

CITY OF CRAIG
COUNCIL MEETING
THURSDAY OCTOBER 13, 2020

ROLL CALL

Mayor Tim O'Connor called the meeting to order at 7:00 p.m. Present were Jim See, Julie McDonald, Chanel McKinley, Hannah Bazinet and Michael Kampnich. Dave Creighton was absent excused.

Staff present: Jon Bolling, City Administrator; Brian Templin, City Planner and Tracey Jensen, City Clerk.

Audience present: Victoria Merritt, Millie Schoonover and Ashley Knock, Head Municipal Election Judge.

CANVASS ELECTION

Chief Election Judge was introduced by Planner. Planner explained canvassing and tally procedures. The Administrator and Clerk opened the Absentee Ballots. Clerk read votes aloud and the Election Judge, Administrator, and Council Members: Michael Kampnich and Chanel McKinley tallied votes. Planner read the vote totals and calculated that write-in candidate Millie Schoonover met the 40% threshold required, and subsequently announced the 2020 Municipal Election results.

BAZINET/MCDONALD

Moved to certify election results MOTION CARRIED UNANIMOUSLY.

CONSENT AGENDA

MCDONALD/BAZINET

Moved to accept consent agenda. MOTION CARRIED UNANIMOUSLY.

Council Woman McKinley Recused herself from voting on the Consent Agenda because of a declared conflict of interest in the Craig Inn liquor license transfer

HEARING FROM THE PUBLIC

No public comment was presented.

READING OF CORRESPONDENCE

1. Crystal Lake Hatchery funding letter.
2. Alaska Bush Caucus halibut management notice.

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

No resolutions or ordinances were presented.

UNFINISHED BUSINESS

1. CARES Electric Utility Assistance

BAZINET/MCDONALD

Moved to direct staff to provide electric utility assistance as outlined in the October 9, 2020, memorandum. MOTION CARRIED UNANIMOUSLY.

2. CARES Rental and Mortgage Assistance

MCDONALD/MCKINLEY

Moved to appropriate \$100,000 in CARES Act funding for rental/mortgage assistance to Craig households based on eligibility and application criteria presented by staff and approved by the council. MOTION CARRIED UNANIMOUSLY.

3. Craig Fisheries Disaster Declaration a resolution declaring a Fisheries Disaster.

Council directed the Administrator to prepare

NEW BUSINESS

1. Consider Air Medevac Sponsorship

Council directed the staff to find out more information for the three options outlined in October 1, 2020 Memorandum.

2. Consider Air Seaplane Sponsorship

SEE/BAZINET

Moved to authorize staff to prepare documents for the city to assume FAA sponsorship of the Craig seaplane base. MOTION CARRIED UNANIMOUSLY.

3. Consider Mammogram Assistance

MCDONALD/MCKINLEY

Moved to approve the use of \$20,000 in CARES Act funding to provide travel assistance to PeaceHealth for Craig residents travelling to receive mammograms. MOTION CARRIED UNANIMOUSLY.

4. Consider Craig Police Department Water Heater Replacement

SEE/MCDONALD

Moved to appropriated \$2,200 to replace the water heater at the Craig Police Department. MOTION CARRIED UNANIMOUSLY.

5. Consider Appointment of Tracey Jensen as City Clerk

MCDONALD/KAMPNICH

Moved to confirm appointment of Tracey Jensen as City Clerk. MOTION CARRIED UNANIMOUSLY.

Review Covid-19 City Gym Policies

Councilwoman McDonald asked about City Gym use policies. She stated that she does not see the need for both masks and social distancing at the City Gym based on the guidance issued by the State of Alaska. She felt that the gym is doing a great job with participant safety but, studies are showing the masks while exercising could be detrimental to the kid's oxygen levels, and therefore causing fatigue. The Planner reported that he had already recommended changing the policy to allow for masks, or social distancing. The Planner stated that he is following state public health data, and recommends going to masks if strict social distancing cannot be maintained but, is ready to revise the policy back to both masks, and social distancing if there is an increase in COVID-19 cases. Council did not take further action.

COUNCIL COMMENTS

No additional comments.

ADJOURNMENT

KAMPNICH/BAZINET

moved to adjourn at 8:27 p.m.
MOTIONCARRIED
UNANIMOUSLY

APPROVED on the _____ day of _____, 2020.

MAYOR TIMOTHY O'CONNOR

ATTEST _____
CITY CLERK

CITY OF CRAIG MEMORANDUM

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: October 14, 2020
RE: Application to Sell City Property to Alaska Power and Telephone, Lot 6, JT
Brown Subdivision – Ordinance 730 First Reading

Alaska Power and Telephone has been leasing Lot 6 for several years for use as a power generation site. They are not proposing any changes to the current use as part of the sale application.

We do not have a recent appraisal on the property and a new appraisal would have to be completed as part of the sale process if the council approves the ordinance.

The sale notice was published in the Island Post with the public hearing scheduled at the regular city council meeting on November 5th. The required 30-day public notice period and postings in the newspaper will be completed by the public hearing date.

If approved and finalized, funds from this sale will be placed in the city's land development fund.

Recommendation: Approve the first reading of Ordinance 730, authorizing the city administrator to negotiate the sale of city owned property to Alaska Power and Telephone.

**CITY OF CRAIG
ORDINANCE No. 730**

AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE WITH ALASKA
POWER AND TELEPHONE, THE TERMS OF A SALE OF CITY OWNED LANDS
CONSISTING OF LOT 6, JT BROWN SUBDIVISION

Section 1. Classification. This is a non-code ordinance.

Section 2. Severability. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected thereby.

Section 3. Effective Date. This ordinance shall be effective immediately upon adoption.

Section 4. Action. This ordinance authorizes the City Administrator to negotiate the sale of approximately 23,175 square feet of city owned land consisting of Lot 6, JT Brown Subdivision as shown on Plat 2002-11, Ketchikan Recording District. Final terms of said sale are subject to the approval of the Craig city council.

Passed and approved this _____day of November, 2020.

Mayor Tim O'Connor

Attest _____
Tracey Jensen, City Clerk



SOUTHEAST ALASKA By the Numbers 2020



VISITORS
PAGE 6

SEAFOOD
PAGE 7

TIMBER, MINING
PAGE 8

CONSTRUCTION, HEALTH
PAGE 9

GOVERNMENT
PAGE 10

DEMOGRAPHICS
PAGE 12

BUSINESS SURVEY
PAGE 14

SWOT ANALYSIS
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CHANGES 2018 TO 2019

SOUTHEAST ALASKA'S ECONOMY



REGIONAL POPULATION
DECREASED BY **284**
PEOPLE TO **72,373**



LABOR FORCE INCREASED
BY **455 JOBS** TO **46,097**
JOBS.
TOTAL WAGES GREW BY
\$63 MILLION OR **3%**



CRUISE PASSENGERS
INCREASED BY **14%** TO
1.33 MILLION



TOTAL GOVERNMENT
PAYROLL INCREASED BY
\$4 MILLION OR **0.5%**



K-12 ENROLLMENT
INCREASED FOR THE 3RD
TIME IN 23 YEARS, BY 10
STUDENTS



TIMBER JOBS
IN THE REGION INCREASED
BY **10%**, A GAIN OF 35
JOBS

2019 The Southeast Alaska summer of 2019 was filled with record-high temperatures and a historic number of visitors coming to Southeast Alaska.

In many ways 2019 should have marked the region's return to a more prosperous and growing economy. Total jobs were up, along with overall wages. Tourism, seafood, mining, and health care jobs were all up, and timber jobs were up by 10%. Nearly every community in the region posted job gains. The number of school children in the region increased for just the 3rd time in 23 years. The number of cruise ship passengers that visited the region in 2019 increased by 14% over the year before as 1.33 million passengers sailed up the inside passage to spend their summer dollars across the region's larger port communities.

State government continued to shed jobs in 2019, but the region had become more diversified. While the State remains the largest wage provider in the region, the continued loss of government jobs was being offset by increases in other sectors, allowing the overall regional economy to return to a positive trajectory.

By March of 2020, the region was still on track to harness the gains of 2019 and continue to grow. The region had added 200 jobs in the first three months of the year and was gearing up for 1.5 million cruise visitors in 2021.

2020 On March 13th, schools across Alaska were closed until further notice, a clear signal that the COVID-19 epidemic had arrived in Southeast. The virus would soon take the regional economy down with it. While many hoped that the tourism season could continue in a modified format, Canada's prohibition of cruise ships effectively ended the regional tourism season before it began.

From April through July the region lost nearly 7,000 jobs across every sector, but tourism was particularly devastated. The region has lost 17% of its jobs due to the pandemic so far, and is the most economically impacted area in Alaska. Regional unemployment rocketed to 11.3% in July, and in tourism-dependent Skagway it was 19.1%.

On top of COVID-19, Southeast Alaska is currently experiencing one of its worst fishing seasons on record. Dismal harvest levels are compounded by reduced prices, as the pandemic has limited global seafood demand. There is tremendous uncertainty moving forward. But there is an eventual light at the end of the tunnel. The resources of Southeast Alaska remain strong. It still has beautiful vistas and recreational opportunities, healthy timber stands, a productive ocean, valuable minerals, and its most important resource — the resiliency of Southeast Alaskans themselves.

A Message from Southeast Conference

Executive Director Robert Venables



Resiliency in Southeast. This is not a one-time theme or "event". This will be our undertaking during what is likely to be a "2-year winter economy". This pandemic-induced economic coma and its aftermath could last a long time.

First, a word of thanks to our public officials at every level for taking the steps deemed best to ensure the physical

health of every citizen. And to the best of their ability, they are providing resources to stabilize the business sector to get through the initial stages of this pandemic.

Southeast Conference is focused on a two-year resiliency effort that can assist communities and businesses develop and execute a successful economic recovery plan. The economic toll of the pandemic has been especially harsh on small and medium-sized businesses. They lack the capital to continue operations or restart their businesses after a prolonged shutdown. Our survey showed a high level of uncertainty under a fear of bankruptcy.

The Southeast Conference 2025 regional comprehensive economic development strategy will help guide efforts and investments in priority objectives that can help businesses revive and create jobs. Together we will identify potential resiliency, mitigation, and economic recovery action items that will lead to economic revitalization in Southeast Alaska.

Where can infrastructure investment stimulate the economy and prepare the region for a more resilient future? Can technology and automation be the tools of future economies? Join us as we work with local, state, tribal and federally led coronavirus recovery planning efforts and identify economic development projects and take full advantage of available funding opportunities.

Working together, we can speed the recovery process through strategic planning and foster private and non-profit partnership opportunities. Failure is not an option. Unfortunately, the region has vast experience in reinventing its economy after sudden shutdowns in our natural resource and extraction industries. And each time, we rose to the occasion and worked together toward the Southeast Conference mission of strong economies, healthy communities, and a quality environment in Southeast Alaska.

Incoming President Markos Scheer



Southeast Alaska is such a unique place. It is a place of unparalleled beauty, with thousands of miles of coastline, lakes, island, bay, nooks and crannies that few have explored, and all is bordered by snowcapped mountains, like parapets, protecting the 800 miles region that extends from the southern border south of Ketchikan to Yakutat. The ingenuity, toughness and resiliency of its people and communities is second to none.

Southeast Conference reflects those people and the environment in which these special Alaskans live, work and play. It is diverse, expansive, spans hundreds of miles and folks are busy with the diverse industries that make Southeast run, including our fishing, mining, mariculture, timber, tourism, and maritime industries. For more than 60 years Southeast Conference is one of the ways that all of Southeast, its people, towns, villages and business come together to work on how to make this remarkable area more prosperous. It is a great representation of how people, communities and businesses, even those that are separated by hundreds of miles, all work together for collective economic growth – a rising tide does indeed raise all ships.

In these challenging times, the value of the role of Southeast Conference can play, as a facilitator, connector and proponent for Southeast businesses, communities and people cannot be overstated. There are many challenges, including COVID-19 and its effects on all of us, the metamorphosis of the fishing, tourism, charter, timber and mining industries in Southeast Alaska and the ongoing work to bring a viable and reliable ferry system back online. Southeast Conference is uniquely positioned to help the region respond to these many challenges and create economic opportunities for everyone.

I moved to Southeast Alaska in 1982. I lived in Thorne Bay, Hollis, Klawock and then Ketchikan. I graduated from Ketchikan High School in 1986. I attended Sitka Fine Arts Camp. I worked for Silver Lining, then a startup Southeast Alaska based seafood company for 12 years. For the next 20 years, I practiced law in Alaska and the west coast, working with seafood and maritime companies that plied the waters from the Bering Sea to California. I became involved in Southeast Conference to lend what I could to the collective efforts. Now that I run a burgeoning mariculture business in Southeast Alaska, the true value of Southeast Conference – and the communities and people that support it -- is even more clear. I look forward to the honor and opportunity to serve as the President of Southeast Conference over the next year.

The mission of Southeast Conference is to **undertake and support activities that promote strong economies, healthy communities and a quality environment in Southeast Alaska**. As the state and federally-designated regional economic development organization, Southeast Conference serves as the collective voice for advancing the region's economy. We have 200 member organizations representing 1,200 people from 32 regional communities. We started 60 years ago with a group of people supporting the establishment of a regional transportation system, leading to the formation of the Alaska Marine Highway System. Our members stayed together through more than a half-century to focus on concerns unique to the region.

Image Credits: Front cover photo of Angoon by Heather Holt. Icons by Avery Veliz.



CHANGE IN THE LAST YEAR: 2018 to 2019

Table tracks key Southeast indicators over the past year, along with associated changes.

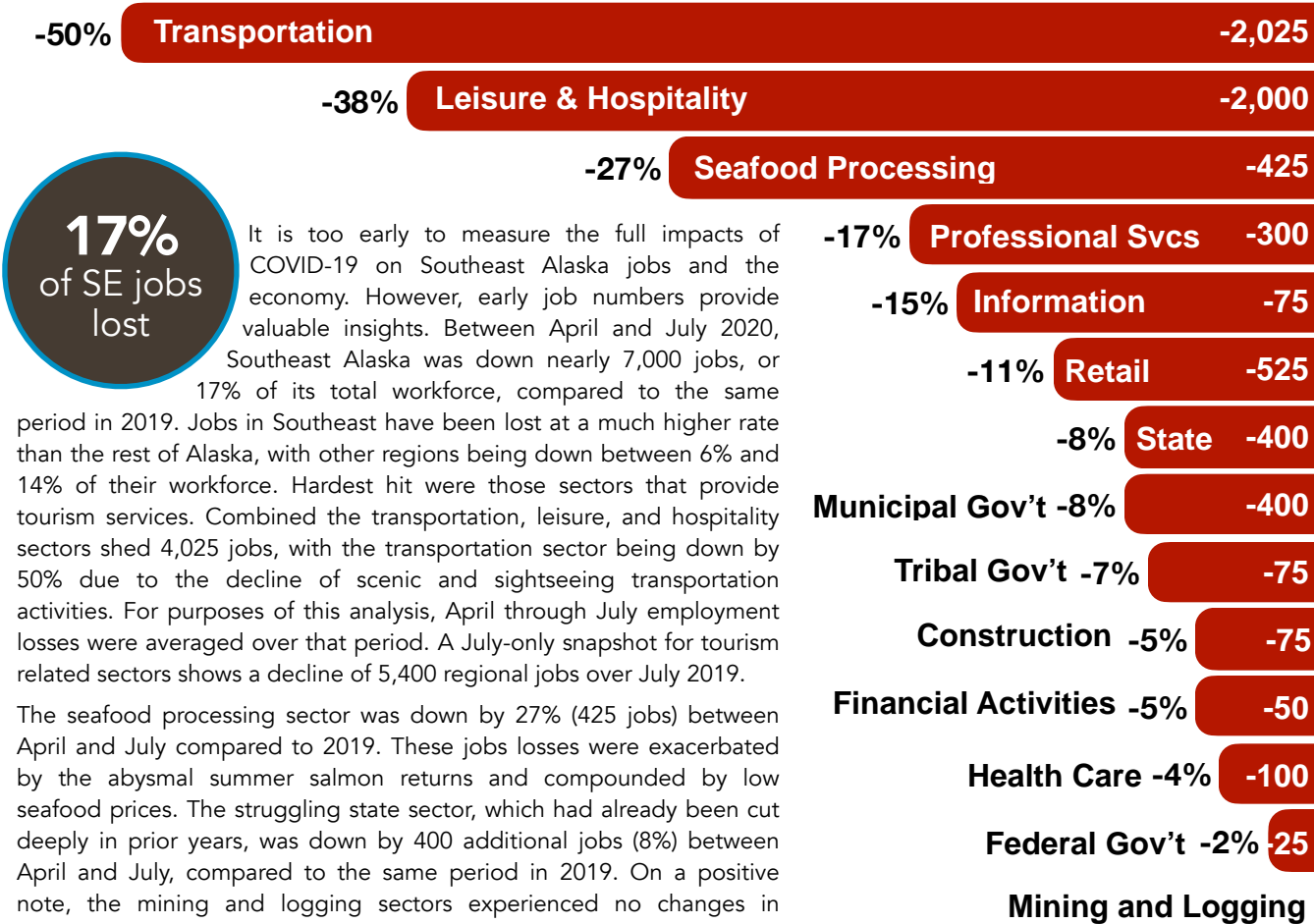
DEMOGRAPHICS	2018	2019	% CHANGE 2018-2019	CHANGE 2018-2019
Population ¹	72,657	72,373	-0.4%	-284
Ages 65 and older ²	11,055	11,544	4.4%	489
Under Age Five ²	4,137	3,956	-4.4%	-181
Twenty somethings ²	8,423	8,319	-1%	-104
K-12 School District Enrollment ³	11,334	11,344	0.1%	10
GENERAL ECONOMIC CONDITIONS				
Total Labor Force (jobs, includes self-employed & USCG) ^{1,5,6}	45,642	46,097	1%	455
Total Job Earnings ^{1, 5, 6}	\$2.28 billion	\$2.35 billion	3%	\$62.9 million
Total Private Sector Payroll ^{1, 6}	\$1.51 billion	\$1.56 billion	4%	\$59.1 million
Average Annual Wage ¹	\$50,023	\$50,873	2%	850
Annual Unemployment Rate ¹	5.9%	5.9%	0.0%	0.0%
TOP ECONOMIC SECTORS				
2018	2019	% CHANGE	CHANGE	
GOVERNMENT				
PUBLIC SECTOR: 33% OF ALL EMPLOYMENT EARNINGS				
Total Government Employment ^{1, 5}	13,148	12,994	-1%	-154
Federal Employment ^{1, 5} (8% of all employment earnings)	2,111	2,032	-4%	-79
State Employment ¹ (14% of all job earnings)	4,771	4,705	-1%	-66
City and Tribal Employment ¹ (14% of all job earnings)	6,266	6,257	-0.1%	-9
Total Government Payroll (includes USCG) ^{1, 5}	\$776.9 million	\$780.7 million	0.5%	\$3.77 million
Total State of Alaska Payroll	\$283.3 million	\$284 million	0.2%	\$702,032
VISITOR INDUSTRY				
KEY INDUSTRY: 11% OF ALL EMPLOYMENT EARNINGS				
Total Visitor Industry Employment ^{1, 6}	8,004	8,394	5%	390
Total Visitor Industry Wages/Earnings ^{1, 6}	\$249.3 million	\$271.6 million	9%	\$22.3 million
Total Southeast Alaska Passenger Arrivals	1,618,311	1,787,345	10%	169,034
Cruise Passengers ¹⁰	1,169,000	1,331,600	14%	162,600
Total Air Passenger Arrivals from Outside SE ¹¹	435,476	444,217	2%	8,741
Total AMHS Passengers from Outside SE ¹²	13,835	11,528	-17%	-2,307
COMMERCIAL FISHING & SEAFOOD INDUSTRY				
KEY INDUSTRY: 10% OF ALL EMPLOYMENT EARNINGS				
Total Seafood Employment (includes fishermen) ^{1, 6}	3,711	3,743	1%	32
Total Seafood Employment Earnings ^{1, 6}	\$237.4 million	\$238.0 million	0%	\$584,614
Value of Seafood Processed ⁷	439.7 million	422.0 million	-4%	-17.6 million
Pounds Landed (commercial seafood whole pounds by SE residents) ⁸	185.2 million	208.3 million	13%	23.2 million
Estimated Gross Earnings (ex-vessel value of pounds landed) ⁸	\$246.9 million	\$217.6 million	-12%	-\$29.3 million
HEALTH CARE INDUSTRY (PUBLIC & PRIVATE HEALTH)				
KEY INDUSTRY: 11% OF ALL EMPLOYMENT EARNINGS				
Health Care Employment ^{1, 6}	3,547	3,574	0.8%	27
Health Care Wages ^{1, 6}	\$216.8 million	\$227.4 million	5%	\$10.6 million
MARITIME ECONOMY (Includes employment from all industries)				
TOP SECTOR: 27% OF PRIVATE SECTOR EMPLOYMENT EARNINGS				
Private Maritime plus USCG Employment ^{1,5,6}	6,273	6,544	4%	271
Private Maritime plus USCG Wages ^{1,5,6}	\$396.8 million	\$408.9 million	3%	\$12.1 million
OTHER SELECTED STATISTICS				
2018	2019	% CHANGE	CHANGE	
Construction Employment ^{1, 6} (6% all employment earnings)	1,909	1,903	0%	-6
Mining Employment ¹ (4% of all employment earnings)	889	934	5%	45
Timber Employment ¹ (4% of all employment earnings)	337	372	10%	35
Price of Gold ⁷	\$1,269	\$1,392	10%	123
Total Southeast AMHS Ridership ¹²	179,312	135,388	-24%	-43,924
Cost of Living: Consumer Price Index ¹	225.5	228.7	1%	3
Housing Starts: Housing Permitted /Completed ^{4,1}	188	294	56%	106
Avg. Daily Volume ANS Oil Production (mbbls/day) ¹⁴	508,601	489,771	-4%	-18,830
Annual Avg. Domestic Crude WTI Oil Prices (in \$/Barrel) ¹⁴	\$71.71	\$65.49	-9%	-\$6.22

Sources: ¹Alaska Department of Labor (ADOL); ²ADOL Southeast Alaska Population by Age, 2018, 2019; ³Alaska Department of Education and Early Development; ⁴Based on the quarterly Alaska Housing Unit Survey, a survey of local governments and housing agencies; ⁵US Coast Guard; ⁶2018 US Census Nonemployer (self-employment) Statistics; ⁷Kitco Metals Inc.; ⁸ADF&G Southeast Alaska Commercial Seafood Industry Harvest and Ex-Vessel Value Information, 2018, 2019; ¹⁰Cruise Line Agencies of Alaska; ¹¹US Bureau of Transportation Statistics (RITA); ¹²Alaska Marine Highway System data; ¹⁴Alaska Department of Revenue Crude Oil and Natural Gas Prices.

