

City of Craig

Craig Community Economic Development Strategy (CEDS)

Annual Report

April 2009



Craig Overall Economic Development Committee City of Craig

The 2009 Overall Economic Development Plan Committee Members and Staff met on April 8th and 9th, 2009 in the Craig City Council Chambers. During the two days of meetings the committee reviewed the projects currently on the list, proposed changes, and re-prioritized the list.

2009 Committee Members and Staff:

Mark Beardsley, Business Owner

Jon Bolling, Craig City Administrator

Paul Coffey, Craig Volunteer Fire Department/Natural Resource Conservation Service

Greg Killinger, District Ranger – USDA Forest Service

Tom Kirkman, Shaan-Seet Inc.

Jay Landgren, Craig Cable TV

Roberta Landgren, Interisland Ferry Authority

Gary Lawton, US Forest Service

Joyce Mason, Craig Treasurer

Woo McLean, Craig Library

Victoria Merritt, Craig Parks and Recreation Director

John Moots, Craig Planning Commission/Alaska Power and Telephone

Brian Templin, Craig City Planner

Sharilyn Zellhuber, Craig Planning Commission/Business Owner

The Craig City Council adopted the 2009 CEDS Annual Report on April 16, 2009. This report contains an update of the projects identified in the 2009 Annual Report.

Table of Contents

Local Strategies

Street Improvements	4
Utility Improvements	4
Harbor Improvements	5
Craig Public Safety Building	5
Heavy Equipment Replacement	6
Fish Enhancement/Community Drinking Water – Water Source Imp.	6
Fish Processing Capacity	7
Recycling and Solid Waste Management (Cleaner and Greener Community)	7
Borough Discussion	8
Indoor/Outdoor Recreational Facilities	8
Library Expansion	8
Development of Cannery Site Uplands	9
Alternate Energy Programs	9
Port St. Nicholas Road Upgrade	10
Expand Health Services	10
Prince of Wales Emergency Resources (POWER) Facility	11
Float Plane Terminal Access and Parking	11
Craig – Klawock Separated Bike Trail	11
Community College/Community Center/Vocational Training	12
Residential Land Availability	12
Community Quota Entity	12

Regional Strategies

Solid Waste Facility/Recycling Program	13
Borough Study (Pros and Cons)	13
Island Wide Economic Development Planning	14
Alternative Energy Resources	14
Timber and Value Added Processing Input and Support	14
Peratrovich Airport Improvements	15
Bicycle and Pedestrian Paths	15
Emergency Planning	15
Island Wide Electrical Intertie	16
Island Wide Recreational Vehicle Facilities and Campgrounds	16
Paralytic Shellfish Poisoning Testing Laboratory	16
ATV Trails	17
Vocational Training Center	17
Island Wide Transportation System	17
Shooting Range	18
Golf Course	18
West Coast Kayak and Skiff Route	18

Economic Indicators

Population	19
School Enrollment	19
Sales Tax Collected	20
Building Permits Issued	20
Property Tax Assessment Trends	20
Taxable Property/Property Tax Levied	20

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. There is also a brief description of current activities being taken on each item.

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: The city has worked on coordinating utility improvements with the street improvements in order to ensure that all projects are done at the appropriate time. All permits are in hand and design work has started. Working with the tribe there is approximately \$3.6 million available for the project. The final priority list was adopted by the City Council in 2008. A very rough estimate of the cost of improvements shows that a majority of the roads in Craig can be paved with the available funding.

Current Activity: The city will work with the tribe and the engineers to complete design and hopes to start reconstruction and paving this summer. The city will also continue to look for additional funding to ensure that all streets and parking lots within the project scope are upgraded.

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 has caused the shutdown and rerouting of water distribution along the highway in East Craig.

Activity over the Last 12 Months: The city has continued to work on making the repairs identified. The broken water main along the Craig-Klawock Highway was repaired and is now operational. Public works has been working on water line loops and line replacement projects. Because of escalating costs and additional projects that were identified the city has continued to look for additional funding for projects.

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

engineering and construction work to accomplish identified utility projects.

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, light industrial, commercial, public and harbor space.

Activity over the Last 12 Months: The US Army Corps of Engineers recently announced that they had their half of the funding to conduct the environmental review, economic feasibility study and preliminary design of the new harbor at the Ward Cove Cannery Site. The city will work with State DOT&PF/Ports and Harbors and other funding sources to secure the other half of the funds 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) is in the process of looking for a fire truck to replace a 28 year old apparatus. New safety requirements for vehicles and equipment demands necessary for fire suppression in Craig are only found on apparatus in at least the 32-36 foot range. The Craig Fire Hall can only accommodate a 30 foot vehicle. The 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 would 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: A scoping group consisting of the Craig Police Chief, Volunteer Fire Chief, EMS Captain, Treasurer, Planner and Administrator has begun meeting to discuss conceptual requirements, locations and designs of a new facility.

