

Craig Downtown Harbor Project Project Information Sheet #1



The City of Craig is working toward developing a public harbor downtown on tidelands fronting the cannery property. This project information sheet is the first in a series of information sheets about the project. This sheet focuses on the need for a new harbor, and the breakwater phase of the project.

What is the downtown harbor project?

The project consists of construction of a harbor fronting the old cannery property downtown. The project will be developed in two phases: construction of rock breakwaters, followed later by construction of the mooring/float system.

Why does Craig need another harbor?

There are several reasons to add moorage capacity in Craig.

- *Moorage Waiting List.* The waiting list for moorage in Craig is lengthy; current wait time for moorage for some of the 90 vessels on the wait list sizes is 3-5 years.
- *Capture Economic Opportunity.* Each year the city is not able to accommodate demand for vessel moorage results in many tens of thousands of dollars in forgone revenue to the community in vessel support expenditures, fuel sales, fishing effort, moorage fees, and other related economic activity.
- *Anticipation of New Maritime Activities.* A new harbor provides infrastructure for new and planned maritime activities, including:
 - Chum salmon fishery at Port Asumcion, where a new annual release of 18 million-plus chum salmon will create a new local fishing opportunity.
 - 200,000-plus release of king salmon each year at Port St. Nicholas benefitting commercial and non-commercial fisheries.
 - New kelp mariculture facilities now in operation, and others in development, in close proximity to Craig.
 - Existing and planned oyster farm sites in the Craig area.
 - Support for existing commercial seafood buyers and processors in Craig.

Why build the project downtown?

The city purchased the cannery property in 2006 for the purpose of redeveloping the site. The tidelands at the site are large enough to host a sizable float system, and the uplands can meet demands for parking and access needed for the harbor. The site is the best location available where the city owns both uplands and adjacent tidelands at a single location that is also suitable to operate a harbor. The city will also look to other uses of the uplands beyond what is needed to support the proposed harbor.

What effort has been made on the project so far?

The city has worked closely with the US Army Corps of Engineers toward development of breakwaters at the property, through a specific Army Corps harbor program. The Army Corps will submit initial design documents to the city for review in the next few months for review and comment. The design process is set to conclude by March 2021.

What else is being done?

The city applied for and has received preliminary approval for the conveyance of approximately 20 acres of state-owned tideland to city ownership. The parcel is adjacent to tideland already owned by the city and is needed to accommodate the footprint of the breakwater.

What is the next step in the project?

Once breakwater design is complete, the Army Corps will be prepared to move to construction. The estimated cost of the breakwaters is \$22 million. The Army Corps will provide 80 percent of the project cost. The remaining 20 percent, totaling \$4.4 million, is the city's matching share. The city may be able to lower its cash match requirement using the value of the property within the harbor as an in-kind match.

How will the city finance its match?

The city council proposes to finance its share through a loan using its ability to issue what is called municipal general obligation debt. This type of loan allows the city to achieve an interest rate less than non-general obligation loans. Current interest rates are low, ranging between 2% and 3%.

Can the city repay the loan without raising taxes?

Money needed to repay the loan is already on hand. The city plans to repay the loan using earnings from the Craig Endowment Fund. Cash in the Fund earns about twice the rate of interest as the city would pay on general obligation debt. At current market value (approximately \$13.5 million), the Fund generates about \$530,000 in revenue annually, of which about \$400,000 is available for use to repay a breakwater loan. The annual payment on a \$4.4 million breakwater loan is estimated at \$295,000.

How long will the Army Corps have its share of the construction funding available?

The Corps expects to have construction funding available in 2021. If the city cannot meet its match, or if the construction funding is not committed to the project soon after design work is done, the city risks losing the construction funding.

What details are available about the mooring/float system?

Project Information Sheet #2 will include information about moorage in the basin.



Questions?

For more information about the downtown harbor project, contact the city at 826-3275, or info@craigak.com.