2020 Southeast Jobs COVID Impacts

Change in Southeast Jobs: **April to July 2020 Compared to 2019 = -6,850**

COVID-19 Impacts 2020



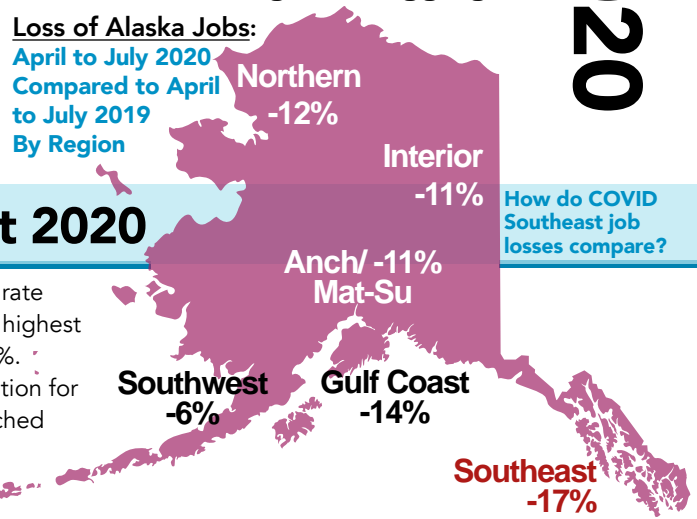
17%
of SE jobs
lost

It is too early to measure the full impacts of COVID-19 on Southeast Alaska jobs and the economy. However, early job numbers provide valuable insights. Between April and July 2020, Southeast Alaska was down nearly 7,000 jobs, or 17% of its total workforce, compared to the same period in 2019. Jobs in Southeast have been lost at a much higher rate than the rest of Alaska, with other regions being down between 6% and 14% of their workforce. Hardest hit were those sectors that provide tourism services. Combined the transportation, leisure, and hospitality sectors shed 4,025 jobs, with the transportation sector being down by 50% due to the decline of scenic and sightseeing transportation activities. For purposes of this analysis, April through July employment losses were averaged over that period. A July-only snapshot for tourism related sectors shows a decline of 5,400 regional jobs over July 2019.

The seafood processing sector was down by 27% (425 jobs) between April and July compared to 2019. These jobs losses were exacerbated by the abysmal summer salmon returns and compounded by low seafood prices. The struggling state sector, which had already been cut deeply in prior years, was down by 400 additional jobs (8%) between April and July, compared to the same period in 2019. On a positive note, the mining and logging sectors experienced no changes in workforce levels during COVID-19 so far.

Note that self-employment data for this period is not available and has not been included in this analysis. Approximately one-fifth of Southeast jobs are independent workers, including sole-proprietors and commercial fishermen.

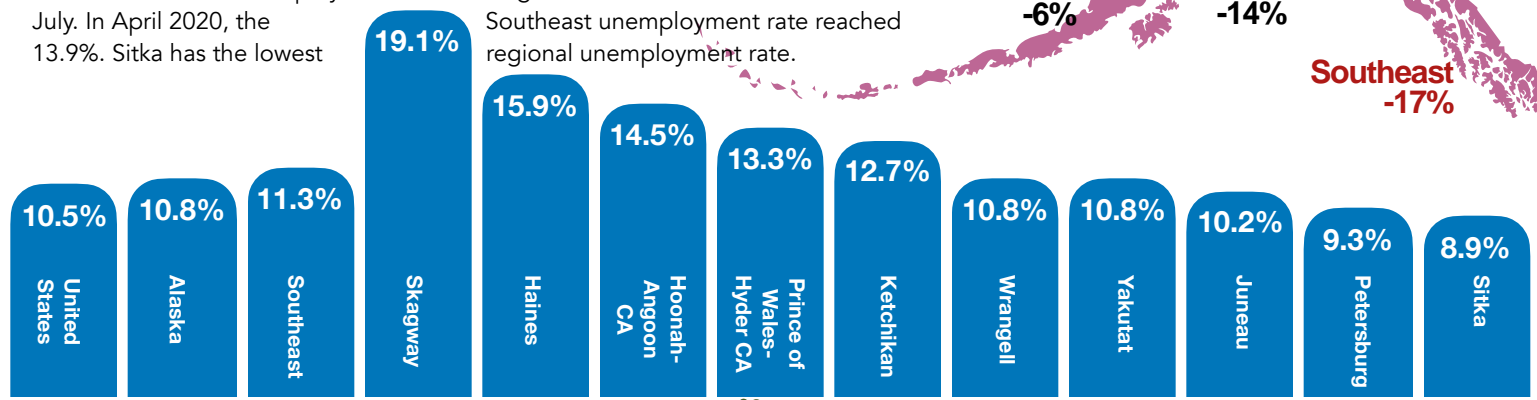
Loss of Alaska Jobs:
April to July 2020
Compared to April
to July 2019
By Region



How do COVID Southeast job losses compare?

Southeast Alaska July Unemployment 2020

Between July of 2019 and July of 2020, the Southeast Alaska unemployment rate jumped from 4.7% to 11.3%. The Skagway Borough currently has the second highest unemployment rate in Alaska as a whole, with an unemployment rate of 19.1%. Southeast Alaska's unemployment rate was higher than that of the state or nation for July. In April 2020, the Southeast unemployment rate reached regional unemployment rate.



Source: Alaska Department of Labor

The Whole Southeast Alaska Economy 2019

In 2019, Southeast Alaska gained 455 year-round equivalent jobs and \$63 million in workforce earnings over 2018. Approximately a quarter (26.1%) of regional workers are non-residents.

Annual Average Jobs

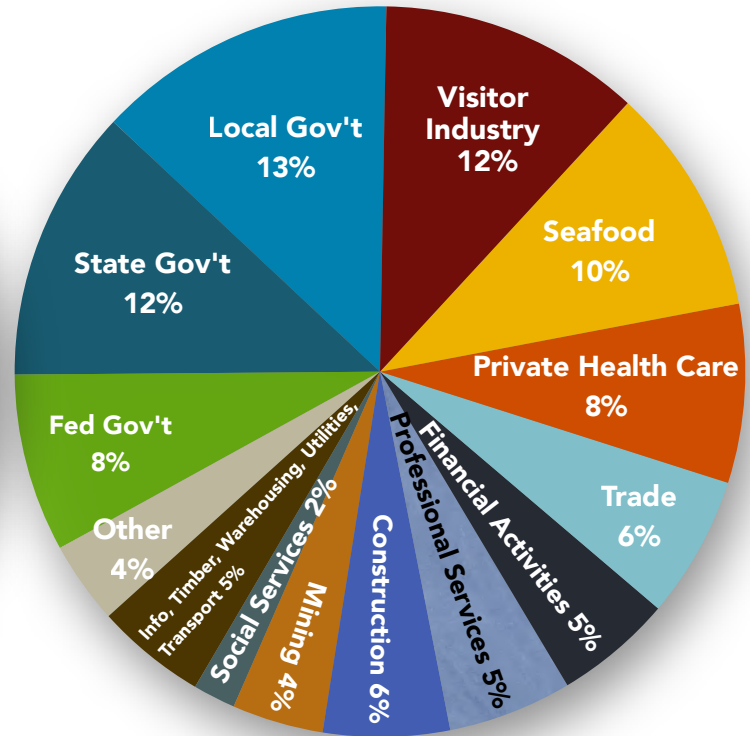
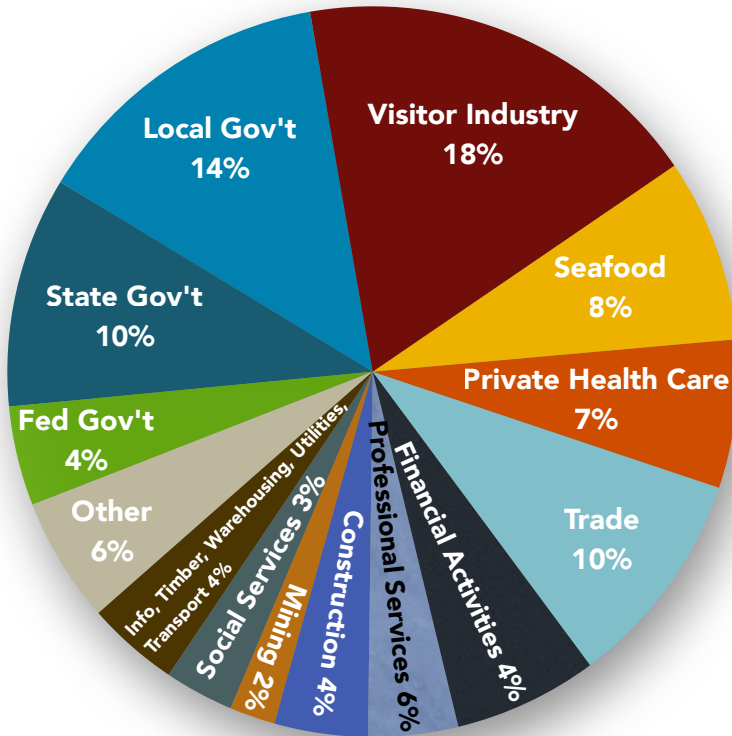
46,097 Jobs

UP 455 JOBS IN 2019 +1%

Employment Earnings

\$2.3 Billion Workforce Earnings

UP \$63 MILLION +3%



2019 Southeast Alaska Employment Earnings

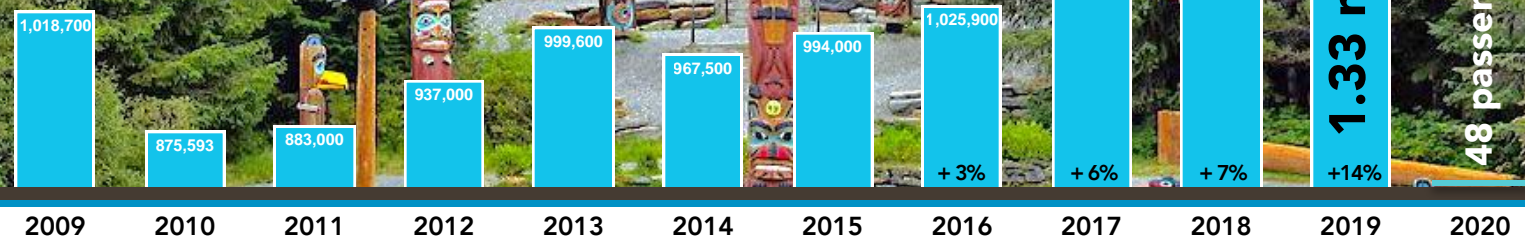
	EMPLOYMENT RELATED EARNINGS			EMPLOYMENT NUMBERS		
	Wages (2019)	Self-Employment Earnings (2018)	Total Earnings	Annual Average Employment (2019)	Self-Employed (2018)	Total Employment
Government (includes Coast Guard)	\$720,119,719	\$60,582,082*	\$780,701,802	12,354	640*	12,994
Visitor Industry	\$235,179,580	\$36,429,000	\$271,608,580	7,344	1,050	8,394
Seafood Industry	\$69,711,072	\$168,316,000	\$238,027,072	1,497	2,246	3,743
Trade: Retail and Wholesale	\$123,764,467	\$24,031,000	\$147,795,467	3,905	567	4,472
Health Care Industry (private only)	\$171,156,119	\$14,417,000	\$185,573,119	2,762	263	3,025
Construction Industry	\$92,347,611	\$38,999,000	\$131,346,611	1,332	571	1,903
Financial Activities	\$54,349,824	\$74,373,000	\$128,722,824	1,072	761	1,833
Professional and Business Services	\$78,474,062	\$43,487,000	\$121,961,062	1,622	1,319	2,941
Mining Industry	\$94,460,451	\$307,000	\$94,767,451	927	7	934
Social Services	\$40,307,321	\$3,977,000	\$44,284,321	1,227	187	1,414
Information (publishing, broadcasting, telecomm.)	\$22,941,315	\$1,358,000	\$24,299,315	475	60	535
Timber Industry	\$20,478,427	\$2,038,000	\$22,516,427	315	57	372
Warehousing, Utilities, & Non-Visitor Transport	\$53,270,575	\$14,500,000	\$67,770,575	815	162	977
Other	\$60,615,872	\$25,120,000	\$85,735,872	1,657	903	2,560
Total	\$1,837,176,415	\$507,934,083	\$2,345,110,498	37,304	8,793	46,097

Sources: Alaska Department of Labor 2019 Employment & Wage data; 2018 (latest available) US Census Nonemployer (self-employment) Statistics; Active Duty Military Population by 2019, ADOL.*These cells in Government refer to 2019 active duty Coast Guard personnel employment and wages, and not self-employment data.

Notes: **Seafood Industry** includes animal aquaculture, fishing & seafood product preparation, and Southeast Alaska resident commercial fishermen (nonresident fishermen & crew who did not report income are excluded). **Visitor Industry** includes leisure & hospitality, and visitor transportation (air, water, scenic). **Timber** includes forestry and logging support activities for forestry, and wood product manufacturing.



THE VISITOR INDUSTRY



Visitor Industry

8,350 Annualized Jobs
\$272 Million in Wages

UP 390 JOBS IN 2019 +5%
WAGES UP 9%

2019 The 2019 visitor season in Southeast Alaska was record

breaking by nearly every measure: passenger arrivals increased by 10%, industry wages by 9%, and jobs grew by 5%. In 2019 the visitor industry was the largest jobs provider for the region, accounting for 18% of all annualized employment in Southeast Alaska. The visitor sector paid out more wages than any other private sector industry and had been set to surpass the state and municipal sectors to become the largest wage provider in the region overall in 2020.

The gains in 2019 followed a meteoric rise. Since 2011, tourism added 2,400 year-round equivalent jobs to the Southeast economy, growing to 8,350 annualized jobs, while tourism workforce earnings grew by 66%. Those working in the visitor industry earned \$272 million in 2019—or 12 percent of all regional employment income. The average annualized wage in the visitor industry was \$32,360, lower than the average regional wage of \$50,870, but that figure had also been steadily increasing over time.

In 2019, 1.8 million air, ferry, and cruise passengers came to Southeast Alaska from

outside the region. Airline passenger traffic from outside the region grew 2%, and cruise passenger traffic to the region increased by 14%. Only one indicator trended downwards. Ferry passengers from outside the region fell by 17% due to the continued dramatic decreases in AMHS funding and service.

2020 In 2020 the economic trajectory of the visitor industry abruptly changed. The impact of COVID-19 on the tourism sector has been nothing short of devastating. In June 2020, business leaders in the visitor sector reported on how their businesses were fairing:

- Tourism businesses reported that their 2020 revenue was down by **83%** over 2019.
- **55%** of existing tourism staff was laid off, and planned summer hires were cancelled.
- **29%** of tourism businesses expect to make additional layoffs moving forward.
- **35%** of tourism businesses say they are at risk of closing permanently before July 2021, if conditions do not improve.

CRUISE SHIP SEASON CANCELLED

Tourists in Southeast Alaska are predominantly cruise ship visitors, which had been expected to make up 90% all of tourists in 2020. In 2020, 43 cruise ships were scheduled to visit the region, carrying 1.41 million passengers on 606 voyages. All cruises but two were cancelled. Two small cruise ships attempted trips with 48 combined passengers, but one of those trips was aborted.

In a typical year, Southeast Alaska would have been the most visited part of the state, with two-thirds of all tourists coming to the region. In 2020, tourists had been expected to spend nearly \$800 million across Southeast Alaska communities. The region had been gearing up for 1.54 million expected cruise passengers in 2021. For July 2020 the combined visitors industry sectors were down by 5,400 jobs over July 2019.

DECREASED JET PASSENGERS

After five years of record-breaking air passenger numbers, passenger traffic is down significantly in 2020. By July 2020 passenger arrivals were down by 57% across the region, with July-only traffic 71% below July 2019.

INCREASED SUPER YACHTS

One type of tourist increased significantly. The number of super yachts in the region, 115 ft or larger, increased by 31% to 63 Juneau port visits in the summer of 2020.

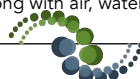
PLANNING FOR 2021 AND 2022

Europe has adopted protocols for the resumption of cruise operations, providing a potential model for the 2021 Alaska season. However, with so much uncertainty regarding when the CDC or Canada will allow operations, or what ship capacity be, planning for the 2021 tourism season proceeds cautiously. Industry member, Kirby Day, is encouraging businesses to develop plans. "We do not know what the 2021 season will bring and may not know for sure until the Spring," Mr. Day writes. "Therefore, create sanitation, health and prudent financial plans that allows you to address the challenges if necessary, until 2022."

Sources: Combination of ADOL 2019 Employment and Wage data and 2018 US Census Nonemployer (self-employment) Statistics; McDowell Group; US Bureau of Transportation Statistics (RITA); Alaska Marine Highway System; Cruise Line Agencies of Alaska; Cruise Market Watch; Cruise Critic; Juneau International Airport Passenger Statistics; Economic Impact of Alaska's Visitor Industry. Forecast 2020 U.S. Department of Commerce, US Office of Travel and Tourism Industries. OMB budgets. Cruise Lines International Association Alaska.

Note: In this analysis, the visitor industry includes leisure and hospitality businesses, along with air, water & scenic transportation companies.

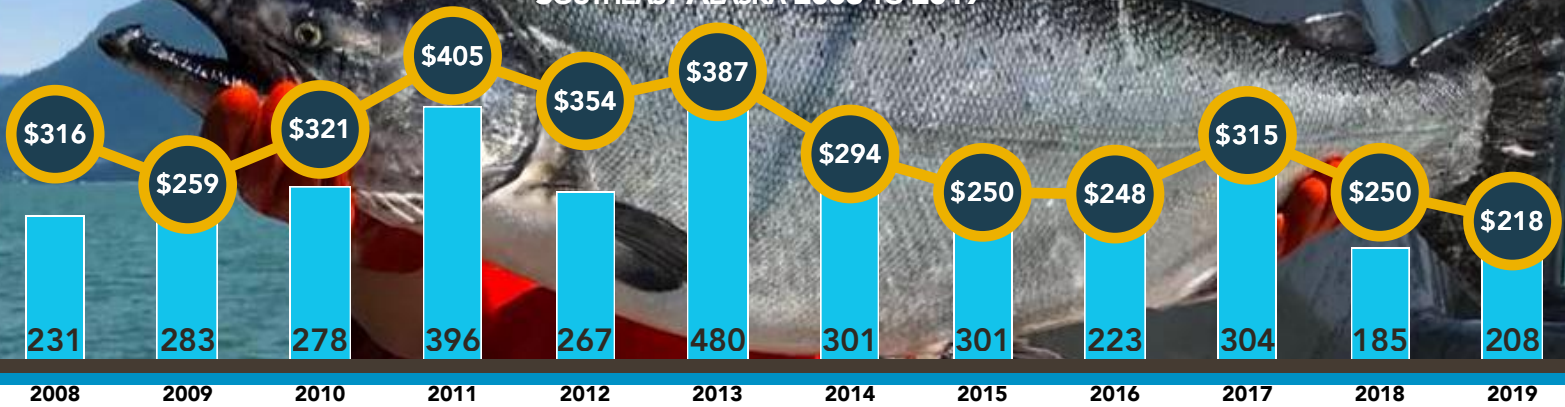
Photo: Saxman Totem Park.



THE SEAFOOD INDUSTRY

VALUE & POUNDS OF SEAFOOD LANDED
SOUTHEAST ALASKA 2008 TO 2019

Inflation Adjusted
○ Value to Fishermen (millions)
■ Landed Pounds (millions)



Southeast Seafood Industry 3,743 Jobs

UP 32 JOBS IN 2019

2019

The Southeast Alaska seafood harvest in 2019 was 208 million pounds with an ex-vessel value of \$218 million.

The regional 2019 fishing season was significantly below the ten-year average, with lower pink salmon returns and harvest returns primarily to blame.

The overall catch was 31% below the 10-year seafood average in terms of pounds landed. Fishermen caught 53 million fewer pounds of pink salmon than they did, on average, between 2009 and 2018 (-41%); and 26 million fewer pounds of herring (-93%). Still, the total catch was a slight increase over 2018 by volume.

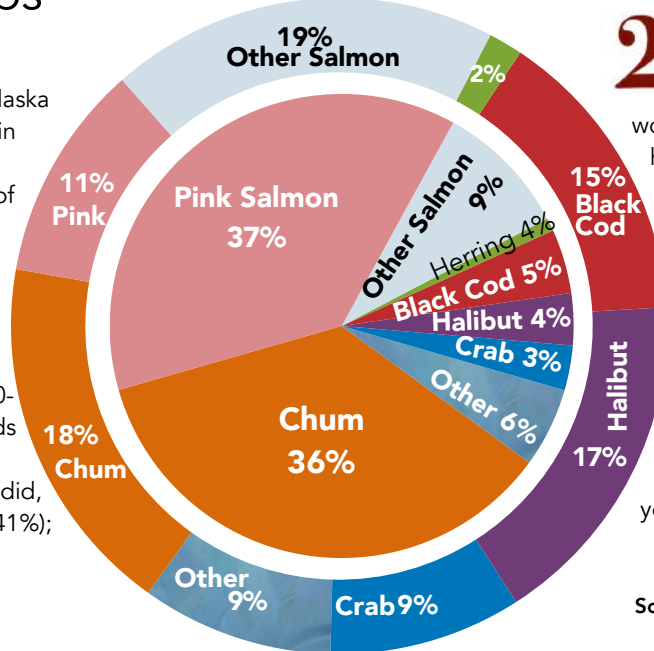
The 2019 catch was 29% below the inflation-adjusted 10-year average value of \$308 million. The impacts of the US-China trade war, resulting in lower seafood prices, led to an unusually low overall catch value in 2019.