Current Activity: The scoping group will continue to work on a concept plan for the new facility.

5. 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.

Activity over the Last 12 Months: The city has been working hard to maintain existing equipment. Recently the small backhoe broke down and repairs were not feasible. The city has been working with the cold storage construction project to share a leased piece of equipment. The city is hoping to find funds to purchase the used backhoe when the cold storage project is complete.

Current Activity: The city has identified at least two pieces equipment (backhoe/front end loader and bulldozer) that are 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.

6. 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.

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. Early fish will be expected to come back to Craig in 2009 and by 2011 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.

7. Fish Processing Capacity

Project Description: Reestablishing fish processing capability in Craig is 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 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: As mentioned earlier, Astoria Seafoods did not process any fish in 2008 and is not expected to tie up and process in 2009. The city is working with another processor who is interested in using the dock in 2009 to move fish across. This processor will not process the fish here in Craig. To date there has not been a formal application for lease. Astoria Seafoods has notified the city that they intend to pay all penalties and lease fees for 2009, even though they will probably not use the dock, in order to maintain good standing with the city and leave the option open for leasing the dock in future years.

The city has completed negotiations of the terms of the lease of the new facility and worked with Silver Bay during the final design. The city also started construction of the project by force account (where the city employs the construction crew and acts as the prime contractor). The city has completed all the sitework and a large portion of the building construction.

Current Activity: The city will continue to work on completion of the building, the float and the discharge outfall. Silver Bay is working to install all equipment necessary to start processing. Silver Bay still intends to process seine fish during the upcoming 2009 season.

8. 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. The project was added new in 2008.

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 solid waste in the current waste stream to reduce solid waste costs.

9. 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 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: Communities on Prince of Wales Island have watched as the Ketchikan Gateway Borough annexation was approved by the Local Boundary Commission and was allowed to take effect by the state legislature. Craig and other communities have been working together to seek legal relief regarding the issue. In addition to the Ketchikan Gateway Borough Annexation the region also saw Wrangell approve a new borough and is seeing efforts by others to form boroughs.

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.

10. Indoor/Outdoor Recreation Facilities

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, Sunnahae Trail upgrades, community garden and others.

Activity over the Last 12 Months: None.

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.

11. 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 has analyzed survey data collected during 2007 and is continuing to look at renovation alternatives.

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

12. 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. In 2008 the city has moved forward with the sale of 7,500 square feet of the property to First Bank for expansion of their services. There was some petroleum contaminated soil found in the parcel being sold to First Bank so the sale has not closed yet. The soil has been removed and is being remediated. First Bank and the city are waiting for the final environmental reports from the lab to close the sale. The city also entered into the second year of the three year lease with Astoria Seafoods. Due to internal problems with Astoria they did not process any fish in 2008 and it does not look like the barge will be at the property in 2009. The city is working with the lessee to bring all lease payments and penalties up to date. The city also started the planning and concept design process for a new park at the west end of the property.

Current Activity: The city is continuing to work with the USFS to complete the sale of the Sunnahae property to retire some of the debt on the property. This sale should be complete in the fall of 2009. The city is also working with the congressional delegation on a recent appropriation in the HUD budget for \$332,500. This is partial reinstatement of a \$750,000 appropriation for additional debt repayment funding through HUD that was deleted from the appropriation process in 2006/2007. The city will work to complete the sale of the land to First Bank during the current year. The city will also continue to gather input and move forward with the park/seaman's memorial at the west end of the property.

13. Alternate Energy Programs

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: The city has completed construction of the facility and started full time operations in October 2008. There have been a number of minor bugs and the system is being tweaked to manage them. The facility has been burning chips from Viking. There has been some interest in connecting the tribal hall to the system and using some of the current capacity to generate electricity.

Current Activity: The city will continue to make adjustments to the system to get it operating

at full potential. The city will also continue to look at adding facilities or developing other uses for excess capacity.

14. 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. Design, engineering and environmental work has been completed. A maintenance agreement with the City of Craig is now complete. 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.

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. Construction will continue until the project is completed.

