description: Prince of Wales area waters contain commercial quantities of shellfish. In addition, a number of shellfish farms exist that culture product for commercial markets. Prior to their sale to retail markets, all of these species must be tested for paralytic shellfish poisoning (PSP). PSP occurs periodically and unpredictably in both wild and cultured shellfish stocks. The only PSP laboratory in Alaska is in Palmer. Shipping product to Palmer can take several days depending upon weather conditions. These several days delay the shipping of the harvested shellfish to market. Having a PSP laboratory in Southeast Alaska will reduce the time between when shellfish is harvested and when it can be tested for PSP. This will get the fresh product to market sooner, and ultimately fetch a higher price for shellfish producers.

Activity over the Last 12 Months: No activity has taken place on this item in the past twelve months. The community of Naukati continues to develop infrastructure for aquatic farming (primarily oysters and clams) but no PSP testing facility is available on Prince of Wales.

Current Activity: This project is still in the developmental stages.

12. Bicycle and Pedestrian Paths

Project Description: With the improved ferry service to the island, additional interest in a tourist industry that caters to the independent traveler, and the focus in recent years on improving Prince of Wales Island's road system, there is merit in including in road designs bicycle and pedestrian paths along the island's main roads. Such improvements are useful not only to seasonal tourists and to the annual POW marathon, but also to local residents. The paths would increase transportation alternatives and may help facilitate new businesses.

Activity over the Last 12 Months: No local activity has taken place on this project in the past twelve months.

Current Activity: Area residents continue to seek bicycle and pedestrian paths in and around Craig. The city will continue to work with the State of Alaska and the Federal Highway Administration to extend the existing bike path.

13. Island Wide Recreational Vehicle Facilities and Campgrounds

Project Description: With the island roads being upgraded, existing ferry availability to Hollis there should be an increase in self directed tourism on the island. In order to meet this increase in traffic the establishment of RV facilities and campgrounds on the island is necessary. The U.S. Forest Service has property at El Capitan and at Labouchere Bay, either one of which could be developed into prime campground sites. A north end campground facility would provide a destination for independent travelers on the island. The committee supports private and public development of such sites.

Activity over the Last 12 Months: None

Current Activity: This project is in the conceptual stages.

14. ATV Trails

Project Description: With a large number of resident all terrain vehicle users and with increasing visitors to the island there is some interest in developing ATV trails across the island.

Activity over the Last 12 Months: None. This project is new to the list in 2009.

Current Activity: None.

15. Shooting Range

Project Description: Development of a multi-user shooting range on Prince of Wales.

Activity over the Last 12 Months: None

Current Activity: This project was new to the CEDS list in 2007 and is in the conceptual stages.

16. West Coast Kayak and Skiff Route

Project Description: A west coast kayak and skiff route, from Prince of Wales Island to points north, would add another dimension to the seasonal tourism market. Campsites on national forest or private land placed along the route at intervals equal to a day's travel would allow boaters the opportunity to camp along the route while also staging in the west coast communities along the way. The simple infrastructure required by the program would add an attractive new opportunity for recreation in the area.

Activity over the Last 12 Months: The Forest Service has continued to include recreation facilities that will make this project possible.

Current Activity: None at this time.

17. Golf Course

Project Description: Development of a golf course on Prince of Wales.

Activity over the Last 12 Months: None

Current Activity: This project was new to the CEDS list in 2007 and is in the conceptual stages.

Economic Climate

Staff has looked at some economic factors to develop a quick, rough set of economic trends for the City of Craig over the last several years. We used five factors to look at the economic trends of the city. Those factors were: population, school enrollment, sales tax, building permits, and property assessment trends. Although these are not enough to provide detailed analysis, they are enough to get a quick idea of the trends.

Economic Factors Analyzed:

Factor 1: Population figures used by the State of Alaska and the US Census are as follows (2010 figure is US Census Data):

2002	1,227
2003	1,174
2004	1,127
2005	1,102
2006	1,105
2007	1,054
2008	1,117
2009	1,201
2010 (Census Data)	1,201

Factor 2: School Enrollment. Total enrollment of local students (excluding correspondence and cyber students) in the Craig City School District is as follows:

2002	391
2003	382
2004	367
2005	356
2006	369
2007	341
2008	332
2009	315
2010	313

Factor 3: The city assesses 5% sales tax for goods and services and 6% sales tax on liquor in the City of Craig. Annual sales tax revenues are as follows:

2002	\$1.272 million
2003	\$1.262 million
2004	\$1.290 million
2005	\$1.414 million
2006	\$1.449 million
2007	\$1.490 million
2008	\$1.614 million
2009	\$1.556 million
2010	\$1.381 million

Factor 4: Building Permits issued over the past several years are as follows:

Year	New Homes	Commercial Permits	All Others	Total
2003	1	5	29	35
2004	8	7	30	45
2005	1	6	26	33
2006	4	10	34	48
2007	4	6	31	41
2008	3	7	32	42
2009	1	7	40	48
2010	1	6	22	29

Factor 5: Property Assessment Trends. Trend adjustments assigned by the city assessors are generally broken into five categories which include; trailers, residential land, residential improvements, commercial land and commercial improvements. Trend adjustments are shown as an increase/decrease from the previous year's value. Assessments have shown general trend adjustments as follows:

Year	Res. Land	Res. Imp.	Comm. Land	Comm. Imp.	Trailers
2004	0%	0%	0%	0%	-25%
2005	0%	0%	0%	0%	0%
2006	0%	0%	0%	0%	0%
2007	+10%	+10%	0%	0%	0%
2008	0%	0%	0%	0%	0%
2009	+10%	+10%	0%	0%	0%
2010	0%	0%	+10%	+10%	-10%

Attachment A

Craig City School District

Capital Projects List – FY2012-2017

CRAIG CITY SCHOOL DISTRICT SIX YEAR CAPITAL IMPROVEMENT PLAN

DISTRICT PRIORITY

1. Alternative Wood Heat Project
2. Elementary School Floor Replacement
3. Elementary and Middle School HVAC control replacement
4. Middle School and Middle School Gym Siding Replacement and Paint
5. Elementary and Middle School Exterior and Interior Doors
6. Elementary, Cafeteria and Middle School Windows
7. Middle School Gym Overhaul: Locker Rooms, Floor, Lighting, Wiring, Bleachers and Wall Covering
8. Security System Upgrade: Phones and Cameras
9. Middle School Commons Area
10. Elementary and Middle School Fire Alarm, Detection and Suppression Improvements
11. Elementary and Middle School Lighting
12. Elementary and Middle School Carpet Replacement
13. School Kitchen Replacement, Including Freezers and Coolers
14. High School Gym Floor Refinish
15. High School Shop Expansion
16. High School Wood Heat Pump System
17. Replace Modular Classrooms w/Middle School Gym Overhaul