KEY ECONOMIC DRIVER

The regional seafood industry (including commercial fishing and seafood processing) generated 3,743 annual regional jobs and \$238 million in earnings in 2019, making up 8% of jobs in the region and 10% of all earnings. While this represents 32 more annualized jobs over 2018, it is a loss of 650 seafood sector jobs since 2015.

In 2019, the five salmon species represented

SEAFOOD LANDED IN SE ALASKA BY SPECIES, 2019
 Outer ring = % of harvest by DOLLAR value: \$218 million
 Inner pie = % of harvest by POUNDS landed: 208 million



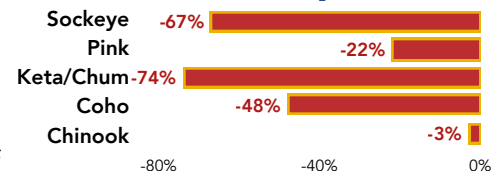
83% of the regional seafood catch by volume, and just under half of total ex-vessel value (\$104 million). Halibut and black cod, at 8% of the total catch, accounted for one-third of total catch value in 2019. The majority of the statewide catch of Chinook, coho, keta (chum), shrimp, Dungeness crab, and the dive fisheries occurs in Southeast Alaska.

In 2019, shore-based seafood facilities in Southeast Alaska processed 153 million pounds of seafood, with a wholesale value of \$422 million. This represented a 15% increase in seafood pounds processed compared to 2018, but an \$18 million decline in the value of processed product.

2020

Twenty-twenty is currently on track to go down as one of the worst seafood seasons in Southeast Alaska history. Reduced seafood prices — due to the shutdown of the global restaurant sector, as well as trade war tariffs — coincided devastatingly with one of the worst salmon catches on record. Processors spent millions on mitigation measures, further impacting ex-vessel prices and workforce levels. The fishing season remains ongoing. In ASMI's August 29th, 2020 update, the salmon catch is significantly below where it was a year ago in terms of total fish caught:

SE Salmon Catch: 2020 vs. 2019
Year over year: week 35



"For context" one sockeye fisherman explains, "in a good year we catch 4-5 times this year's catch, and our best year is more than 6 times higher than 2020."

Seafood remains critical to the regional economy and way of life. However, the sector faces growing uncertainty regarding changing ocean conditions, tariffs, state budget cuts, regulatory decision-making, and global farmed seafood competition. Meanwhile, the fledgling mariculture industry continues to grow.

Sources: Combination of ADOL 2019 Employment and Wage data; 2018 US Census Nonemployer (self-employment) Statistics; ADF&G Southeast Alaska Commercial Seafood Industry Harvest and Ex-Vessel Value Information; Alaska Commercial Salmon Harvests and Ex-vessel Values, ADF&G. Weekly Alaska Salmon Harvest Updates are produced for ASMI by The McDowell Group. Seafood Industry includes animal aquaculture, fishing, & seafood product preparation and Southeast Alaska resident commercial fishermen (nonresident fishermen & crew who did not report income are excluded). Photo: Helen Decker.





Southeast Timber Industry 372 Jobs

UP 35 JOBS IN 2019 +10%

2019

In a rare reversal of fortune, regional timber jobs increased



by 10% in 2019, while timber wages grew by 20%. The workforce increase was small however; growing by just 35 annualized jobs to 372 in 2019, with total workforce earnings of \$22.5 million. Most of the region's timber jobs are concentrated on Prince of Wales Island, which is home to Viking Lumber, the last remaining mid-sized sawmill in Southeast Alaska. Southeast timber jobs peaked at 3,543 annual average jobs in the 1990s. Regional timber job increases were mostly due to increased timber processing activity, rather than harvesting. Tessa Axelson, Executive Director of the Alaska Forest Association, notes that total timber harvest actually decreased in 2019. A land exchange between the Mental Health Trust and the US Forest Service opened up limited areas for timber, keeping the industry viable.

2020

Despite a successful 2019, regional timber supplies are worrisomely low in 2020. The Forest Service has not provided the industry with acreage commitments put forth in the 2016 Tongass Land and Resource Management Plan, meaning operators still do not have a predictable timber supply upon which to build longer-term business plans. Moreover, the industry — currently comprised of a handful of small operators across the region — continues to face constant litigation, along with a coordinated national campaign intended to sow public disapproval of the regional industry.

While there are continued opportunities for timber sales in Asia, the trade war includes regional timber, making it difficult to negotiate agreements. Spruce remains the subject of higher Chinese import tariffs, especially impacting northern Southeast, where the forests are primarily spruce. U.S. lumber exports to China fell by 57% in 2019.

The potential removal of Roadless Rule restrictions in 2020 could make more suitable timber land available for harvesting. The Forest Service also needs to amend its 2016 management plan to make more timber available.

Sources: ADOL 2019 Employment and Wage data; Kitco Metals Inc; Coeur Mining Inc. 2019 Annual Report; Hecla Mining Company 2019 Annual Report. U.S. International Trade Commission. **Photo credits:** Tessa Axelson and Kensington Mine.

Southeast Mining Industry 934 Jobs

UP 45 JOBS IN 2019 +5%

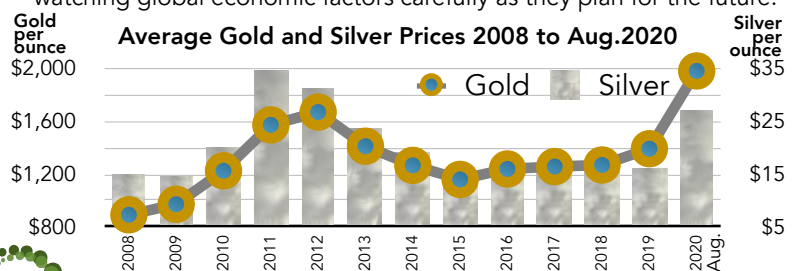
2019

Mining industry employment in the region was up in 2019, growing by 5%. There were 934 annual average mining jobs in Southeast Alaska, with a payroll of \$95 million. The average annual mining wage was \$101,500 in 2019, double the overall regional wage of \$51,900. Two large mines operating in the region account for most mining employment. Hecla Greens Creek is one of the largest silver mines in the world, while Coeur Alaska's Kensington Mine is exclusively a gold mine. In 2019 Greens Creek milled its highest tonnage in 30 years of operation as well as its highest silver production and Silver production was up 24% to 9.9 million ounces. Kensington achieved record gold production of 127,914 ounces, an increase of 12% over the prior year. Active mining exploration is occurring around the region, most notably in Juneau, Haines, and Prince of Wales.

2020

In August 2020, Hecla Greens Creek had 440 full-time permanent employees (+4 from 2019), and Coeur Alaska Kensington had a staff of 386 (the same as 2019). While shift change protocols had to be reimagined in response to COVID-19 mandates and safety precautions, mining is the only sector in which jobs and revenue did not decrease during the pandemic, providing much needed economic stability for the region.

Metal prices, which tend to rise in response to economic turmoil, have been surging. The price of gold reached an all-time high of \$2,067 in August, while silver has reached its highest levels since 2013. As global productivity outside the US has returned, Zinc prices increased by 25% between March and August. The resurgence in precious metals prices provides optimism but mining leaders in the region are watching global economic factors carefully as they plan for the future.





Construction Industry

1,903 Jobs

DOWN 6 JOBS IN 2019 -0.3%

2019 For the sixth year in a row construction employment is down, bringing employment to its lowest level since the early 1990's, although the decline had stabilized. Jobs fell by just 6 last year to 1,903, a combined loss of 356 jobs, or 16% decline, since 2013. Construction workers in the region earned \$131 million in 2019 — or 4% of all Southeast Alaska employment earnings.

One positive indicator for the sector was that housing construction was up in 2019, as 106 more housing units were permitted or completed than in the year prior. A total of 294 new homes were permitted in 2019, an increase of 56%. The regional residential housing market has not experienced decline.

2020 Construction work during the first half of 2020 remained steady as planned projects to support the tourism sector moved forward. These projects had the unexpected benefit of being able to occur without having to simultaneously manage large visitor traffic volumes. However, there is a great deal of uncertainty moving forward in the construction/engineering sector. Generally, firms are busy at the moment, but there are few future projects in the pipeline to provide longer-term security. Cuts in state spending led to the reduction of large-scale construction projects across the region. While new projects related to the visitor industry were filling that gap, projects that were not completed this summer have been delayed until the tourism industry gets back on track. Communities like Juneau are developing proposals to create some level of construction activity by focusing on deferred maintenance projects in order to stimulate the economy during COVID-19, but the volume of such potential investments remains relatively small. Federal construction projects appear to be the most promising moving into 2021.

Sources: Combination of Alaska Department of Labor 2019 Employment and Wage data and 2018 US Census Nonemployer (self-employment) Statistics; State of Alaska. Note: Last year's SEBTN included State Pioneer Home health care provider numbers. This year those numbers were not available and were excluded. **Photography credits:** SEARHC and Robert Sharclane.

Southeast Health Care Industry 3,574 Jobs

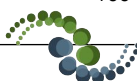
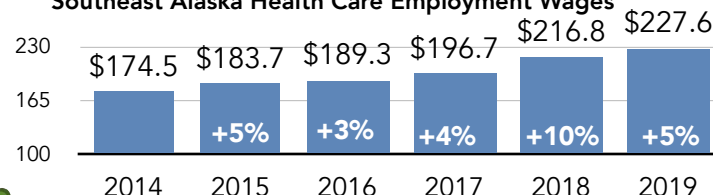
UP 27 JOBS IN 2019 +0.7%

2019 Southeast Alaska's 3,574 healthcare workers comprised 8% of the regional workforce in 2019, earning 11% (\$227 million) of all wages. Regional health care employment continued to increase, albeit incrementally, as the sector added 27 more annualized jobs in 2019. Wages for the industry have been rising more quickly in an effort to attract workers, growing by \$53 million since 2014. The region was already facing a shortage of health care workers due to an aging populace and growing patient volumes. With the advent of COVID-19, the demand for health care workers has intensified nationally and globally, making it even more difficult for the region to attract and compete for workers.

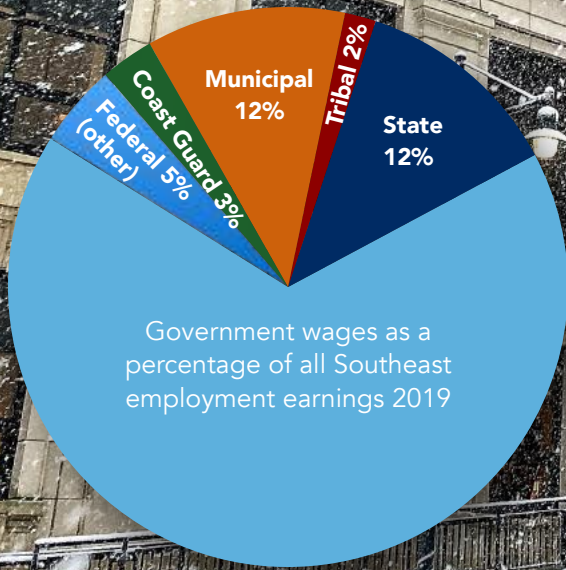
Health care jobs have been moving from the public sector to the private sector. Southeast Alaska Regional Health Consortium (SEARHC) has been collaborating with struggling municipal hospitals to provide services. In the past two years, SEARHC took over operations of the Sitka and Wrangell hospitals.

2020 Health care became the nation's top priority in 2020, as well as the region's. According to the business climate survey, health care is the regional sector most likely to add workers over the coming year. Southeast health care institutions have shown a high level of readiness in the face of the COVID-19 crisis. Despite significant job cuts across most other sectors, health care employment levels have remained relatively constant, as workers are being redeployed to high demand roles, such as virus testers and screeners. Still, providers understand that there are vulnerabilities within the health care system that are likely to be exacerbated following the COVID-19 crisis, such as Medicaid cuts and reduced access to health care insurance.

Southeast Alaska Health Care Employment Wages



GOVERNMENT



Government Jobs 2019

Local 5,252 Jobs -9
State 4,705 Jobs -66
Federal 2,032 Jobs -79
Tribal 1,000 Jobs +1

Government 12,994 Jobs

DOWN 153 JOBS IN 2019 -1%

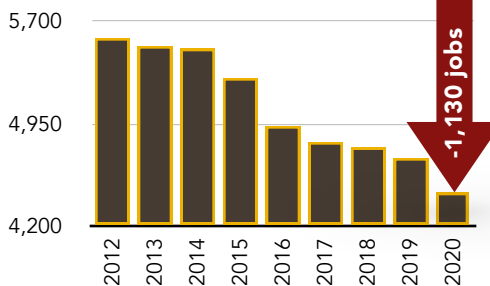
2019 Government wages made up one-third of all regional employment earnings (\$781 million) and 28% of the region's jobs (12,994) in 2019.

STATE GOVERNMENT LOSSES

For the past eight years, the region has struggled with the impacts of decreased State government employment and spending. The state remains the region's most important economic sector, providing 12% of all regional wages. From 2012 to mid-2020, state jobs have fallen by 20%, a decline of 1,130 annualized workers. Outside Southeast, 13% of state jobs have been cut. Historically, oil accounted for up to 90% of the state Unrestricted General Fund (UGF); today, oil covers about 30 percent.

Southeast State Jobs

State jobs in the region are down for the 8th year in a row, for a total of 1,130 jobs lost since 2012, a decline of 20%



FEDERAL GOVERNMENT

Federal government employment losses have compounded state job cuts. Since 2005, federal employment in the region has fallen by 680 jobs in Southeast Alaska.

LOCAL GOVERNMENT

Local entities across the region are scrambling to provide new programs and services to replace those cut by the state, resulting in financial stress as municipalities try to do more programming with reduced funding.

STATE BUDGET CRISIS

Even before COVID-19, Alaska's budget was in a state of crisis due to declining oil production and prices. The state has operated in deficit mode for the past seven years, using \$17 billion in savings to cover budget gaps. What was once an almost inexhaustible savings reserve is set to be depleted by 2021, reducing the resiliency of

the state's financial position. Like most states, education and health spending are Alaska's largest operating expenses, accounting for 48% of UGF expenditures, while Permanent Fund Dividend (PFD) payments comprised 18%. Alaska has no state sales tax, no state property tax, and no income tax.

2020 The pandemic is exacerbating an already difficult

situation. Even without PFD payments, the state will not have enough cash in its primary savings account to cover the budget deficit.

The saving grace is that a portion of the \$5 billion in federal COVID-19 relief funds designated for Alaska has made its way to the region, including \$120 million that is in the process of being distributed to communities. Relief funding is critical in supporting regional households, businesses, service providers, and communities during COVID-19.

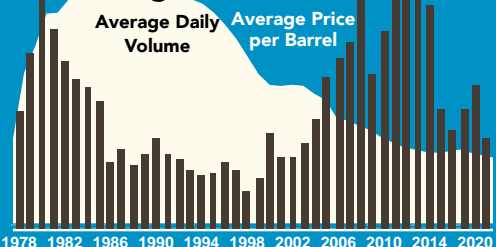
SE COVID-19 RELIEF	
Community	CARES \$
Juneau Borough	\$53,288,390
Ketchikan Borough	\$22,975,750
Sitka Borough	\$14,057,653
Skagway Municipality	\$7,475,032
Prince of Wales	\$4,400,332
Petersburg Borough	\$4,062,709
Haines Borough	\$4,007,216
Wrangell Borough	\$3,851,103
Hoonah-Angoon Census Area	\$2,997,312
Yakutat Borough	\$1,579,859
Metlakatla, Kake, Hyder	\$1,025,359
SE Total	\$119.7 mill

Sources: ADOL 2019 Employment and Wage data; Alaska Department of Revenue Crude Oil Prices. Fitch Ratings. Alaska Office of Management Budget.

Avg. Daily Volume of the Trans Alaska Pipeline System and Inflation Adjusted Price Per Barrel, 1978-2020

Oil revenues accounted for up to 90 percent of the state's unrestricted revenues

How we got here



SOUTHEAST ALASKA REGIONAL OVERVIEW

THE FEDERALLY-MANAGED TONGASS NATIONAL FOREST MAKES UP NEARLY 4/5TH OF ALL SOUTHEAST ALASKA

78%

16%

OTHER FEDERAL HOLDINGS MAKE UP NEARLY ALL THE REST (MOSTLY GLACIER BAY)

3.4%

ALASKA NATIVE ORGANIZATIONS ARE THE REGION'S NEXT LARGEST LANDOWNER

2.5%

STATE OF ALASKA LANDS INCLUDE THOSE MANAGED AS PART OF THE MENTAL HEALTH TRUST

0.25%

MUNICIPAL LAND HOLDINGS

0.05%

PRIVATE LANDOWNERS

Southeast Alaska Land Ownership

Circle size = Number of Acres

THE REGION

The Southeast Alaska panhandle extends 500 miles along the coast from Metlakatla to Yakutat, encompassing approximately 33,500 square miles of land and water. The saltwater shoreline of Southeast Alaska totals approximately 18,500 miles. More than 1,000 islands make up 40 percent of the total land area. The region is home to 34 communities. The three largest communities—Juneau, Ketchikan, and Sitka—together are home to 75 percent of the regional population.

CULTURE

The dominant culture in the region is indigenous. Alaska Natives—the Tlingit, Haida, and Tsimshian—make up nearly a quarter (23%) of the region's population. The Tlingit have resided in the region for 11,000 years. The region's mild climate, abundant food and raw materials supported the development of highly organized and culturally advanced societies with extensive trade routes and rich artwork.

ECONOMIC TRENDS

Starting in the 1880s, the economy of Southeast Alaska experienced a century of growth that intensified after statehood in 1959. From statehood into the 1990s, population and employment levels in Southeast more than doubled as the workforce expanded in the areas of mining, government, fishing, tourism, and timber. In the beginning of the 1990's seafood and timber directly accounted for a fifth of the regional economy. However, over that next decade pulp mills and sawmills in the region closed, laying off 3,200 workers. During the same period, the value of salmon declined and catch levels fell. The population continued to decline through 2007. Between 2008 and 2015, the region experienced a significant economic recovery, rebounding to record numbers of jobs, wages, and residents. However, the state budget crisis cut resulted in 1,130 State of Alaska jobs cut across the region, reversing the economic trajectory. The strength of the visitor sector was poised to lead the regional to a stronger economic position in 2020, but the COVID-19 pandemic wiped out the tourism season, wreaking havoc across the regional economy. An extremely poor 2020 salmon season is exacerbating the economic impacts of the pandemic.

LAND OWNERSHIP

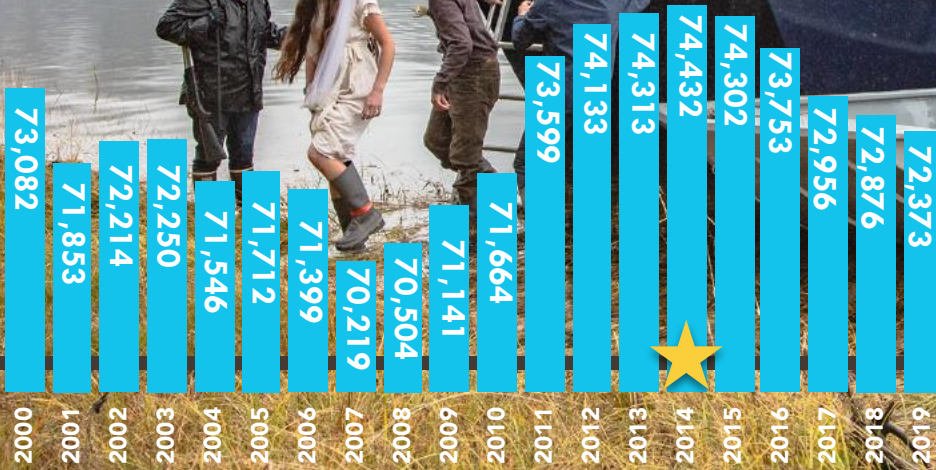
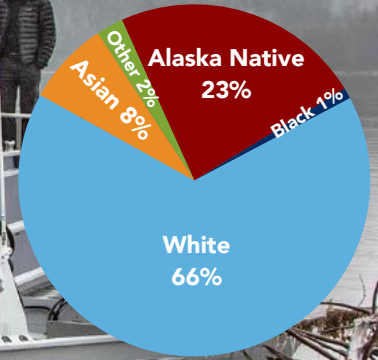
A lack of privately-owned land and land available for development is unique to Southeast Alaska and impacts the ability of the region to nurture the private sector. (See infographic on the left.) Southeast Alaska's land ownership is dominated by the federal government, which manages 94 percent of the land base. Most of this (78%, or 16.75 million acres) is the Tongass National Forest. The remaining federal lands are mostly in Glacier Bay National Park. The State manages 2.5 percent of the total land base (511,500 acres), including the Alaska Mental Health Trust Authority and University of Alaska lands. Boroughs and communities own 53,000 acres—a quarter of one percent of the regional land base. Alaska Native organizations, including village, urban, and regional corporations and the Annette Island Reservation, own 3.4 percent (728,100 acres). Other private land holdings account for 0.05 percent of the regional land base.



Sources: State of Alaska; US Forest Service; Sealaska. *Economies in transition: An assessment of trends relevant to management of the Tongass National Forest, USDA 1998.* Background image carving by Mike Dangel.



DEMOGRAPHICS Population 72,737



POPULATION CHANGE 2018 TO 2019

Community	2018	2019	Change
Juneau Borough	32,177	31,986	-191
Ketchikan Borough	13,798	13,739	-59
Sitka Borough	8,607	8,532	-75
Petersburg Borough	3,190	3,226	36
Haines Borough	2,472	2,516	44
Wrangell Borough	2,418	2,400	-18
Metlakatla	1,393	1,359	-34
Skagway Borough	1,085	1,095	10
Craig	1,091	1,074	-17
Hoonah	786	782	-4
Klawock	774	761	-13
Kake	599	570	-29
Thorne Bay	522	562	40
Yakutat Borough	521	540	19
Gustavus	552	537	-15
Angoon	409	404	-5
Hydaburg	397	397	0
Coffman Cove	167	174	7
Tenakee Springs	144	140	-4
Naukati Bay	123	137	14
Hollis	123	132	9
Klukwan	94	95	1
Kasaan	81	85	4
Hyder	80	78	-2
Pelican	67	69	2
Port Alexander	55	57	2
Whale Pass	57	57	0
Edna Bay	43	47	4
Port Protection	31	29	-2
Game Creek	18	17	-1
Point Baker	13	12	-1
Elfin Cove	12	11	-1
Remainder	758	753	-5
Total	72,657	72,373	-284

2019 2019 marked the 5th consecutive year of population decline in Southeast Alaska. The region lost an additional 284 people, for a five-year decline of 2,060 residents, a population loss of three percent.