15. Expand Health Services

Project Description: With a long-term view to meeting their physical space, service delivery and operational needs, the City of Craig Clinic, Communities Organized for Health Options (COHO), and the Alaska Public Health Nurse program are working on the construction of a shared facility from which to provide their core primary health care services to residents of Prince of Wales Island. The convergence of these needs provides a unique opportunity for the three groups to collaborate on a project that can meet their physical needs and improve the delivery of services to the patients and clients on the Island. The city will construct a new \$6.5 million, 12,500 square foot facility to provide shared space for the health care providers above. Community Connections was also involved in the project, however additions to their services resulted in a need for more space than is available in the proposed facility. The city and Community Connections are looking at the potential of leasing the current Craig Clinic space to community connections after the new facility is completed and the Craig Clinic and the Public Health Nurse move into it.

Activity over the Last 12 Months: The city completed design and engineering of the site in 2007/2008 and has continued to work with potential tenants for the facility. A final arrangement was made with PeaceHealth to take over operations of the Craig Clinic and lease space from the city in the new facility. COHO recently ceased operations and will not move into the new clinic as an entity, but there is still space reserved for mental health and substance abuse treatment. The city will continue to work with potential providers for these services. A construction contract was let out in early 2009 for construction. The construction bids came in substantially under the engineer's estimate. The city approved award of the construction contract to McGraw Custom Construction for \$3.7 million. This bid was nearly \$3 million under the estimate. Alaska Native Tribal Health Consortium (ANTHC) is managing the construction contract for the city. The city has asked ANTHC to go back to the engineer/architect and consider adding an elevator and paved

parking/approach back into the scope of the project. These items were deleted from the original designs because the engineer's estimate was higher than available funding.

Current Activity: City staff and the participating providers will continue to work to arrange a smooth transition from existing spaces to the new clinic when it is completed. Sitework has begun and construction of the facility will begin this year. The facility will be completed in late 2009 or early 2010 and providers are expected to move in in 2010.

16. 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.

17. 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.

Current Activity: At this time the access road and parking lot appear to be low on the priority list, but if funds allow, they may get paved as part of the current improvement project.

18. 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: No direct action has been taken on this project in the past twelve months. There have been several agencies including Western Federal Highways who have looked at the possibility of a separated trail in this area. The project was added by the Craig City Council in 2008.

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

19. 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: The university has greatly expanded its offerings at the Craig Community Association building and has placed a part time adviser there.

Current Activity: None.

20. 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. Shaan-Seet has begun a preliminary look at development of Cemetery Island.

Current Activity: The city will continue to work on the Salmonberry Subdivision and will work with Shaan-Seet if they decide to proceed with the Cemetery Island development project.

21. 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 moves toward an IFQ system the CQE will also work under any new rules to analyze incorporation of charter fishermen into the system.

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

Current Activity: Staff will continue to look for funding sources.

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. No formal program has developed.

Current Activity: Communities will continue to look at options as the price of transshipment continues to rise.

2. 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 watched as the Ketchikan Gateway Borough annexation was approved by the Local Boundary Commission and was allowed to take effect by the state legislature. Craig and other communities have been working together to seek legal relief regarding the issue. In addition to the Ketchikan Gateway Borough Annexation the region also saw Wrangell approve a new borough and is seeing efforts by others to form boroughs.

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. POWCAC intends to do a borough presentation at an upcoming POWCAC meeting.

3. 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.

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.

4. 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.

Activity over the Last 12 Months: The City of Craig has completed construction of the wood fired boiler system in Craig. This boiler uses wood waste to heat the municipal pool, elementary school and middle school.

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

5. 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: None.

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.

6. 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.

7. 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 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.

8. 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. In 2007 the city and the SSLEPC conducted exercises, hosted training and continued to assist communities with emergency planning. The City of Craig completed shelter operations planning and conducted an exercise with the Craig School District.

Current Activity: The SSLEPC continues to work on draft emergency plans for communities to consider adopting. The committee will also help to arrange training in emergency management issues and will help to plan community and area wide exercises to test response capabilities. The City of Craig plans on rewriting its emergency operations plan.

9. 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.

Current Activity: The City of Craig continues to work with Southeast Conference and other communities on the electrical intertie project. Recently AP&T has received grant funding to connect Naukati and Coffman Cove to the Black Bear Hydro Grid.

10. 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.

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.

Current Activity: This project is still in the developmental stages. In addition to the Kasaan project there is some discussion about including testing facilities in the proposed aquarium center in Ketchikan.

12. 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.

13. 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: Island school districts, with the Klawock City School District taking the lead, have been working to bring select vocational training programs to the island.

Current Activity: The island school districts will continue to take the lead in developing vocational training opportunities with a long term view of creating a vocational training center.