Half of the communities in the region lost population in 2019. Juneau bore the brunt of the overall losses — a result of recent dramatic state employment reductions, with cuts especially focused in the capital city. Juneau has lost 1,150 residents since 2015, including nearly 200 in 2019.

Among boroughs, Yakutat experienced the largest percentage decline during the past five years, losing 13% of its residents.

The most significant story of growth over the past five years was in Hollis, which grew by 42% due to the operations of the Dawson Mine located in that community.

THE MEDIAN AGE IS NOW 40

Southeast has the state's oldest residents. Since 2010, the most pronounced demographic shift has been aging of the population. During that period, the 60-plus population grew by 5,300 people, a 45% increase over 2010 due to aging in place. A quarter of people in the region are now age 60 or older. In Haines, the Hoonah-

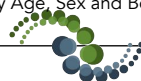
Angoon census area, and Wrangell, where median ages are 48.6, 47.7, and 47.5 respectively, it is one-third. The median age of Southeast as a whole is now 40, four and a half years older than the state as a whole.

SCHOOL ENROLLMENT UP IN 2019

Despite population losses, K-12 enrollment increased regionally for the 3rd time in 23 years in 2019 — albeit by only 10 students. However, the mostly online-only start of the school year is having a negative effect on school populations, as many parents are choosing homeschooling programs. While some of these continue to direct funds to local school districts, many do not. Early data indicates that enrollment could be down by as much as 10% across the region. A loss of funding allocation could significantly impact the financial position of regional schools, unless the legislature institutes a solution.

2020 The elements that created population losses in recent years, most notably the reduction of state jobs and services, have been exacerbated by the 2020 COVID economy. Pandemic conditions have radically reduced the total number of regional jobs, especially in the visitor sector, which will inevitably lead to further population decline.

Sources: Alaska Department of Labor (ADOL); ADOL Southeast Alaska Population by Age, Sex and Borough/Census Area, 2018, 2019; Alaska Population Projections. Photography credit: Heather Holt



Increasing Regional Jobs

Jobs were generally up across the region in 2019, growing by 445 jobs overall, for a gain of 1%. The Alaska Department of Labor and Workforce Development, Research and Analysis Section tracks wage and labor employment by community. According to these figures, just four communities in the region (Ketchikan, Wrangell, Metlakatla, and Gustavus) lost jobs in 2019, while all the rest experienced gains. Metlakatla lost 11% of its workforce in 2019 over the previous year. Jobs in Klukwan increased by 24%.

This analysis excludes self-employment data, which is not made available below the borough/census area level. Still, tracking change in labor figures is a great way to track overall workforce changes in a community.

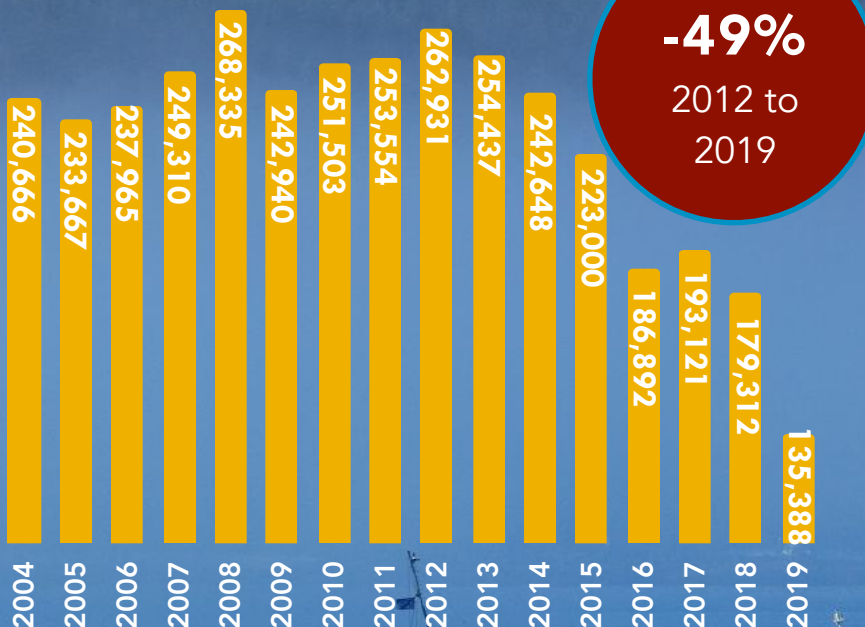
As demonstrated on page 4, while 2020 is only partway through, job data between April and July, since the impacts of COVID began to significantly impact the economy, total jobs numbers fell by 17%.

ANNUAL EMPLOYMENT CHANGE BY SE COMMUNITY 2018 TO 2019 (Self-employment excluded)

Community	2018 Annual Average Employment	2019 Annual Average Employment	2019 Wages in millions	Employment Change 2018-2019
Juneau Borough	17,732	17,952	\$947.7	1.2%
Ketchikan Borough	7,427	7,404	\$359.8	-0.3%
Sitka Borough	4,242	4,312	\$208.6	1.7%
Prince of Wales	1,427	1,497	\$63.9	4.9%
Petersburg Borough	1,246	1,282	\$55.0	2.9%
Skagway Borough	1,078	1,083	\$46.5	0.5%
Haines Borough	1,006	1,029	\$41.7	2.3%
Wrangell Borough	850	824	\$35.2	-3.1%
Metlakatla	568	505	\$23.5	-11.1%
Hoonah SSA	385	431	\$16.0	11.9%
Yakutat Borough	272	280	\$13.2	2.9%
Gustavus SSA	223	204	\$9.1	-8.5%
Take	161	170	\$5.4	5.6%
Angoon SSA	148	154	\$4.1	4.1%
Hyder	52	52	\$2.9	0.0%
Klukwan	41	51	\$0.9	24.4%

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section. **Notes:** The Hoonah sub-subarea (SSA) includes Pelican and Elfin Cove. The Angoon SSA includes Tenakee Springs. Prince of Wales includes the Hollis SSA, Thorne Bay SSA and Hyدابurg. An SSA is the smallest unit for which the Quarterly Census of Employment and Wages is analyzed. Photo: John Hyde.

AMHS Ridership in Southeast



Declining Ferry Service

One of the great tragedies of the COVID-19 pandemic for the regional economy, is that it came on top of the State fiscal crisis, throughout which Southeast Alaska received a disproportionate level of jobs and service cuts. Transportation connectivity, which has long been identified as the most vulnerable element of the regional economy, had already been significantly reduced pre-pandemic. The Alaska Marine Highway System (AMHS) ferried 262,931 individuals in the region in 2012. By 2019, that figure had dropped by 49%. Deferred and reduced maintenance led to ships being removed from service. In February 2020, the system shut down all but one ferry, leaving some communities without access to groceries. COVID-19 travel challenges came on top of these already existing limitations, further reducing the number of sailings and travelers. As of September 2020 the AMHS operating budget is facing a shortfall of almost \$45 million, and the winter schedule includes further service reductions.

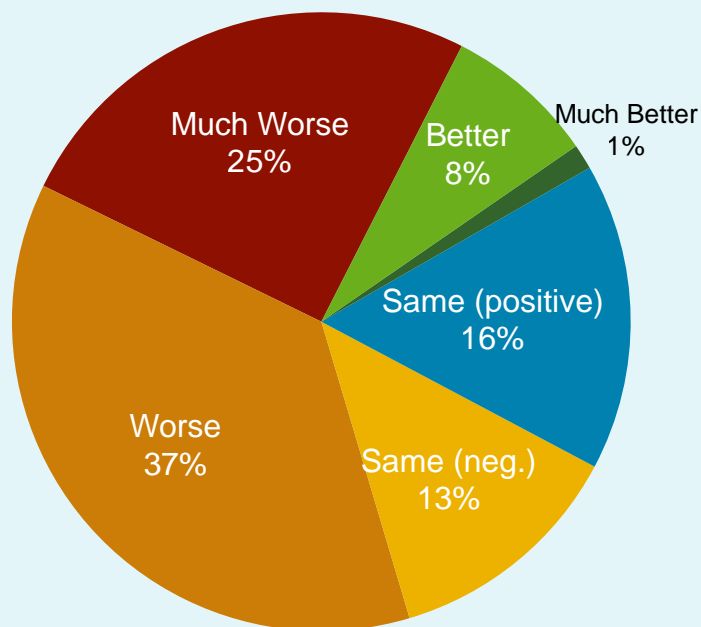
A strong ferry system is essential to regional economic development, quality of life, and community well-being in Southeast Alaska. The AMHS provides access to health care, shuttles workers to their jobs, carries visitors, connects markets and customers, and allows fishermen to move seafood to markets. It moves freight, building materials, and machinery to support local development. It supports social and cultural connections, and is relied upon for food security.

Source: AMHS

SOUTHEAST ECONOMIC OUTLOOK SURVEY

“What is the economic outlook for your business or industry over the next year (compared to the previous year)?”

25% Positive / 75% Negative



CURRENT REGIONAL BUSINESS CLIMATE SURVEY

In June of 2020, 460 Southeast Alaska business owners and top managers responded to Southeast Conference’s Business Climate and COVID-19 Impacts Survey.

SOUTHEAST ALASKA ECONOMIC OUTLOOK

2020 Southeast Alaska business leaders overall economic outlook tends not to change much on an annual basis; however, 2020 is clearly an exception. Three-quarters of businesses say the economic outlook for their business or industry over the next year is negative. The mining sector’s economic outlook appears to be the least impacted of all sectors by the pandemic. The arts, tourism, food/beverage, and retail sectors have the most negative outlooks looking forward. The community with the most negative outlook is Wrangell, with 79% forecasting a worse or much worse economic outlook over the next year — the City and Borough of Wrangell subsequently declared an economic disaster. Respondents were also asked how they feel about the current business climate. Unsurprisingly, confidence in the Southeast business climate has crumbled in the wake of COVID-19. Nine out of ten respondents call the current regional business climate “poor” (38%) or “very poor” (51%).

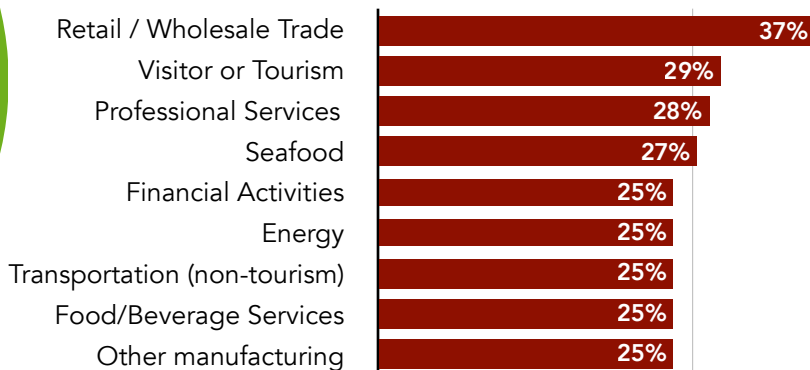
By June, respondents had already laid off **18.6%** of existing staff due to COVID-19
23% of businesses say that they are at risk closing permanently in the next year

Jobs Outlook July 2020 to July 2021

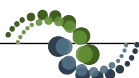
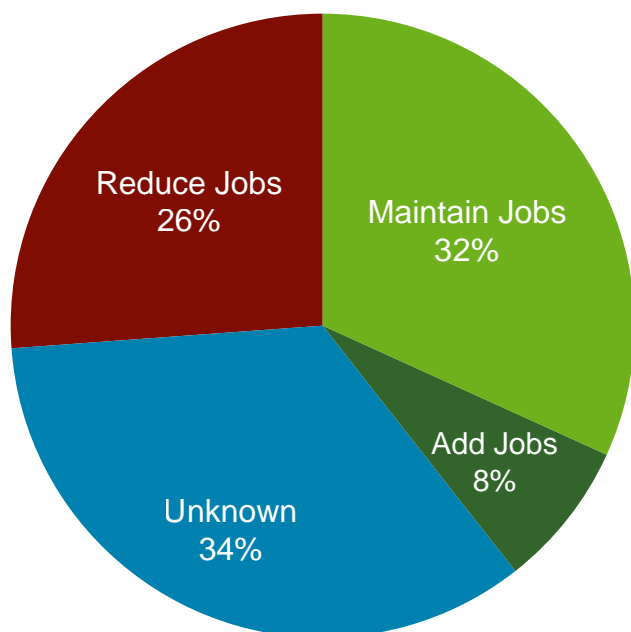
CONTINUED JOB CUTS OVER THE NEXT YEAR

Each year, private business owners and managers are asked about hiring expectations over the next year. More than a quarter of the 460 business leaders surveyed expect to make additional jobs to their businesses over the next 12 months, in addition to the cuts already made, while 34% do not yet know, and 32% expect to maintain total jobs. The largest losses are expected in retail/wholesale trade, where 37% of respondents expect to decrease their total staff in the upcoming year. The health care and mining sectors are the most likely to **add** jobs over the coming year. Analyzed by community, Wrangell employers expect the most significant job cuts, followed by Ketchikan and Skagway.

■ % of employers that expect to make job cuts in coming year

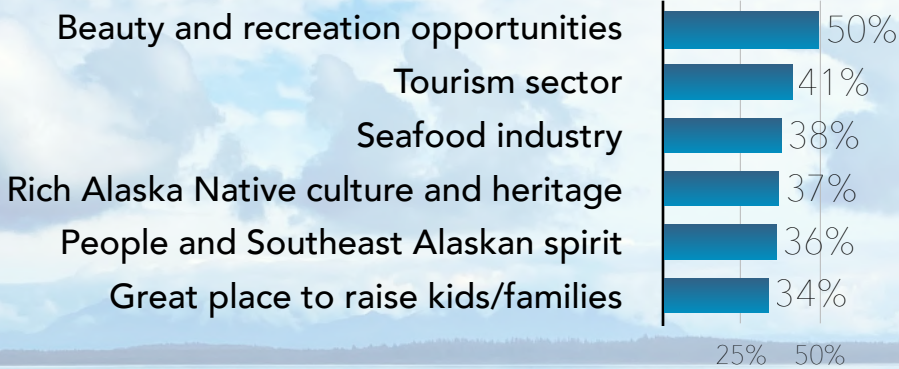


Over the next 12 months, do you expect to add jobs, maintain jobs, reduce jobs?

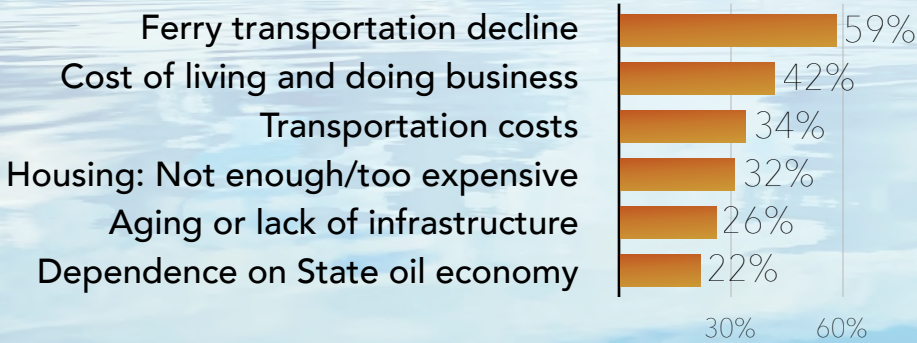


Southeast Alaska's Strengths Weaknesses Opportunities Threats

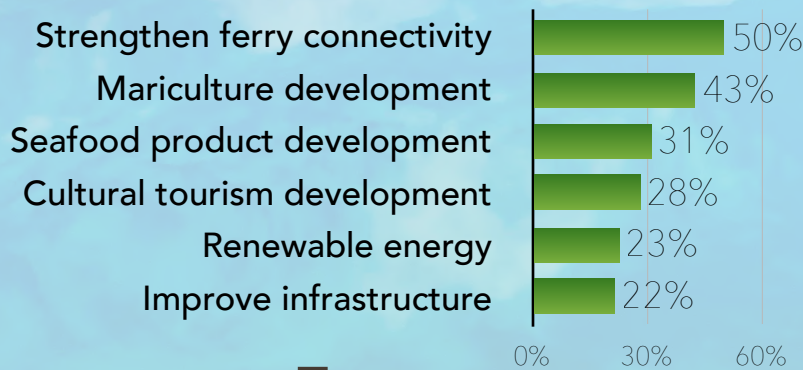
STRENGTHS



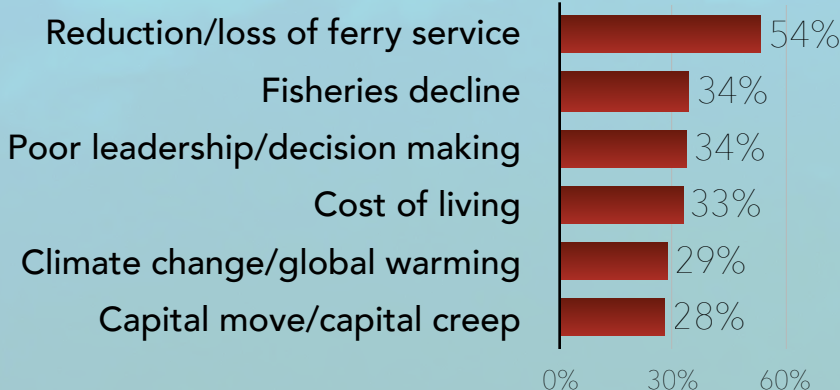
WEAKNESSES



OPPORTUNITIES



THREATS



2025 ECONOMIC PLAN DEVELOPMENT

Southeast Conference is in the process of developing the 2025 Southeast Alaska Economic Plan. As part of this process a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis for the region was developed by more than 200 Southeast Conference members in early 2020, including business, municipal, and tribal leaders from across the region in February 2020. During a series of meetings, each Southeast sector committee developed their own SWOT analysis.

Seafood

- Top Strength: **High quality product**
- Top Weakness: **Changing ocean conditions**
- Top Opportunity: **Increase value added processing**

Health Care

- Top Strength: **Personalized care delivery**
- Top Weakness: **State budget cuts reduce workforce development options**
- Top Opportunity: **Development of health care courses at the university**

Visitor Industry

- Top Strength: **Natural beauty of region**
- Top Weakness: **Community communications**
- Top Opportunity: **Collaborate with Alaska Native entities on cultural tourism**

Mining

- Top Strength: **Provides high paying jobs**
- Top Weakness: **Extreme opposition by environmental groups**
- Top Opportunity: **Explore and develop new mineral deposits and expand existing mines**

Timber

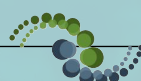
- Top Strength: **High quality wood**
- Top Weakness: **Frequency of litigation**
- Top Opportunity: **Increased state and private lands**

Transportation

- Top Strength: **Strong reliable airline services**
- Top Weakness: **AMHS service reductions**
- Top Opportunity: **Improve ferry service**

Energy

- Top Strength: **Abundant hydropower**
- Top Weakness: **High costs of infrastructure**
- Top Opportunity: **Expand regional intertie**





SOUTHEAST CONFERENCE

Southeast Conference Board

Alec Mesdag – President
Director of Energy Services for AEL&P

Markos Scheer – Vice President
CEO Premium Aquatics

Lisa Von Bargaen – 2nd VP
Wrangell City & Borough Manager

Dennis Watson – Past President
Former General Manager, IFA

Rorie Watt – Treasurer
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Maegan Bosak – Secretary
Director of Marketing and Communications at SEARHC

Henrich Kadake – Director
Chair, Kake Tribal Corporation

KC Hostetler – Director
Regional Sales & Community Marketing Manager, Alaska Airlines

Bryce Dahlstrom – Director
Vice President, Viking Lumber

Dennis Gray Jr. – Director
City Administrator for City of Hoonah

Chelsea Goucher – Director
Account Manager, Alaska Marine Lines

Jan Hill – Director
Mayor, Haines Borough

Lacey Simpson – Director
Ketchikan Assistant City Manager, Assistant KPU General Manager

Publication sponsored by



SOUTHEAST ALASKA

AND THE FERRY ROUTE



Yakutat

Klukwan

Haines

Skagway

Elfin Cove

Gustavus

Pelican

Hoonah

Juneau

Tenakee

Sitka

Angoon

Port Alexander

Kake

Point Baker

Kupreanof

Petersburg

Port Protection

Wrangell

Edna Bay

Naukati

Coffman Cove

Klawock

Thorne Bay

Craig

Kasaan

Hydaburg

Hollis

Hyder

Ketchikan

Metlakatla

Publication by
Rain Coast Data

Mike Dunleavy
Governor

www.Gov.Alaska.Gov



Office of the
Governor

Juneau, Alaska

STATE OF ALASKA

PRESS RELEASE

For Immediate Release
20-114

Governor Issues Updated Interstate and International Travel Guidance

October 15, 2020 (Anchorage, AK) – Alaska Governor Mike Dunleavy, with the Alaska Department of Health and Social Services, today issued updated guidance on COVID-19 Health Mandate 10 on Interstate and International Travel, providing clear requirements related to international and interstate travel, while still providing mitigation factors to prevent, slow, and otherwise disrupt the spread of the virus.

Changes to Mandate 10 include:

- Travelers must complete strict social distancing for five days after arrival to the state;
- A second test is recommended 5-14 days after arrival;
- Residents who travel outside of Alaska for less than 72 hours do not need to quarantine or test, but should monitor for symptoms;
- Critical Infrastructure Workforce (CI) traveling for any reason should follow CI protocols

COVID-19 Health Mandate 10 [can be found here](#).

For the latest information on Alaska's response to COVID-19, please visit <https://covid19.alaska.gov/>

###

Office of the Governor Media Contact: Jeff Turner, jeff.turner@alaska.gov (907) 310-4961

Division of Homeland Security and Emergency Management Media Contact: Jeremy.Zidek@alaska.gov 907-428-7077

**CITY OF CRAIG
MEMORANDUM**

To: Craig Mayor and City Council
From: Jon Bolling, City Administrator
Date: October 15, 2020
RE: Fisheries Disaster Declaration

At the October 13, 2020 city council meeting, the council directed staff to prepare a resolution declaring an economic disaster similar to resolutions approved by Sitka, Wrangell, Petersburg and others.

Resolution 20-15 is attached.

Recommendation: Discuss and consider approval of Resolution 20-15.

Recommended Motion: I move to approve Resolution 20-15.

City of Craig

Resolution 20-15

A RESOLUTION OF THE CITY OF CRAIG, ALASKA DECLARING AN ECONOMIC DISASTER IN THE CITY OF CRAIG DUE TO COVID-19, TRAVEL RESTRICTION IMPACTS TO TOURISM RELATED BUSINESSES, AND POOR REGIONAL RETURNS OF ALL SALMON SPECIES

WHEREAS, Commercial fishing and seasonal tourism are a major economic sector for the City of Craig; and,

WHEREAS, Craig has one large seafood processing plant and a number of specialty processors and distributors of seafood products; and,

WHEREAS, Craig has a significant charter fishing fleet and other tourism related businesses that rely on seasonal visitors; and,

WHEREAS, on March 11, 2020, Governor Dunleavy issued a declaration of public health disaster emergency in the State of Alaska and has since issued a number of State Health Mandates requiring closures of businesses and travel restrictions; and,

WHEREAS, on March 13, 2020, President Donald J. Trump declared a national emergency in response to the virus pandemic; and,

WHEREAS, on March 24, 2020 the City of Craig issued a disaster declaration and a stay at home advisory for non-essential workers to slow the spread of the virus and to protect residents; and,

WHEREAS, poor returns of all salmon species and significantly lower ex-vessel prices for all seafood species related to COVID-19 transportation, processing, and market restrictions have had a devastating effect on the fishery economy in Craig; and,

WHEREAS, travel restrictions, business closures, and other mandated health measures have prevented a majority of seasonal charter fishing and other tourism businesses to operate in Craig and have had a devastating effect on the tourism economy in Craig; and,

WHEREAS, the City of Craig, State of Alaska, and US Federal Government have instituted a number of programs to help businesses and individuals impacted by COVID-19; and,

WHEREAS, the COVID-19 pandemic and related economic impacts are expected to continue for the foreseeable future.

NOW THEREFORE BE IT RESOLVED, by the Craig City Council that:

1. An Economic Disaster is hereby declared in the City of Craig due to COVID-19, poor regional returns of all salmon species, and reduced ex-vessel values of seafood products due to impacts to processing and markets.
2. The State of Alaska and United States Secretary of Commerce are hereby urged to issue two Economic Disaster Declarations:
 - a. 2020 Statewide Tourism Disaster resulting from the COVID-19 pandemic; and
 - b. 2020 Southeast Alaska Salmon Fisheries Disaster resulting from poor returns and deflated prices for all salmon species.

Craig Mayor Tim O'Connor

ATTEST: Tracey Jensen, City Clerk

Craig Resolution 20-10
Attachment A

Based on alerts, advisories, mandates, and declarations from national, state, and local officials for residents to stay at home as much as possible (including telework); most City of Craig employees continued to work under increased hazardous conditions from their normal work locations in order to provide essential services and manage the city's COVID-19 response. This need to be present at their normal work location constitutes "hazardous duty" since these employees were subjected to greater risk of infection than the general population and employees who were allowed to stay home.

Employees who have worked or are working under this "hazardous duty" designation are eligible for hazard pay. Hazard pay is subject to the following conditions:

1. Hazard pay applies to eligible work hours worked between March 11, 2020 (date of the State Disaster Declaration) and May 22, 2020 (date of Alaska Reopening Plan Phase 3/4 reopening businesses and loosening travel restrictions).
2. Hazard pay applies to all full time and part time permanent and seasonal employees of the City of Craig.
3. Hazard pay applies to all volunteer EMTs and ambulance drivers who qualify for the regular EMS stipends for calls.
4. Hazard pay only applies to hours actually worked at the primary work location or at a designated work location for employees retasked for other unbudgeted work items.
5. Hazard pay DOES NOT apply to hours worked from home (telework) or for hours where sick leave, annual leave, leave without pay, or any other designation for time not at the employee's work location.
6. Hazard pay applies to all hours qualifying under item 2 retroactive to March 11, 2020 when the State of Alaska declared a disaster.
7. Hazard pay will be paid in lump sum from the retroactive start date of March 11, 2020 through May 22, 2020.

Hazard pay shall be paid at the following rates:

1. City employees will be paid an additional \$2.00 per hour (above their regular hourly or salary pay) for all qualifying hours and employees described in this definition.
2. Volunteer EMTs and Ambulance Drivers will be paid at the rate of \$25.00 per call for hazard pay in addition to their regular stipend per call.

The Craig City Council may declare additional periods where hazard pay is applied to city employees based on future mandates, advisories, or events.

**CITY OF CRAIG
MEMORANDUM**

To: Craig City Council
From: Jon Bolling, City Administrator
Date: October 16, 2020
RE: Medevac membership Program Response

At its October 13 meeting, the council chose to defer action on a medevac membership benefit for city residents pending the receipt of information regarding the status of existing individual paid memberships to Guardian Flight Alaska held by city residents.

The attached email from Guardian Flight Alaska offers to put on hold individual policies held by city residents while the city-sponsored membership is in effect, consistent with the wishes of the council.

With this modification to the written proposal from Guardian, the council should consider award of the membership benefit.

A copy of staff's background memo on this matter, from the council's October 13 meeting packet, is attached for your reference.

Recommendation

Approve award of the community medevac membership proposal from Guardian Flight Alaska in the amount of \$47,000.

Jon Bolling

From: Little, Jon <riley.little@gmr.net>
Sent: Thursday, October 15, 2020 12:52 PM
To: Jon Bolling
Subject: City of Craig - AirMedCare Network / Guardian Flight Membership

Hi Jon,

After speaking with our corporate leadership team I am pleased to tell you that if the city of Craig purchases our membership coverage for its residents households with a preexisting membership will be able to put their personally paid for membership on hold until the city plan expires next year.

Any resident with an existing account can give us a call at 800-793-0010, tell us they are a resident of Craig and would like to put their account on hold until the city's plan expires. This will allow residents to keep the months of membership coverage which have already been paid for and keep the administrative work off of the city.

Please let me know if you have any questions,

Extraordinary stories. Extraordinary people. | www.atamomentsnotice.com

RILEY LITTLE

Membership Sales Manager, Alaska

C: 907.602.8012 | www.amcnrep.com/riley-little

AIRMEDCARE NETWORK

A Global Medical Response Solution

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Jon Bolling, City Administrator
Date: October 1, 2020
RE: Medevac Membership Program Response

In August the city solicited proposals from air medevac services to provide memberships to Craig residents, memberships that the city would finance through CARES funding. Only one medevac flight service, Guardian Flight Alaska, responded to the solicitation. The company offers memberships for all Craig residents for \$100 per household, if the city makes a lump sum \$47,000 payment to Guardian. There are approximately 470 occupied households in Craig. The company's standard membership fee is \$125 per household. The company's proposal is attached.

Under Guardian's proposal, there would be little up front paperwork. Guardian would simply count as a member any Craig resident (with a physical address in the Craig city limits) that required medical transport in the coming twelve months. The membership benefits apply regardless of whether the patient has third party insurance.

The proposal has its appeal. The memberships do not require Craig residents to fill out any paperwork. Qualification for the service is city-wide so no individual statement of impact is needed. Awarding Guardian's proposal is option 1.

My hesitation as to the proposal is that we have no idea how many households desire the service, or already have a membership with Guardian or another medevac service. I had hoped that all three known services would respond to the city's solicitation, giving Craig residents their choice of medevac providers, and providing the opportunity for residents to sign up for membership, at which point the city could pay the medevac providers directly.

That option, called option 2, is still available to the council. The city could offer memberships for city households, and pay the retail rate for a medevac provider membership of the household's choosing. This method requires more administrative time to implement, but also is based on an overt request for coverage, which demonstrates a desire for the membership with a specified provider. The cost is unlikely to exceed \$47,000 given that other provider memberships are available at lower cost, and not every household in Craig will request a membership.

A third option is to decline to offer the membership benefit in favor of funding another of the city's CARES Act programs.

Recommendation

That the city council direct staff to implement one of the three options above regarding air medevac provider memberships.



Plan Code: _____

**AirMedCare Network Municipal Site Membership
For City of Craig**

Organization: City of Craig, Alaska
Physical Address: 504 3rd Street
Craig, Alaska, 99921
Mailing Address: PO Box 725, Craig, Alaska, 99921
Contact: Jon Bolling
Phone: 907-826-3278
Email: administrator@craigak.com

Membership Sales Manager/Base: Riley Little

Covered Individuals and Transports:

Any individual whom resides within the boundaries of the City of Craig when transported for medical necessity by Guardian Flight (or any AirMedCare Network Provider) will be covered under the standard terms and conditions for an AirMedCare Network membership (attached).

Fees:

City of Craig will pay to AirMedCare Network a total of \$47,000 annual.

Duration:

This agreement will be effective upon AirMedCare Network’s receipt of (a) this agreement signed by the participating Organization AND (b) payment for the amount as provided above. This agreement will be effective for one (1) year, and will be evaluated by both parties for renewal at least thirty (30) days prior to the end of the one (1) year term.





A Global Medical Response Solution



MEMBERSHIP BENEFITS PROPOSAL

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INTRODUCTION

On behalf of AirMedCare Network (AMCN), thank you for the opportunity to provide this membership benefit proposal for your residents.

With operations in over 320 locations throughout 38 states, our air ambulances can provide medical transport that dramatically reduces travel time to an emergency treatment facility.

AMCN understands your primary goal is to ensure your residents receive the highest level of care in their time of need. AMCN providers consist of highly skilled nurses, medics and pilots ready 365 days a year. Your AirMedCare Network provider in Alaska is Guardian Flight. Guardian Flight has the most aircraft and crews in Southeast Alaska along with being the closest provider in Sitka and Ketchikan.

Highlights include:

- The largest emergency air medical membership program in the U.S.
- Household membership plan covers all members under the defined residential roof
- Guardian Flight Alaska currently holds the South East Alaska Regional Health Consortium (SEARHC) air medical transport contract.
- Guardian Flight Alaska is the provider of choice for Peace Health Ketchikan Medical Center.

Thank you for your consideration. We are confident AirMedCare Network can provide the financial peace of mind your residents deserve. We welcome any questions and look forward to further discussions.

Thank you,
Riley Little
Membership Sales Manager

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320

LOCATIONS

38

STATES

3 MILLION

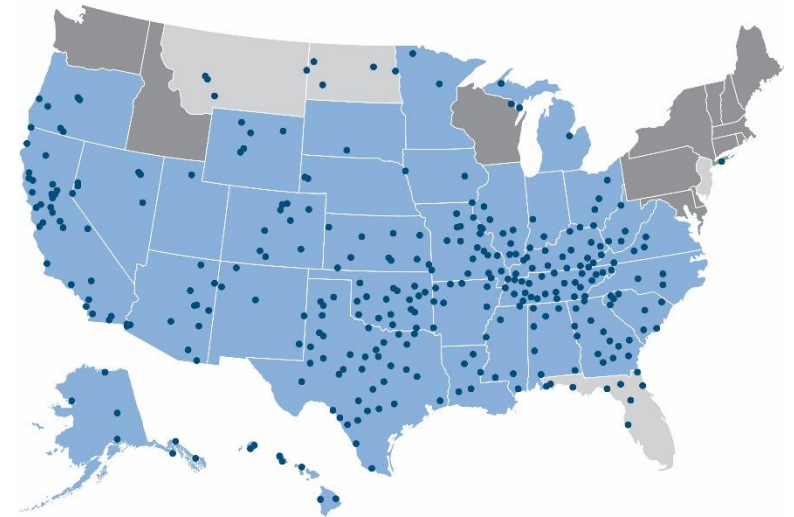
NETWORK MEMBERS

ABOUT AIRMEDCARE NETWORK

AirMedCare Network (AMCN) is an alliance among Air Evac Lifeteam, Guardian Flight, Med-Trans Corporation, and REACH Air Medical Services, creating America's largest air ambulance membership network with 150 years of combined experience. Membership with AMCN eliminates out-of-pocket (OOP) costs for your employees and all those independently covered under AMCN.

AMCN benefits include:

- No out-of-pocket expenses associated with flight when flown by a participating AMCN provider, even if a claim is denied by insurance.
- Membership extends to the entire household. Full-time undergraduate college students can be covered under their parents' membership if their primary residence is still with the parents.
- No limits to the number of transports a member may take each year.



AMCN PARTICIPATING PROVIDERS INCLUDE: Air Evac Lifeteam | Guardian Flight | Med-Trans Corporation | REACH Air Medical Services | AeroCare | Air Link | AirLink CCT | AirMed 1 | Air Reach | AirMed Response | AnMed LifeFlight | AriOna Lifeline | Cal-Ore Life Flight | CALSTAR | Cape Fear LifeLIN | Air | CareConnect | C.A.R.E. Flight | Carilion Clinic Life-Guard | Childrens Hospital Colorado | Eagle Air Med | EagleMed First Flight | FlightCare | Gallup Med Flight | GHS Med-Trans | Hawaii Life Flight | Life Force | Lifeguard | LIFESTAR | Life Star Of | ansas | McAlester Regional AirCare | Med Evac | Meducare Air | Methodist AirCare | Midwest AeroCare | Mississippi Air Rescue | MountainStar AirCare | Novant Health Med Flight | Regional One | Sierra Lifeflight | South Carolina AirCare | Sunrise Air Ambulance | Trauma One | UHealth LifeLine | University Of Missouri Health Care | Valley Med Flight | Wings Air Rescue



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Partnership Details

Covered Individuals and Transports:

A full Municipal Site Membership will cover any individual that resides in the City of Craig when transported for medical necessity by Guardian Flight Alaska, or any other AMCN provider across our 38 states, under the standard terms and conditions of membership (included on page).

Fees:

The membership rate will be set at \$100 per household. The total plan cost based off City of Craig household count will be \$47,000 annually.

Member Notifications

If you choose to provide your residents with an AMCN membership, we will work directly with you to distribute new member welcome packets to all residents. This process will ensure all residents are familiar with the benefits of membership and the terms and conditions. Our new member welcome packets also include member cards and stickers.

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ALASKA SERVICE AREA MAP





Plan Code: 00000

**AirMedCare Network Municipal Site Membership
For City of Craig**

Organization: (Company Name)
Physical Address: (Street)
(City, State, Zip)
Mailing Address: (City, State, Zip)
Contact: (Name)
Phone: (Phone Number)
Email: (Email)
County: (County)

Membership Sales Manager/Base: (Name/Base)

Covered Individuals and Transports:

Any individual whom resides within the boundaries of the City of Craig when transported for medical necessity by Guardian Flight (or any AirMedCare Network Provider) will be covered under the standard terms and conditions for an AirMedCare Network membership (attached).

Fees:

City of Craig will pay to AirMedCare Network a total of \$47,000 annual.

Duration:

This agreement will be effective upon AirMedCare Network's receipt of (a) this agreement signed by the participating Organization AND (b) payment for the amount as provided above. This agreement will be effective for one (1) year, and will be evaluated by both parties for renewal at least thirty (30) days prior to the end of the one (1) year term.

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Initial _____



Terms and Conditions (Alaska)

AirMedCare Network is an alliance of affiliated air ambulance providers* (each a "Company"). Guardian Flight LLC is the AirMedCare Network provider in Alaska. An AirMedCare Network membership automatically enrolls you as a member in each Company's membership program. Membership ensures the patient will have no out-of-pocket flight expenses if flown by a Company by providing prepaid protection against a Company's air ambulance costs that are not covered by a member's insurance or other benefits or third party responsibility, subject to the following terms and conditions:

1. Patient transport will be to the closest appropriate medical facility for medical conditions that are deemed by AMCN Provider attending medical professionals to be life- or limb-threatening, or that could lead to permanent disability, and which require emergency air ambulance transport. A patient's medical condition, not membership status, will dictate whether or not air transportation is appropriate and required. Under all circumstances, an AMCN Provider retains the sole right and responsibility to determine whether or not a patient is flown.
2. AMCN Provider air ambulance services may not be available when requested due to factors beyond its control, such as use of the appropriate aircraft by another patient or other circumstances governed by operational requirements or restrictions including, but not limited to, equipment manufacturer limitations, governmental regulations, maintenance requirements, patient condition, age or size, or weather conditions. FAA restrictions prohibit most AMCN Provider aircraft from flying in inclement weather conditions. The primary determinant of whether to accept a flight is always the safety of the patient and medical flight crews. Emergent ground ambulance transport of a member by an AMCN Provider will be covered under the same terms and conditions.
3. Members who have insurance or other benefits, or third party responsibility claims, that cover the cost of ambulance services are financially liable for the cost of AMCN Provider services up to the limit of any such available coverage. In return for payment of the membership fee, the AMCN Provider will consider its air ambulance costs that are not covered by any insurance, benefits or third party responsibility available to the member to have been fully prepaid. The AMCN Provider reserves the right to bill directly any appropriate insurance, benefits provider or third party for services rendered, and members authorize their insurers, benefits providers and responsible third parties to pay any covered amounts directly to the AMCN Provider. Members agree to remit to the AMCN Provider any payment received from insurance or benefit providers or any third party for air medical services provided by the AMCN Provider, not to exceed regular charges. Neither the Company nor AirMedCare Network is an insurance company. In Alaska only, under 3 AAC 31.640(c)(1), this Agreement is considered to be an insurance contract. In all other states, membership is not an insurance policy and cannot be considered as a secondary insurance coverage or a supplement to any insurance coverage. **Neither the Company nor AirMedCare Network will be responsible for payment for services provided by another ambulance service.**
4. Membership starts 15 days after the Company receives a complete application with full payment; however, the waiting period will be waived for unforeseen events occurring during such time and, in Alaska, the waiting period will be waived for all members so individuals may become members at the time of transport. Members must be natural persons. Memberships are non-refundable and non-transferable. In Alaska, (a) there is no waiting period for membership renewal, (b) a 30 day grace period for payment will be applied to all renewals, (c) a membership application may be withdrawn or canceled by the applicant within the first 15 calendar days of the date on the New Member Welcome letter that is provided to all new members and all membership fees will be refunded and (d) the effective date of an agreement with a member is the date a complete application and payment is received by a Company.
5. Some state laws prohibit Medicaid beneficiaries from being offered membership or being accepted into membership programs. By applying, members certify to the Company that they are not Medicaid beneficiaries.
6. These terms and conditions supersede all previous terms and conditions between a member and the Company or AirMedCare Network, including any other writings, or verbal representations, relating to the terms and conditions of membership.

*Air Evac EMS, Inc. / Guardian Flight LLC / Med-Trans Corporation / REACH Air Medical Services, LLC -- These terms and conditions apply to all AirMedCare Network participating provider membership programs, regardless of which participating provider transports you.

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Initial _____



Agreed to by:

Signature

Printed Name

Title

Organization Name

Date

Signature

Keith Hovey

Printed Name

Vice President

Title

Membership

Division

Date

SAMPLE

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Initial _____





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Riley Little
Membership Sales Manager
Riley.Little@gmr.net ☎907.602.8012

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Jon Bolling, City Administrator
Date: October 14, 2020
RE: Consider Approval PSN Road Maintenance Report

Attached is a copy of the proposed Port St. Nicholas Road annual maintenance report.

The attachment is prepared in accordance with Section 12.10.040 of the Craig Municipal Code, which requires the Public Works Department to prepare an annual maintenance report. The report includes a description of all capital and maintenance activities performed within the road corridor outside the municipal boundaries during the course of the reporting period. The report also includes an accounting of all fees collected and all expenses incurred during the reporting period.

As shown in the draft report, total costs for PSN Road maintenance last fiscal year was \$39,001.63. When that amount is multiplied by 45%, and then divided by 202 lots, the assessment per lot is \$86.88.

The CMC requires that the report be subject to a 30-day public review and comment period. That period ends at the council's October 22 meeting. To date, the city has received no comments on the draft.

Alaska Escrow and Title Agency prepared a list of current PSN property owners of record, and delivered that list to the city. City staff will develop a database of record owners and their mailing addresses in preparation for billing the assessments.

One note: Page 4 of the document shows zero fees collected in FY 2020. However, the council should be aware the POW Shooting Club did issue a \$150 payment to the city as a contribution to the road maintenance effort.

Recommendation

After considering public comment received in response to the draft document, the council should approve, by motion, the PSN Road annual maintenance report.

Port St. Nicholas Road Annual Maintenance Report for Fiscal year 2019- 2020

This annual maintenance report is prepared in accordance with Craig Municipal Code 12.10, "Port St. Nicholas Road Maintenance and Improvement and Road Maintenance and Improvement Fee- Extraterritorial", which requires the Public Works Department to prepare an annual maintenance report. The report includes a description of all capital and maintenance activities performed within the road corridor outside the municipal boundaries during the course of the reporting period. The report also includes an accounting of all fees collected and all expenses incurred during the reporting period.

1. Grading the Gravel Portion

Grading is accomplished with a CAT 160M2 machine. The city public works crew logged 213.5 operating hours for grading and material hauling on PSN road. The Craig Tribal Association donated 802.5 tons of C1-grade rock that the city applied to PSN gravel road from the end of the pavement to Craig water treatment plant. The value of the donated gravel is \$14,846.25.

2. Culvert Maintenance

No culvert maintenance was logged for the fiscal year 2019- 2020.

3. Asphalt Maintenance

No asphalt maintenance was logged for the fiscal year 2019- 2020.

4. Snow removal and Sanding

Sanding and snow removal utilize the Sterling dump truck, the grader, and sand. 30 operating hours were logged by City crew. City crews applied 9.3 tons of sand to PSN road from end of city limits to end of pavement during the winter months.

5. Striping

6. No asphalt striping was logged for the fiscal year 2019- 2020.

7. Bridge Maintenance

The bridge was thoroughly cleaned using a sweeper in preparation for expansion joint repair work. Although the repair was completed in fiscal year 2021, the repair material was purchased in fiscal year 2020. Four operating hours were logged by City crew.