14. 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 Craig Community Association (CCA) has tasked its transportation planner with developing a transit system for portions of Prince of Wales Island. CCA has continued to work funding issues with state and federal representatives. The IFA has suspended the north end ferry run due to lack of customers.

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

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. 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.

17. 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.

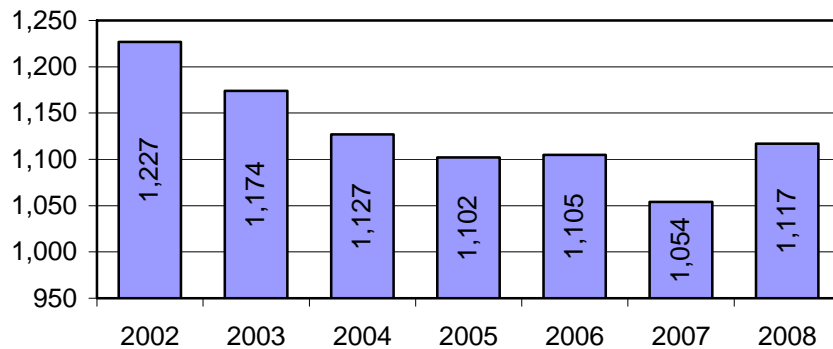
Economic Climate

Staff has looked at some economic factors to develop a quick, rough set of economic trends for the City of Craig over the last five years. We used six factors to look at the economic trends of the city. Those factors were: population, school enrollment, sales tax, building permits, property assessment trends and taxable property/property tax levied. 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 for the last seven years are as follows:

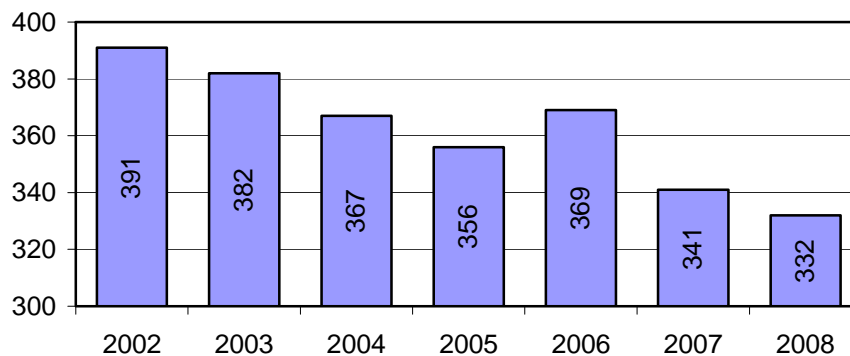
Population



After a series of years with significant population losses 2006, 2007 and 2008 estimates show the beginning of stability and a gradual increase in the city's population.

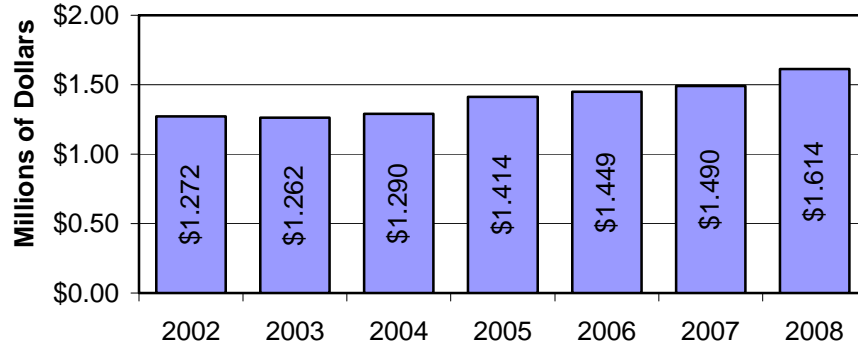
Factor 2: School Enrollment. Total enrollment of local students (excluding correspondence and cyber students) in the Craig City School District is as follows:

School Enrollment



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:

Sales Tax Collected



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

Year	New Homes	Commercial Permits	All Others	Total
2002	2	5	29	36
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

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
2003	0%	0%	0%	-10%	-25%
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%

Factor 6: Taxable Property/Property Tax Levied. The total value of all property (less exempted property) in the city limits of Craig and the amount of property tax levied based on that total value are shown for 2002 – 2006. Changes in amounts are due to

improvements, construction/reconstruction, boards of adjustment, and value trends (shown above). The levied property tax is 6 mills (0.6%) of the taxable value.

Year	Total Taxable Assessed Value	Total Levied Property Tax
2004	\$71,249,200	\$427,495
2005	\$71,564,400	\$429,386
2006	\$72,170,300	\$433,022
2007	\$72,705,900	\$436,235
2008	\$74,822,400	\$446,894