8. Guard Rail Maintenance

No guard rail maintenance was logged for the fiscal year 2019- 2020.

9. Shoulder Brushing/ Tree Removal

Brushing and tree removal are accomplished utilizing a brusher (rental unit), Sterling dump truck, and the CAT 420E backhoe. 49.5 operating hours were logged by City crew.

Port St. Nicholas Road Annual Maintenance Report 2019-2020
Itemized Cost Tables

1. Grading the Gravel Portion				
Equipment, Labor, and Material	Units	Quantity	Rate	Total
Motor Grader	Hours	106	\$157.31	\$16,674.86
Sterling Dump Truck	Hours	35.5	\$132.39	\$4,699.85
Top Kick Dump Truck	Hours	35.5	\$98.43	\$3,494.27
Backhoe	Hours	36.5	\$97.20	\$3,547.80
C1	Tons	802.5	\$18.50	\$0.00
Total				\$28,416.78

2. Culvert Maintenance				
Equipment, Labor, and Material	Units	Quantity	Rate	Total
Backhoe	Hours	0	\$97.20	\$0.00
Sterling Dump Truck	Hours	0	\$132.39	\$0.00
1.5" Minus	Tons	0	\$18.50	\$0.00
Pit Run	Tons	0	\$10.00	\$0.00
3" Jaw Run	Tons	0	\$13.50	\$0.00
Corrugated Poly Pipe	Feet	0	\$28.94	\$0.00
Total				\$0.00

3. Asphalt Maintenance				
Equipment and Labor	Units	Quantity	Rate	Total
Street Sweeper	Hours	0	\$113.68	\$0.00
Sterling Dump Truck	Hours	0	\$132.39	\$0.00
Backhoe	Hours	0	\$97.20	\$0.00
Roller	Hours	0	\$76.18	\$0.00
Hot Mix	Tons	0	\$90.00	\$0.00
Total				\$0.00

4. Snow Removal and Sanding				
Equipment, Labor, and Material	Units	Quantity	Rate	Total
Sterling Dump Truck	Hours	5	\$132.39	\$661.95
Motor Grader	Hours	23.25	\$157.31	\$3,657.46
Sand	Tons	9.3	\$33.00	\$306.90
Total				\$4,626.31

Port St. Nicholas Road Annual Maintenance Report 2019-2020
Itemized Cost Tables

5. Striping				
Equipment, Labor, and Material	Units	Quantity	Rate	Total
Contracted	Feet	17,300	\$0	\$0.00
Total				\$0.00

6. Bridge Maintenance				
Equipment, Labor, and Material	Units	Quantity	Rate	Total
Brush Removal	Hours	0	\$109.00	\$0.00
Expansion Joint Restoration Material	Feet, Linear, and Square	50 Linear	\$40.57	\$2,028.51
Sweeper	Hours	4	\$113.68	\$454.72
Total				\$2,483.23

7. Guard Rail Maintenance				
Equipment, Labor, and Material	Units	Quantity	Rate	Total
Railing	Feet	0	\$40.00	\$0.00
Sterling Dump Truck	Hours	0	\$132.39	\$0.00
Backhoe	Hours	0	\$97.20	\$0.00
Total				\$0.00

8. Shoulder Brushing and Tree Removal				
Equipment and Labor	Units	Quantity	Rate	Total
Sterling Dump Truck	Hours	9.5	\$132.39	\$1,257.71
Backhoe	Hours	8	\$97.20	\$777.60
Brusher	Hours	32	\$45.00	\$1,440.00
Total				\$3,475.31

Port St. Nicholas Road Annual Maintenance Report 2019-2020
Itemized Cost Tables

Summary	
1. Grading the Gravel Portion	\$28,416.78
2. Culvert Maintenance	\$0.00
3. Asphalt Maintenance	\$0.00
4. Snow Removal and Sanding	\$4,626.31
5. Striping	\$0.00
6. Bridge Maintenance	\$2,483.23
7. Guard Rail Maintenance	\$0.00
8. Shoulder Brushing and Tree Removal	\$3,475.31
Fees Collected	(\$0.00)
Total	\$39,001.63

Per Lot Cost Allocation

Per Section 12.10.020 of the Craig Municipal Code, the annual road maintenance and improvement fee is set at 45% of costs reported in the annual maintenance report, divided by the number of lots and tracts subject to the fee; provided that the aggregate dollar amount of the fee not exceed \$150.00 per lot or tract in any given year.

Total road costs: \$39,001.63 @ 45% = \$17,551

Total lots within road corridor: 202

Per lot fee: \$17,443/202 = \$86.88

Per 12.10.040 of the Craig Municipal Code, this annual maintenance report is subject to a 30-day public review and comment period. Comments are due to the City of Craig by Thursday, October 22, 2020. Comments may be hand-delivered, delivered via email to info@craigak.com, sent to PO Box 725 Craig, AK 99921, or delivered at Craig City Council meetings scheduled for Thursday, October 8 and Thursday, October 22.

For more information, contact Craig City Hall at 826-3275.

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Jon Bolling, City Administrator
Date: October 14, 2020
RE: Election Follow Up – Bond Ballot Measure

As the council is aware, the electorate, at the October 6 municipal election, declined to approve issuance of issue general obligation bonds to finance the city's match for the construction of breakwaters for the downtown harbor project.

The project has been the city's top capital project priority for several years. While the ballot measure asked only about funding the city's match using GO bond financing, and not about the merits of the harbor project itself, the wide margin of "No" votes over "Yes" votes should prompt a discussion about the project. The council should discuss its views on the following:

- Was the amount of debt objectionable to the voters?
- Was the type of debt at issue?
- Was the use of debt rather than use of reserves to make the match a key issue?
- Is the project itself not supported?

Based on a discussion of the bullet points above, and other points raised during that discussion, the council should reach a consensus of at least four members as to the next steps in developing the cannery property. Below is some background information to keep in mind.

1. Current status of breakwater phase

The Army Corps of Engineers continues to work on design of the breakwaters. While the design effort has been slowed down by effects from the coronavirus, the Corps' message to city staff is that design work should be complete by March 2021. At that point the Corps, will be ready to procure bids for the construction of the breakwaters, and award the successful bid by September 30, 2021, provided that Congress has funded the programs from which the Corps draws funds for breakwater projects. As a reminder to the council, the Corps will likely be back soon to request additional matching funds from the city to complete the design work.

2. Other Financing Options

In November 2019 I delivered a lengthy memo (copy attached) to the council regarding financing options for the downtown harbor project breakwaters, and eventually the moorage facilities. The options described in that memo are still available to the city, although some of the cash values have changed from a year ago.

3. Scope of planning efforts

A number of years ago the council approved a planning effort for the cannery property that prioritized focus on development of the harbor. That plan called for a more detailed look at uses of the uplands and existing structures once a harbor layout is approved. The harbor layout, in turn, depends in no small part of the proximity of the breakwaters, which are still in the design phase. Based on work with some Craig residents during the initial planning process, I know that some residents believe that plans for use of the uplands should be settled now, contemporaneous

with the harbor planning effort. More detailed planning for the uplands may generate additional support for the harbor project; it will likely require conceptual discussions on the future of the buildings and layout of roads and other development on the site that are likely to generate divergent views. This approach will call for hiring a consultant to assist staff with evaluating the existing structures and assist with other design features.

4. Scheduled visit from commander of US Army Corps of Engineers – Alaska District
The commander and deputy of the Alaska District office of the Army Corps plan to be on POW October 27. During their visit they want to see the downtown harbor project site, and no doubt have a discussion about the Corps' and the city's participation in the project. The council should provide me clear direction about the city's participation in the breakwater phase of the project, so that I can relay that direction to the commander during his visit.

Recommendation

That the council:

- discuss the outcome of the recent election as to the bond measure;
- provide policy direction to staff in preparation for the October 27 meeting with Army Corps officials;
- provide direction on funding options for the project.

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Jon Bolling, City Administrator
Date: November 1, 2019
RE: Update on Cannery Property Harbor Project – Summary of Attached Memo

Attached is a lengthy memo regarding the Craig cannery property harbor project. This single page summary is intended to provide a succinct explanation of staff's recommendation on the subject.

The city must produce around \$11.2 million in matching funds to complete the project. The match requirement begins with the need to produce \$4.4 million for the phase of the project that builds the harbor breakwaters. To produce this match, staff recommends borrowing \$4.4 million from a commercial bank or issuing a general obligation bond through the Alaska Municipal Bond Bank.

Funds to make the annual loan payments would be financed by:

- drawing \$210,000 of interest from the Craig Endowment Fund, after adding \$2.5 million to the fund's principal;
- dedicating sales tax receipts from online retailers, and/or sales of marijuana products;
- redirecting a portion of the funding in the city's annual budget used for school support.

Staff also recommends permitting a draw of up to \$375,000 from the city's Land Development Fund to pay costs of harbor and breakwater design costs if grant funds applied for are not awarded.

Staff's recommendations are based on the goal of conserving the city's cash reserves so that the breakwater construction phase of the project does not reduce the cash balances held today by the city.

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Jon Bolling, City Administrator
Brian Templin, City Planner
Sheri Purser, City Treasurer
Date: November 1, 2019
RE: Update on Cannery Property Harbor Project

As the council is aware staff has been working with the Civil Works Division of the US Army Corps of Engineers in Anchorage toward the establishment of a boat harbor at the downtown cannery property. Given recent events related to the project, a summary of the project's history, financing, and future direction is timely.

Project History

In 2006, the City of Craig purchased the old cannery property from Wards Cove Packing Company for \$1.75 million. The property had been offered for sale by its prior owner and the city council saw the purchase of the property as the best option to expand the city's harbor capacity. On April 5, 2007, the city council approved phase one the cannery property development plan. Essentially, phase one calls for the establishment of a harbor on the property's tidelands, with some of the uplands dedicated for harbor support. Since 2007 staff has been working through the US Army Corps of Engineers Small Boat Harbor Program to put the city in a position to receive funding for the breakwaters needed for the project. The Small Boat Harbor Program requires a project sponsor (in this case, the sponsor is the City of Craig) to providing matching funds for the planning, reports, environmental, and design work related to what the Army Corps of Engineers calls navigational improvements, which in the city's particular case means rubble mound breakwaters. The rock breakwaters are necessary to protect the proposed harbor from damage caused by wave action from both the southwest and from the north.

The current phase of the project has required hundreds of thousands of dollars in match from the city. The process has also taken quite a long time to get to this point. The incentive to the city to participate in this project is that it could lead to the Army Corps of Engineers providing up to 80 percent of the cost of the breakwaters.

The breakwater portion of the project has secured several approvals from the Corps. These have led to the city and Corps entering into an agreement to design the breakwaters; that design is now underway in the Corps' Alaska offices at Joint Base Elmendorf/Richardson. The design requires a cash and in-kind match from the city. Most of the cash portion of that match is already in the hands of the Corps. Some additional cash match may be needed to complete the design work. Also in place is a federal authorization to construct the breakwaters, and staff will work with the Corps and the Alaska Congressional Delegation to secure an appropriation for project.

Financing

As noted above, the preliminary work done on this project required a cost match from the city. When the project is ready for construction, the city must produce a substantial cash match. As noted above the Army Corps of Engineers will provide eighty percent of the cost of the

breakwaters needed for the project. The agency funds their 80 percent through a national harbor project bill Congress adopts every few years.

The table below shows the dollar match that the city can expect to pay for full development of the harbor project. The city is responsible for the “Non-Federal” portion shown in the table.

Item	Project Costs		
	Federal(\$)	Non-Federal	Total(\$)
General Navigation Features (including aids to navigation)	\$ 19,800,000	\$ 2,200,000	\$ 22,000,000
Associated costs - local service facilities	\$ 0	\$ 6,800,000	\$ 6,800,000
LERR (GNF) Admin Costs	\$ 9,000	\$ 17,000	\$ 26,000
10% of GNF, Non-Federal**	\$ (2,200,000)	\$ 2,200,000	\$ 0
Final Initial Cost Requirements	\$ 17,609,000	\$11,217,000	\$ 28,826,000

*Total Project Costs as defined in USACE Value Engineering Study Summary Report dated May 13, 2015.

**Reflects provisions of the Water Resources Development Act of 1986. Sums may not total due to rounding.

As the table shows upon full build out of the project, including both breakwaters and moorage space for about 145 vessels, the city’s cash share is approximately \$11,217,000. The precise cash match will depend on actual construction costs for both the breakwater and the float system. Additional funds will be needed to complete utility connections, access roads, and other upland improvements. The figures shown above do not include design funds for the general navigation features or the local support facilities.

The city has already provided \$65,500 to the USACE toward the non-federal share of the breakwater (GNF) design. The cost share for this portion of the design is 90/10 so this allows the USACE to spend up to \$655,000 of federal funds. It is likely that the city will also provide some in-kind contributions to the design (primarily use of city boats and crew for geotechnical work) which will allow for additional federal funds to be spent. If the GNF design cost exceeds the cash/in-kind match then the city will need to provide additional GNF design funds. The GNF design project may require \$25,000 - \$30,000 more in local cash match to complete.

The city is applying for a community development block grant (CDBG) for 75% of the local support facility design. If approved, the city’s share of the design will be approximately \$68,750 depending on contract costs. If the CDBG application is not approved the city will need to provide local funding or find other grant funding for the local support facility design.

This \$11 million construction figure is obviously an enormous amount of money for Craig. As such it is important to see the match amount in the context of how much is due, and when.

The portion of the match attributable to construction of the breakwaters is \$4,400,000. Of this amount, \$2,200,000 is due at the time of construction. The balance is payable to the Army Corps of Engineers over thirty years, at a rate of interest fixed by the Army Corps.

The portion of the match attributable to construction of the moorage floats is estimated at \$6,800,000, due at the time of construction. This cash share includes approximately \$1.1 million for construction of recreation/pedestrian improvements on top of the breakwater. The float system would undergo construction after placement of the breakwaters.

If the breakwater portion of the project were to receive funding in a federal appropriations bill, it could be ready for construction by 2021. The Army Corps estimates the breakwaters will take two seasons to construct, putting the finish date for that work in late 2022. While some float construction work may start during the second season of breakwater construction, the bulk of the float work could begin any time after completion of the breakwaters; that schedule puts float construction in the year 2022. The thirty year financing offered by the Army Corps will require debt service payments once breakwater construction is complete. In summary, one possible timeline for the local match coming due is below.

Project	Match Amount	Date Due
GNF (breakwater) Design	\$95,000*	2019/2020
LSF (floats) Design	\$68,750**	2020
GNF Construction (season 1)	\$1,100,000	2021
GNF Construction (season 2)	\$1,100,000	2022
LSF Construction	\$6,800,000	2022
Breakwater - financing***	\$210,000	Annually
*\$65,000 already funded		
**If CDBG is approved, \$343,500 if CDBG is not approved		
***Assumes 5% interest rate		

Staff was recently notified that the USACE is looking at the possibility of some federal funds from various USACE construction projects being returned to the USACE for use on other projects, including Craig’s. If this occurs, and Craig’s project is one of the projects selected to receive the fallout funds, then the USACE will work to complete GNF design and award a construction contract for the breakwaters by September 30, 2020. If this happens it will provide a much surer path for Federal funding but will require that the city is prepared to provide matching funds at the time that the construction contract is awarded. We should have more information by the end of December 2019 on the availability of these funds.

Even spread out over several years, securing the cost match is an enormous challenge for Craig. The community will depend upon an outside source to provide at least some of the match requirement. While the dollar amounts may seem overwhelming when viewed all at once, it is helpful to distinguish costs among the project components: breakwaters, and moorage floats.

Breakwaters

The first component is construction of the breakwaters, for which the estimated city match is \$2.2 million during construction, and another \$2.2 million payable over 30 years. Note: for general reference, a twenty year, \$4.4 million loan financed at 3.5 percent amounts to about a \$310,000 annual loan payment, and a total loan interest cost of about \$1.8 million.

As noted above, the city’s estimated cash match for breakwater construction is \$4.4 million. In considering options for producing the city’s full \$4.4 million match for the breakwaters, there are several alternatives available.

A. Bank Loan

I called one local bank to get a general idea of their level of interest in financing \$2.5 million for the project. The response was one of clear willingness to work with the city on financing. Given that the project is for a public purpose, it is possible for the bank to provide a reduced rate of interest due to tax advantages in financing a municipal project. The bank is prepared to offer more details if the council wishes to consider this approach.

B. Municipal General Obligation Bond

The bond bank assists municipalities with issuing tax-free municipal general obligation bonds, which carry a lower interest rate than other forms of financing. The city has incurred bonded debt through the Alaska Municipal Bond Bank on two occasions over the past 25 years: to finance construction of the Craig Aquatic Center, and then to finance mechanical system and other improvements to the center. The second of those bonds is in year three of a twenty year repayment schedule. The bond bank will consider another bond issuance in addition to the obligation of the existing pool bond.

C. Direct Appropriation from Certificates of Deposit

Among the city's savings is \$2 million worth of certificates of deposit at Wells Fargo Bank. The CDs were purchased with surplus operating dollars from the city's general fund. The CDs are not part of the endowment fund. The instruments currently earn around 2.25%.

D. Dedication of Revenue to Repay Endowment Fund

Another option is to borrow from the city's endowment fund, and then repay the loan from a specified source. One such source might be sales tax from online retailers, which may become a steady source now that the city receives sales tax from Amazon, and with an effort underway to collect sales taxes from other online vendors. These payments are essentially a new revenue source from sales tax that might still be earmarked for a specific use. Similarly, the city could earmark raw fish tax receipts received that are in excess of the amount budgeted each year toward repaying the loan, although raw fish tax revenues can be highly variable from year to year.

E. Direct Appropriation from Endowment Fund.

The September 30 market value of the Craig Endowment Fund is approximately \$10.8 million. The council is empowered to appropriate principal from the Endowment Fund by unanimous vote. This approach will result in less future earnings from the fund for use in the city's operating/capital budgets. Appropriation of principal, while permitted by the city's investment policy, runs counter to the policy's goal of building fund value over time.

F. Redirected School Funding

As the council will recall, the city's annual operating budget sets aside funding for school support. Because the school support fund already holds about five times the amount of cash that the city provides to the district each year, the council can consider redirecting some of the operating budget contribution in excess of \$300,000 toward other uses, including the downtown harbor project.

G. Add Undesignated Savings to Endowment Fund.

As noted above, the city holds about \$2 million in CDs at Wells Fargo. In addition, about \$505,000 of the endowment fund is held at First Bank. If these two sums are added to the principal of the endowment fund, the fund value will rise to about \$13.3 million. At the current cap of four percent of market value draw from the fund, the fund could generate about \$530,000 annually (assuming a generally stable market value each year), more than enough to meet debt service payments on the breakwaters and the aquatic center bond.

A table showing the funds referenced in paragraphs A-G above is provided below for your reference.

<u>Fund Name</u>	<u>Source of Funds</u>	<u>Balance</u>	<u>Location</u>
Craig Endowment	One-time revenues	\$ 10,814,644	Broker
Craig Endowment	One-time revenues	\$ 505,777	First Bank
School Support	Federal & City funds	\$ 3,442,961	First Bank
Certificates of Deposit	Retained earnings	\$ 2,000,000	Wells Fargo
City General Fund	Multiple sources	\$ 1,592,625	First Bank
Capital/Harbor/Equip. Res.	Various Sources	\$ 593,883	First Bank
Land Development	Sale of city property	\$ 567,676	First Bank

Moorage

The question of how to finance the moorage floats looms next. The city can at this point pursue various options for the design and construction of the moorage floats, estimated to cost \$6.8 million. Some of those options are listed below.

H. AIDEA

The Alaska Industrial Development and Export Authority operates loan programs that finance infrastructure projects like the one proposed for the cannery site. The cannery harbor project would be small by AIDEA standards, but still within the size of projects the entity has helped finance in the past.

I. Alaska Department of Transportation

The Alaska Department of Transportation has a harbor development program, under which the harbor proposed for the old cannery site is eligible. The program does require a match and like the capital budget is subject to the financial health of the State of Alaska. It is possible that funding awarded from this program could be used toward the city's match for any federal funds received for the breakwaters or moorage floats.

J. Alaska Department of Environmental Conservation

ADEC maintains low interest loan programs used for the expansion of a public water system. It is possible that the city could qualify for a low interest loan to install water lines needed for the redevelopment of the cannery upland site and for installation of water services within the float system of the proposed harbor.

K. Economic Development Administration

The EDA has participated in a number of successful projects in Craig, including expansion of North Cove Harbor, construction of the city's ice house, construction of the seafood processing building, acquisition of the hydraulic boat trailer, and paving of the Port St. Nicholas Road. The

timing is about right for the city to again approach the EDA about their interest in providing some amount of funding for the cannery harbor project.

L. USDA Rural Development

Rural Development routinely provides combination grant and loan funds for projects in rural Alaska. The agency's application process is complex and the application outcome uncertain, but staff can discuss the merits of the cannery project with Rural Development staff.

M. State of Alaska Capital Budget

As the council is aware the annual State of Alaska capital budget has often provided municipalities with matching funds for prioritized local projects. The prospect of substantial capital funding for communities is very dim currently. The state has faced operating budget shortfalls into the billions of dollars in recent years, with no obvious end in sight to the deficit. Recent capital budgets include little more than the minimum necessary to secure matching federal funds for state-sponsored projects. Recent state budgets have contained almost zero discretionary dollars for the types of community-proposed projects that used to be commonplace in the capital budget. It is likely that the next fiscal year's capital budget, which begins in July, will again have zero dollars for community-proposed capital projects.

Eventually, though, the State of Alaska will have to adopt a more conventional capital budget. Projects very much like the one proposed here were funded in recent years in both Wrangell and Haines, and a port project was funded for Hoonah at an amount substantially higher than needed for the cannery property harbor project. The sooner that the Alaska Legislature and Governor can stabilize the state's financial footing, the sooner Craig's chances of securing matching funding for this project. The council has already notified the city's state representatives that the cannery project is an important one for Craig. That message must continue to be presented to the legislature.

Council Direction

We are reaching a milestone point for the cannery harbor project. The council should provide staff with its initial reaction to the financing options above, and provide other financing suggestions. This project presents some obvious challenges for Craig. With those challenges come opportunities as well. A deliberative approach is needed to address the various parts of this project.

Recommendation

Implement a combination of the above options as follows:

1. Deposit undesignated savings of \$2.5 million to Endowment Fund;
2. Borrow \$4.4 million from a commercial bank, or Alaska Bond Bank;
3. Dedicate portion of Endowment Fund earnings to debt service payment;
4. Dedicate online sales tax revenues to debt service payment;
5. Redirect portion of General Fund school payments to debt service if needed;
6. Make available approximately \$375,000 from the Land Development Fund for float system design costs, and additional breakwater match if needed. This draw will be reduced if the grant application the city submits for design work is approved.

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Jon Bolling, City Administrator
Date: October 15, 2020
RE: Public Notice from Alaska DNR on Tideland Lease Application

The company operating the kelp mariculture site at Doyle Bay has submitted an application to the Alaska Department of Natural Resources (DNR) to lease tide and submerged land at Port Real Marina. A copy of the lease application, and notice of agency review notification, are attached.

If approved the lease will allow the company to construct a kelp mariculture site at Port Real Marina, similar to the Doyle Bay site. The city wrote a letter of support for the Doyle Bay project a few years ago during the agency review on that project.

Based on the application, the proposed Port Real Marina site would grow three local species of kelp on 132.2 acres within a 1,200' x 4,800' footprint near the north shoreline of the waterway.

The Doyle Bay site has created seafood-based economic activity in Craig, with increasing amounts of that activity likely to follow once Doyle Bay moves into full production. The Port Real Marina site is likely to add to that net gain. Craig's harbors offer an ideal base for the ongoing maintenance, operation, and harvest of product from the sites. What's more, the existing fleet of commercial and work vessels and crews in Craig provide ready infrastructure to support the industry.

Port Real Marina is a heavily travelled waterway between Craig and outside waters. The applicant proposes a lease site as far off the travel corridor of the area as possible to minimize the chance of conflicting with existing vessel traffic. The council should consider how the proposed site will affect vessel traffic routes and other uses in the waterway as it considers its direction to staff.

I propose the city write a letter of support to DNR regarding the application. The comment deadline is October 22 (the same day as the council's next meeting), so I have asked the state for one additional day to send comments so that the city council can give direction to staff in response to the application.

Recommendation

Provide direction to staff as to sending comments to DNR on the proposed aquatic farm lease site.

STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND AND WATER
SOUTHCENTRAL REGIONAL LAND OFFICE

AGENCY REVIEW

This is notification that the Southcentral Regional Land Office (SCRO), Leasing Unit, received an application for a 10-year aquatic farmsite lease in accordance with AS 38.05.083, authorizing the use of 132.2 acres, more or less, of state tide and submerged lands located on the northside of Port Real Marina, near Craig, Alaska. The purpose of this notice is to gather input before a decision is made on this activity.

<u>Case #</u>	<u>Location</u>	<u>Area Plan</u>
ADL 233123 Markos Scheer dba Real Marina, LLC	N1/2 of Section 26 and NE1/4 of Section 27 Township 74 South Range 78 East Copper River Meridian Approximate area: 132.2 acres	Prince of Wales Island Area Plan Amendment Management Unit 16: Maurelle /Outside Islands Map: 2 Unit: MT-13 Designation: Public Recreation and Tourism-Dispersed Classification: Public Recreation Land

Markos Scheer dba Real Marina, LLC has requested a lease for the installation of a suspended grow-out line culture system using seeded line produced from a permitted hatchery for the commercial growth and harvest of three local species of kelp, sugar kelp (*Saccharina latissima*), bull kelp (*Nereocystis luetkeana*), and ribbon kelp (*Alaria marginata*). The proposed lease is located on the northern side of Port Real Marina, approximately 17 miles west of Craig, Alaska, immediately south of Lulu Island.

After review and adjudication, SCRO may issue an authorization with stipulations for the activity. The activity may be modified during the review and adjudication process. SCRO reserves the right to determine the term and size of the lease.

You are invited to review the enclosed application materials and comment. Please direct written comments to Kate Lusby at the address above, or send via email to kate.lusby@alaska.gov, or by fax to (907) 269-8913, no later than **October 13, 2020**. You need not respond if you do not have any recommendations. The purpose of this notice is to gather input before a Preliminary Decision is made to ensure that issuance of the proposed lease will be in the best interests of the State of Alaska. If you have any questions, please call me at (907) 269-8618.

Sincerely,



Kate Lusby
Natural Resource Specialist II
Aquatic Farm Leasing Program

**PORT REAL MARINA AQUATIC FARM LEASE
PROJECT DESCRIPTION**

Revised (9.17.2020)

A. **Site Location.** The proposed aquatic farm site is on the Northern side of Port Real Marina, about 17 miles west of Craig, Alaska. The site is located immediately south of Lulu Island, the nearest upland.

B. **Site Dimensions.** The proposed aquatic farm site dimension is a four-sided polygon, 1,200 feet x 4,800 feet. The NE corner (Corner 1) is located at N55°25.819/W133°30.324; the SE corner (Corner 2) is located at N55°25.627/W133°30.247'; the SW corner (Corner 3) is located at N55°25.452'/W133°31.599'; and the NW corner (Corner 4) is located at N55°25.644'/W133°31.675'.

C. **Total Acres.** The proposed site area constitutes 132 acres (actual 132.231).

D. **Species Intended to Farm.** The site will be utilized for the culture of Kelps (*Saccharina latissimi*, *Nereocystis Luetkeana* and *Alaria Marginata*).

E. **Culture Method, Gear, Equipment and Anchoring Systems.**

Seed will be produced in a permitted facility from a permitted seed source, OceansAlaska. The seed lines are to be set onto the groundlines utilizing a proprietary seed deployment device from a vessel. Seed deployment will occur between October 1 and December 1, each year.

The kelp culture array has two parts: The main array and the grow out lines and associated equipment.

Main Array. The main array will feature Main Buoys (the "Main Buoys") and mooring system and (2) parallel catenary apparatuses running between and attached to the Main Buoys. Each side of the parallel catenary and Main Buoy line will be approximately 4,200' and contained within the boundary of the lease. The Main Buoys, catenaries and their anchoring systems will remain in the water year around. They will be regularly monitored, even when not in use.

Mooring System. The mooring system is comprised of 44 total Main Buoys (the "Main Buoys") and associated anchors.

Each Main Buoy will be a semi-permanent 36" to 42" steel, foam filled buoys. Each Main Buoy will be separately and individually anchored to the seafloor.

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A total of 48, 1,000 to 40,000-pound steel, or steel and concrete anchors, will secure the Main Buoy and catenary array systems. The Main Buoy at each end of each catenary line will have two anchors, to provide additional security and longitudinal tension to each catenary row.

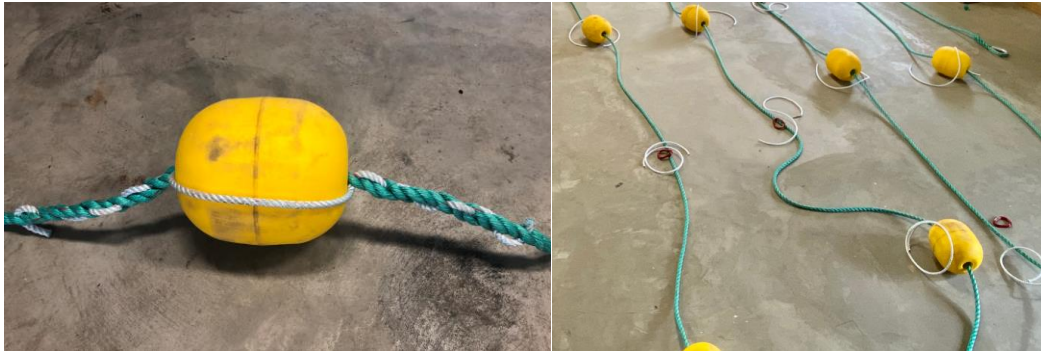
The anchor will be specified for each Main Buoy depending on the bottom conditions, slope and substrate. An ROV drone with video capability is used to assess bottom type and condition. Bottom bathymetry is used to assess slopes. The anchor chain and line will be at least two (2) times the depth of the water at the anchor to provide sufficient scope and to provide mechanical lateral tension to remain secure in all tides and weather and keep the grow-out lines tensioned throughout grow-out.

The Main Buoy and catenary systems and associated main anchors may remain in the water year around, except for repair and maintenance.

All anchors and anchor components will be contained inside the site area. Anchor, buoy and catenary systems will be monitored regularly, including at least annual ROV visual assessment of the anchor, chain and line.

Catenaries. A catenary, by definition, is a curve formed by a wire, rope, or chain hanging freely from two points and forming a U shape. In this case, each catenary is 200' to 210' long and is constructed of ¾" or 1" 3-strand nylon line with floats and pear-rings spliced onto the line at up to 20' intervals (see photos, below).

Example Catenary structures and components.



The array will have two parallel catenary and buoy arrays, one on each side, approximately 4,200 feet long. The parallel catenary and buoy structure create a total of 21 segments between the Main Buoys. Each segment is approximately 200' by 600'. Each segment will support up to (21) 600' grow-out lines. Depending on spacing, the array can hold up to 440 grow-lines. The spacing depends on species and grow-out characteristics, i.e., optimal growth of different species can

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include adjustment of spacing because of species specific growth characteristics, water flow and nutrient availability. The grow-out lines will be suspended 5' to 30' below the water surface, depending on the kelp species being propagated. For example, *Alaria Marginata* and *Saccharina Latissima*, the grow-out lines will be suspended 5' to 10' below the surface and remain at that level through grow-out. *Nereocystis Luetkeana*, on the other hand, once it reaches the surface, the grow-out line will be lowered another 10'-20' into the water to allow the kelp to grow back to the surface, potentially increasing yield and minimizing biofouling from bryozoans or other organisms. The depth of the site where the grow-out lines will be suspended ranges between 66' and 190' at MLLW, accordingly, at no point will the grow-out lines contact the bottom. The expected minimum distance between the grow-out lines and the bottom will be 6 fathoms (36') at MLLW.

Grow Out Lines. Each grow-out line will be made of 3/8" or 1/2" sinking line suspended and tensioned between the two catenaries. The grow out lines are suspended from the pear-links on the catenary and stretch across the array to the corresponding pear-link attached to the catenary on the other side of the array.

Line Anchors and Line Buoys. At a minimum, each grow-out line will also have a 50-100 lb. line anchor on each end, used to control depth and tension across the grow-out line. Depending on grow out results, we may elect to use more or less buoys or line anchors on grow lines. The type of lines, size of line anchors and number of buoys to be used may change based on the grow-out results, kelp buoyancy, current dynamics and sea and weather conditions. These line buoys and anchors will always be suspended (they are not on-bottom). The end of each grow-out line will be secured to a catenary.

After setting and during grow-out (approximately October to May/June), the site will be actively monitored and attended by a vessel and crew weekly. The company's biologist will monitor growth and environmental characteristics. The monitoring personnel will use an ROV and visual assessment to monitor the grow out line tension, array stability, fouling and anchoring systems throughout the grow-out period. See also, Monitoring, below.

The grow-out line systems will be installed in the fall and removed after the annual harvest and stored, on shore, until the next growing season.

Except for monitoring and testing activities, no activities are expected to occur on the site between harvest and seed out (expected to begin in October) of any year.

F. **Kelp Harvesting Harvest equipment and method.**

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Kelp will be harvested utilizing a purpose-built vessel that will haul the line on deck where the kelp will be cut from the grow-out line and loaded into a mesh bag which will be held in an insulated tote or seawater filled hold. The grow-out line will be wound on deck and secured. Once the daily harvest is complete, the kelp will go to the plant, directly, or to an onsite tender which will hold it for delivery to the processing facility. This process will be repeated on each grow-out line, until the harvest is complete, and all the grow-out lines are removed for cleaning and off-season storage so that they may be reused the following season.

G. Support Facilities.

There will be no permanent onsite support facilities.

H. Access to and from the Farm Site.

All personnel will live off-site and will be transported daily to the site from the dock in Craig, Alaska, by appropriately sized and manned vessels.

I. Storage Location of Equipment and Gear When Not in Use.

When not in use, all equipment, grow-out lines, buoys, the line anchors and vessels will be stored on private property located in Craig or Klawock. The Main Buoys and Main Anchors will remain in the water year around.

J. Monitoring and Testing

1. Testing and Monitoring. Port Real Marina's parent company, Premium Aquatics, LLC, hired Dr. Tiffany Stephens as the Chief Scientist and Research Director. Among Dr. Stephens' duties will be regularly monitoring kelp growth and conditions and testing for all sites in the operation, including water temperature through the water column, salinity and turbidity in the Parcel. Testing protocols will be developed by the staff biologist and will be monitored not less than monthly, or more frequently as may be required by any relevant agency or as the biologist deems appropriate. Monitoring could include monitoring of interaction with mammalian species in the area in a cooperative effort with ADF&G and NOAA.

2. Protecting Kelp Populations. Wild kelp is ubiquitous in the area and can sometimes be seen on rock formations and shorelines in the Craig area, generally. None of the species (*Saccharina latissimi*, *Nereocystis Luetkeana* and *Alaria Marginata*) intended to be cultured at the site were observed in the inside the boundaries of the proposed site. In the event any wild kelp grows in or into the site lease area, operations will be moved away from that kelp so that it

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may remain undisturbed. No vessels or grow-out rafts will be anchored, or operations will occur within 50' of those kelp plants and they will remain undisturbed, though we may explore the acquisition of reproductive materials from those kelps to utilize in the hatchery.

3. Other considerations.

a. **Mammalian interactions under the Marine Mammal Protection Act.** The operations are more than 3 nautical miles from any Stellar Sea lion haul-out; and more than 660 feet from any bald eagle nests.

The Marine Mammal Protection Act does not prohibit mariculture operations from occurring in the vicinity of haul outs. Indeed, operations in Maine and other locations are permitted to occur adjacently to haul outs.

The "Guidelines for Emerging Mariculture Industry and Marine Mammal Interactions (April 12, 2019) ("Guidelines") provide that "overlap is defined as activities (e.g. construction, mariculture, travel, etc., less than 500 meters from a haul out site. . ." The site does not overlap any 500-meter area around any identified harbor seal haulout.

While the nearest Harbor Seal haul out is roughly a nautical mile from the proposed site lease area, there is no expectation of adverse impact of any kind. The proposed kelp farming operation will be active only between October 1 and harvest which will occur in May or June. Kelp farming is very passive, with peak activities during seed out (2-4 vessels operating during daylight hours between October 1 and December 1 of each and 2-4 vessels participating in harvesting (May/June of each year). During grow out, 1-2 vessels may be on site during daylight hours engaging in husbandry and monitoring. There are no structures which would be otherwise appealing as a haul out.

During the post-harvest period to September 31 of each year, there will be little activity at the site. Popping activities occur outside the operative period proposed in this operation.

<http://www.adfg.alaska.gov/index.cfm?adfg=harborseal.main>

b. The operation shall not include the use any chemicals that are not approved by the Food and Drug Administration.

c. Aquatic farm structures (i.e., rafts, booms, long lines) will not be treated with any preservatives, as these toxic chemicals may be absorbed and accumulated within the shellfish, which are to be sold for human consumption.

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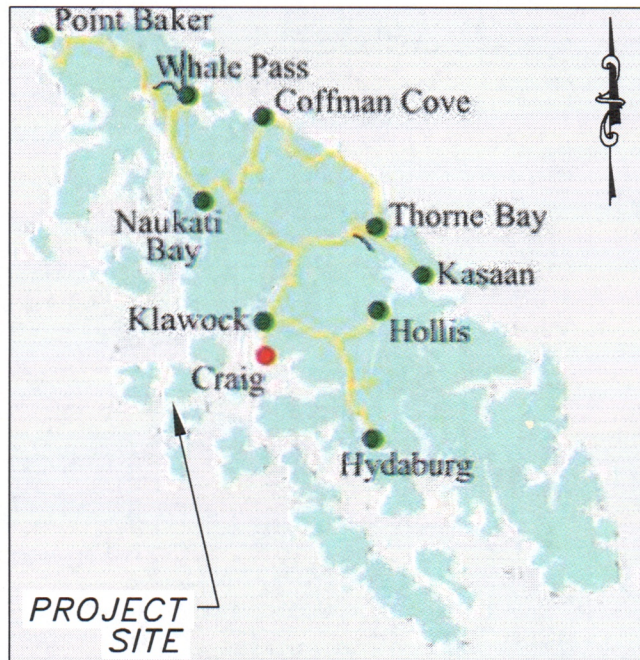
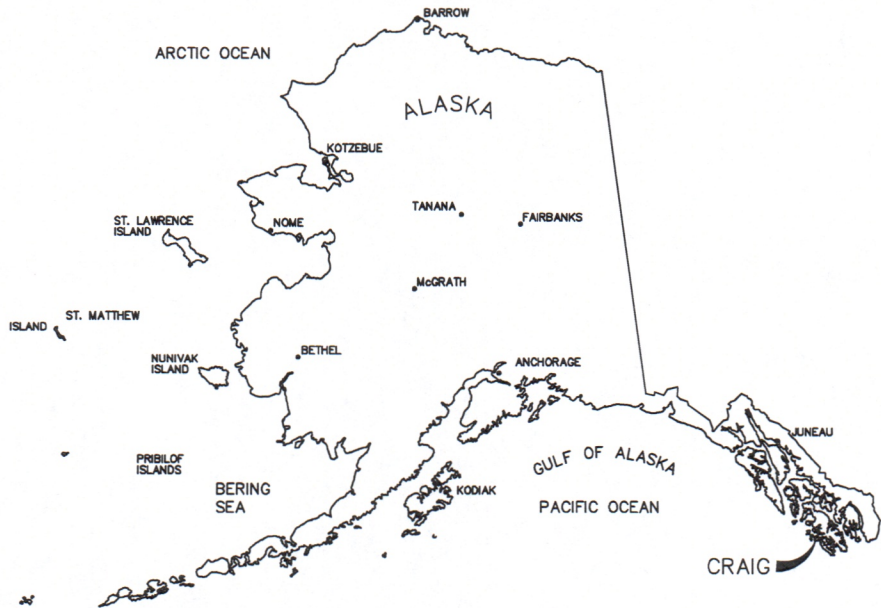
d. All aquatic farm structures will be sufficiently anchored to hold in storm conditions and/or in swift current.

e. All the aquatic farm structures will be located in waters, of sufficient depth and secured in a manner to preclude grounding at any tidal stage.

f. To prevent predator entanglement, vertical ropes, lines, wires, structures will not be connected by more than one horizontal lead line, long line, rope wire, etc.

g. The site, floating equipment and location are situated so they will not interfere with the public's right to free navigation around the aquatic farm structure on all navigable waters of the United States nor be placed in such a fashion as to create a hazard to navigation. The aquatic farm structures and or mooring buoys will not be placed in locations that would hinder safe access to, or use of, existing ports, docks, piers, harbors, boat launch ramps, buoys, floats, piles, or any other existing structures or facilities within navigable waters.

R&M

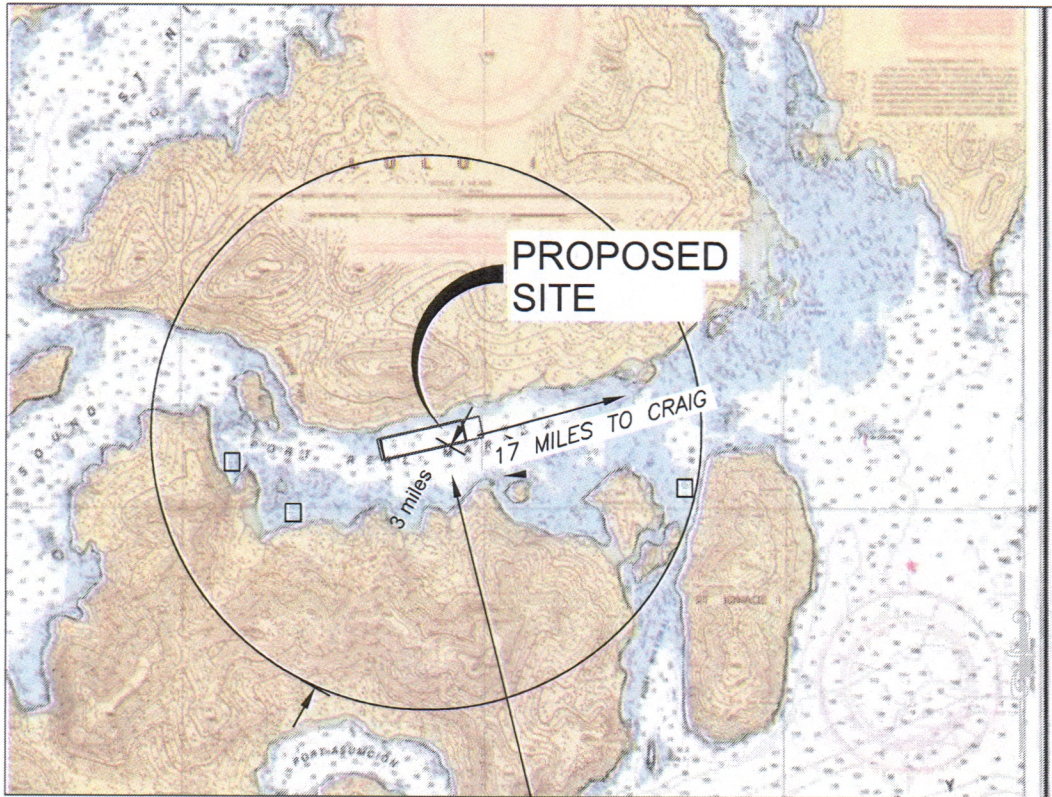


LOCATION MAP

APPLICANT NAME: REAL MARINA, LLC
WATER BODY: PORT REAL MARINA
REGION: CRAIG, SOUTHEAST ALASKA

PROJECT NO. 172322	SCALE: NOT TO SCALE	DRAWN BY: T.S.S.	CHECKED BY: MS	DATE: 10-15-19	SHEET NO. 1
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LOCATION MAP
PORT REAL MARINA
REAL MARINA, LLC
ADL# 233123
9/9/2020



APPROX.
CHANNEL
2300' LEASE
TO OPPOSITE
SHORELINE

GENERAL LOCATION MAP

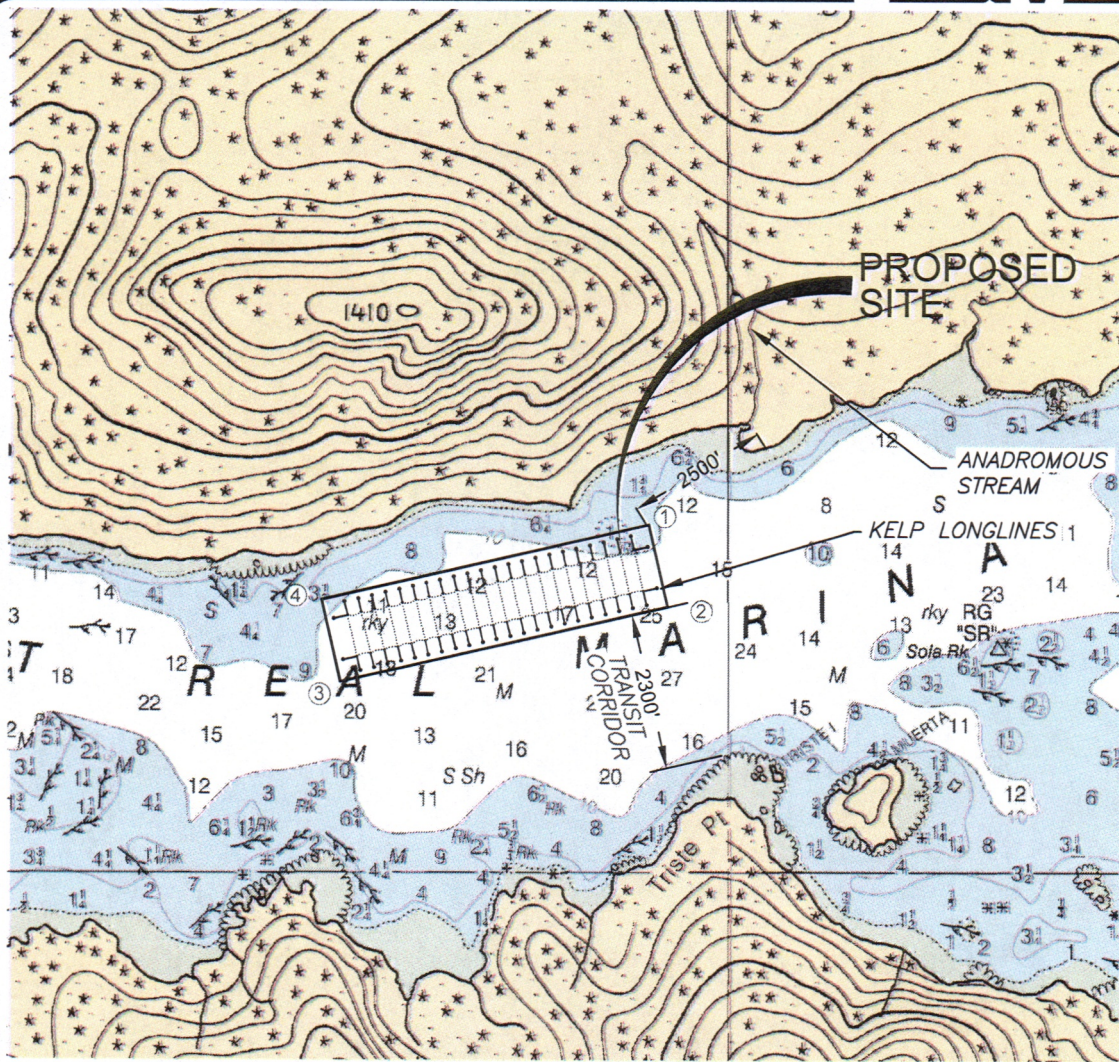
CHART 17406

APPLICANT NAME: REAL MARINA LLC
 WATER BODY: PORT REAL MARINA
 REGION: CRAIG, SOUTHEAST ALASKA

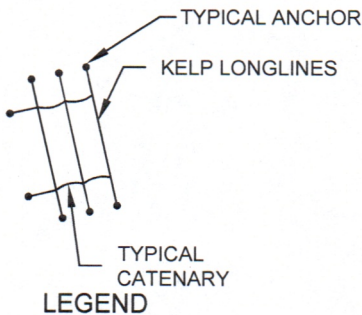
PROJECT NO. 172322	SCALE: 1" = 2 MILES	DRAWN BY: T.S.S.	CHECKED BY: MS	DATE: 10-15-19	SHEET NO. 2
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ALL DISTANCES ARE IN STATUE MILES UNLESS OTHERWISE NOTED

GENERAL LOCATION MAP
 PORT REAL MARINA
 REAL MARINA LLC
 ADL# 233 123
 9/9/2020



DETAILED LOCATION MAP
CHART 17406



PARCEL NO. 2 COORDINATES			
ANGLE PT	CORNER	LATITUDE	LONGITUDE
①	NE	N55°25.819'	W133°30.324'
②	SE	N55°25.627'	W133°30.247'
③	SW	N55°25.452'	W133°31.599'
④	NW	N55°25.644'	W133°31.675'

PARCEL AREA: 132 ACRES

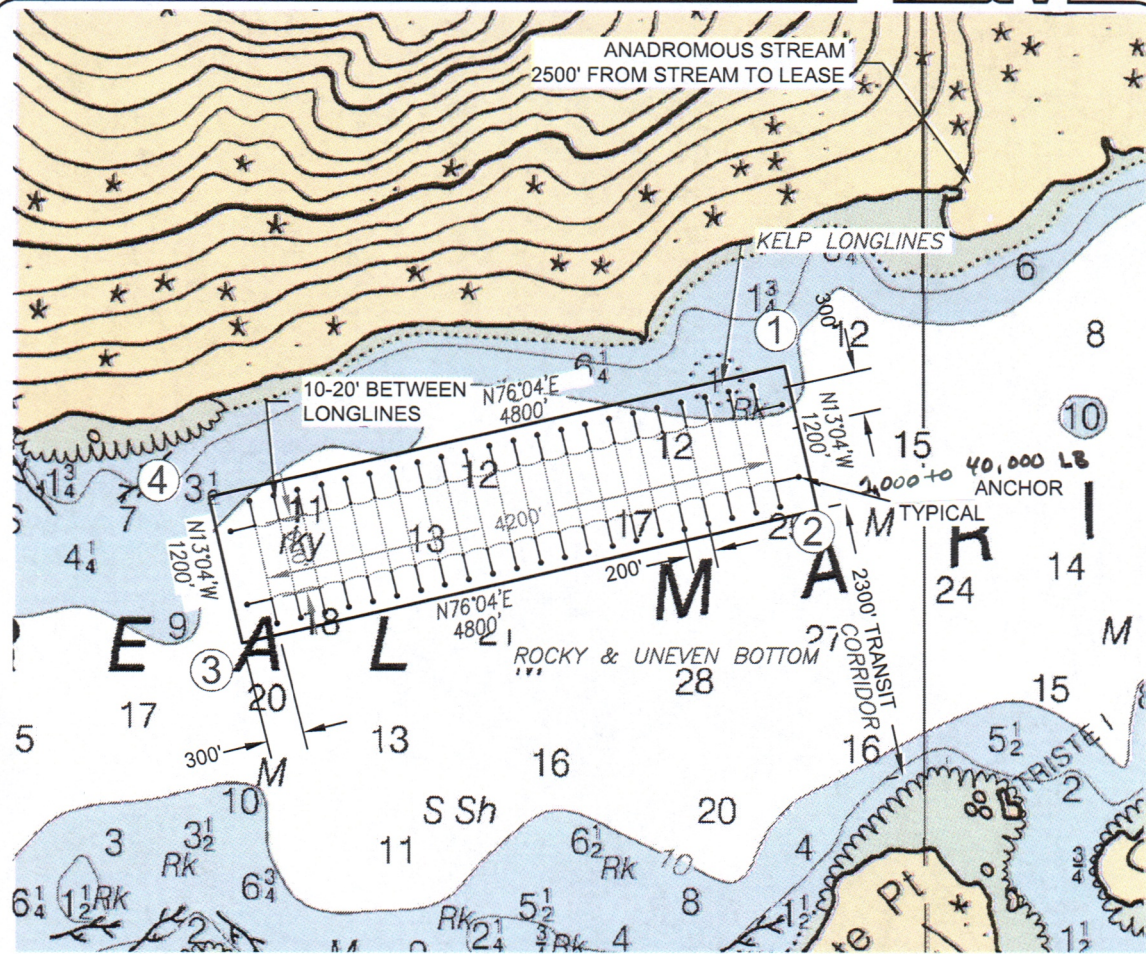
APPLICANT NAME: REAL MARINA LLC
WATER BODY: PORT REAL MARINA
REGION: CRAIG, SOUTHEAST ALASKA

PROJECT NO. 172322	SCALE: 1" = 1/2 MILE	DRAWN BY: T.S.S.	CHECKED BY: MS	DATE: 1-17-20	SHEET NO. 3
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DETAILED LOCATION MAP
PORT REAL MARINA
REAL MARINA, LLC
ADL# 233123
9/9/2020

RSM



SITE PLAN MAP

CHART 17406

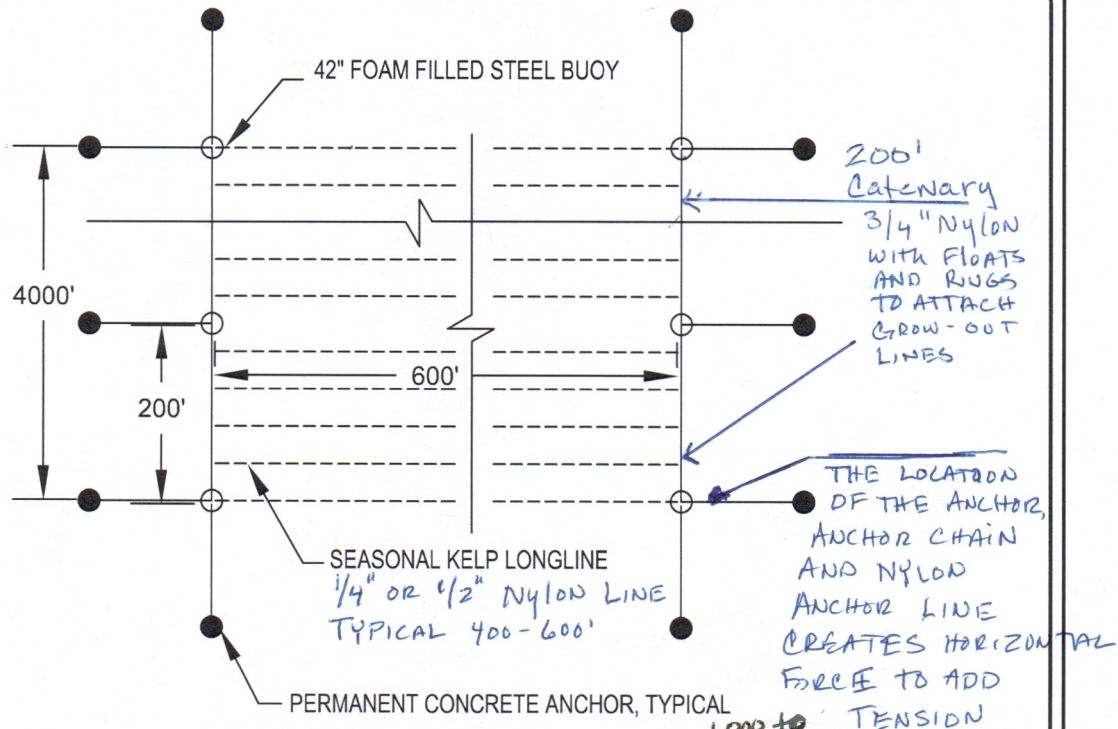
KELP GROW OUT

PARCEL NO. 2 COORDINATES			
ANGLE PT	CORNER	LATITUDE	LONGITUDE
①	NE	N55°25.819'	W133°30.324'
②	SE	N55°25.627'	W133°30.247'
③	SW	N55°25.452'	W133°31.599'
④	NW	N55°25.644'	W133°31.675'

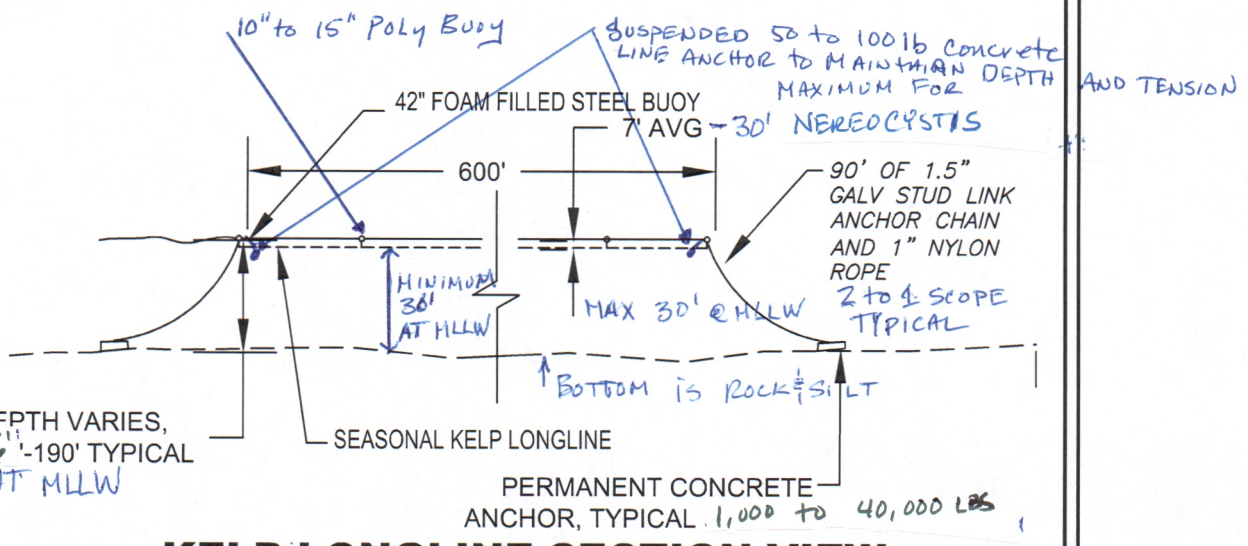
PARCEL AREA: 132 ACRES

APPLICANT NAME: REAL MARINA LLC
 WATER BODY: PORT REAL MARINA
 REGION: CRAIG, SOUTHEAST ALASKA

PROJECT NO. 172322	SCALE: 1" = 1500'	DRAWN BY: T.S.S.	CHECKED BY: MS	DATE: 10-15-19	SHEET NO. 4
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1 KELP LONGLINE PLAN VIEW
NTS



2 KELP LONGLINE SECTION VIEW
NTS

PROJECT NO. 172322	SCALE: 1" = 150'	DRAWN BY: T.S.S.	CHECKED BY: MS	DATE: 10-15-19	SHEET NO. 5
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CROSS SECTIONAL DIAGRAM
 KELP LONGLINE ARRAY
 PORT REAL MARINA
 REAL MARINA, LLC
 ADL# 233123
 9/9/2020 -0

CITY OF CRAIG MEMORANDUM

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: October 14, 2020
RE: CARES Act – Defining “Substantially Engaged” Employees

The CARES Act allows the city to use funds for salary and benefits for public safety employees and employees that are substantially engaged in responding to and mitigating COVID-19 and its impacts. Grant guidance issued by the Treasury Department allows 100% of the public safety payroll to be reimbursed as a matter of “administrative convenience”. This means that 100% of police and EMS salary (including dispatch and EMS volunteer stipends) can be reimbursed with CARES funding.

In addition to the public safety employees, there are a number of other employees who have been substantially engaged, either on a project by project or on an ongoing basis, with COVID-19 response and mitigation. However, neither the CARES Act or the Treasury guidance associated with it define “substantially engaged”. Since we have a number of employees who fall into this category, it is in the city’s interest to settle on a definition to be used by the City of Craig. Staff recommends adopting the following definition:

Between March 1, 2020 and December 30, 2020 (unless extended by Congress), for purposes of CARES Act funding, the following employees and activities shall be determined to be “substantially engaged” in COVID-19 response and mitigation:

- 1. Public safety employees and volunteers (including police, EMS, and dispatchers). Public safety employees and volunteers are eligible for 100% payroll reimbursement.*
- 2. City employees who are formally identified as members of the city’s Incident Management Team for the 2020 COVID Response whose duties related to COVID-19 response and mitigation constitute at least 25% of their workload on a weekly basis. Such work includes policy development, public information, command and control, financial services, logistics, planning, safety, and other related work. Employees in this category will be generally eligible for up to 100% payroll reimbursement.*
- 3. City employees who perform COVID-19 response and mitigation measures on a project by project basis. Such employees shall track the employees, specific projects, and time spent on those projects for reimbursement. Employees in this category will be eligible for reimbursement for a portion of their payroll based on the amount of time spent on COVID-19 response and mitigation projects.*

Payroll reimbursement includes volunteer stipends, hazard pay, regular time, and overtime pay for eligible employees.

Recommended Motion: Move to adopt staffs definition of “substantially engaged”.

CITY OF CRAIG MEMORANDUM

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: October 15, 2020
RE: Offset General Funds from CARES Act Payroll Reimbursement

As the council is aware, one of the eligible expenses that we have been using CARES Act funding for is reimbursement of eligible payroll expenses. This covers payroll for our Public Safety employees (EMS and Police Departments) and other employees “substantially engaged” in response and mitigation to COVID19.

Early estimates were that we would be eligible for \$750,000 - \$900,000 between March and December 2020. Reimbursement payments for March – September has totaled \$785,800. We estimate that we will be eligible for another \$300,000 in reimbursement for October – December. This will bring our total eligibility for reimbursement to about \$1.1 million. Maximizing our payroll reimbursement leaves about \$700,000 for other CARES eligible expenses.

This payroll was included in the current fiscal year budget and we will essentially offset budgeted payroll by reimbursing ourselves for CARES Act eligible expenses. We don’t yet know what the effects of COVID19 will be on sales tax returns for third and fourth quarter 2020 so some of this offset funding will likely help absorb shortfalls in other revenue.

While the council can choose to reduce the amount of payroll reimbursement that we draw from CARES in order to offer additional funding for other CARES eligible expenses and programs, there are some distinct advantages to drawing the maximum amount of payroll reimbursement and delaying some decisions on how best to use the offset payroll funds. These advantages include:

1. Holding offset funds until after January 31, 2021 so we can see the total impact to revenues for the last six months of 2020 (fourth quarter sales tax returns are not due until January 31st). This would allow the council to use some portion of the offset funds in the current budget year to absorb the shortfalls.
2. Offset funds can be used for business or individual assistance without the same restrictions or time frame that CARES Act funds have. This means that the council can choose to use some offset funds before OR after December 30th; they can be used on a broader basis without requiring individual COVID19 impacts; and they can be used for programs like property tax relief, utility relief, moorage relief, etc. that would be considered “revenue replacement” under CARES.
3. Offset funds can also be used for unanticipated expenses or projects across the city or simply held in reserve by the city for future use.

At this time, it makes sense to continue to work to offer individual, business, and non-profit assistance programs using the other \$700,000 in CARES funding and maximize the payroll reimbursement for some of the items described above. The council should discuss this and give general direction to staff.

CITY OF CRAIG MEMORANDUM

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: October 15, 2020
RE: CARES Assistance – POW Cancer Coalition

Staff has continued to solicit area non-profits and other agencies for programs that are eligible for CARES funding that will benefit Craig residents who have been financially impacted.

The POW Cancer Coalition assists local cancer patients with out of pocket travel expenses. Many of these patients have been impacted by COVID19 and the demand for funds from the coalition, partnered with reduced fundraising activities has impacted their ability to provide this funding. A letter from the coalition outlining their program and fundraising problems this year is attached.

The coalition has requested \$5,000 in CARES Act funding to provide financial assistance for out of pocket travel costs for cancer patients between now and December 30, 2020. This program would be similar to the recent mammogram program we are partnering with PeaceHealth on. In addition, funding could be used to replace funds spent by the coalition for eligible persons from March 1, 2020 to present.

In order to be eligible, individuals would have to meet the coalitions requirements for assistance and will have to certify to an assessment that they were impacted financially by COVID-19. The program would be on a cost-reimbursable basis.

Recommendation: Approve the use of up to \$5,000 for the POW Cancer Coalition to provide assistance to Craig residents who have been impacted by COVID-19.

Recommended Motion: Move to approve up to \$5,000 in CARES funding for the POW Cancer Coalition to provide individual assistance as outlined above.

Craig Community Foundation
Prince of Wales Cancer Coalition
Craig, AK 99921

October 15, 2020

Brian Templin
Craig City Planner
P.O. Box 725
Craig, AK 99921

Dear Brian:

On behalf of the Prince of Wales Cancer Coalition, I am applying for CARES act funding to benefit Craig residents that have been economically impacted by COVID-19. Our organization will use the funds to provide medical travel grants directly to Craig cancer patients; no funds will be used for general expenses.

Since its founding in 2000, the Prince of Wales Cancer Coalition, operating under the umbrella of the Craig Community Foundation, has responded to more than 100 requests for assistance and has reimbursed more than \$89,000 to cancer patients for out-of-pocket travel expenses.

We are requesting \$5000 in CARES Act funding. In a typical year, we provide financial assistance totaling \$8500 to \$10,000 island-wide. We accept requests throughout the year and individual grants vary in amount up to a maximum of \$1500. We anticipate that \$5000 will cover our direct assistance grants to COVID-impacted Craig residents for the period from March through December 30, 2020. Due to the difficulty in determining the exact amount of funding needed, we propose setting this up on a reimbursable basis, whereby we request reimbursement from the City after travel grants are made to eligible individuals.

Please note that our fundraising capability has been severely curtailed this year due to the pandemic and cancellation of our major event, First Bank Gala and Art Auction.

Please contact me with any questions. Thank you for your consideration.

Sincerely,



Barbara A. Stanley, President
Craig Community Foundation
Prince of Wales Cancer Coalition