

**CITY OF CRAIG**  
**RESOLUTION 22-03**  
**ESTABLISHING RESERVE FUNDS**

WHEREAS, the City of Craig has an ongoing need for capital projects, equipment replacement, and harbor upgrades dollars; and

WHEREAS, in recognition of the need, the Craig City Council has established an account designated for reserve funds and has identified various sources of revenue for those reserves; and,

WHEREAS, dollars deposited into reserve funds are subject to subsequent appropriation by the Craig city council; and,

WHEREAS, those funds are currently deposited into various accounts and investments with low interest or earnings and the city is interested in managing those funds in an account with higher potential earnings with Alaska Permanent Capital Management.

NOW, THEREFORE BE IT RESOLVED that the Craig City Council authorizes the creation of a new fund with Alaska Permanent Capital Management for use as a Capital Projects Reserve Fund; an Equipment Replacement Reserve Fund; a Harbor Reserve Fund; a Land Development Fund; and other such uses as authorized by the council from time to time.

BE IT FURTHER RESOLVED that these reserve funds are to be capitalized from and designated for projects based on Attachment A to this resolution and direction from the council.

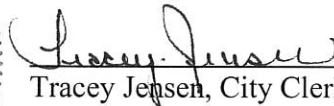
BE IT FURTHER RESOLVED that this resolution supersedes procedures set out in Craig Resolution 14-12.

Adopted by the Craig City Council this 20<sup>th</sup> day of January, 2022.



Mayor Tim O'Connor





Tracey Jensen, City Clerk

Attachment A

## CAPITAL RESERVE FUND

The purpose of this fund is to establish an investment account for the purpose of saving funds over multiple years for projected capital projects, equipment replacement, harbor reserves, land development reserves and other such capital, equipment, and reserve projects or items identified by the council. Money within this fund may be used to support financing, make direct payments, match grants, or other needs related to projects designated for the fund.

Money from this fund may be appropriated by the Craig City Council through normal or emergency appropriations procedures available to the council.

Projects may be identified, along with funding amounts within the fund, but are subject to future appropriations by the city council. The Finance Director shall maintain a list of identified projects and corresponding dollar amounts for the fund. This list, along with a copy of departments' five-year capital improvement plan shall be provided to the budget committee and city council during consideration of the annual budget.

Specific projects covered by this fund shall be identified as follows:

- Through the department's five-year capital improvement and vehicle/equipment replacement schedule
- Through the regular annual budget process
- Through grant applications
- As designed by the City Council

This fund, and the resulting funding for identified projects, equipment, and other items shall be drawn from the following sources each year no later than June 30<sup>th</sup>. The council may also choose to direct other funds generally to the fund, for specific categories, or for projects within those categories.

Categories of Fund Use	Annual Source of Revenue
Capital Projects and Equipment Replacement	Endowment Fund Unspent Earnings <sup>1</sup> Designated Endowment Fund Earnings for projects <sup>2</sup> 50% of Surplus Raw Fish Tax
Harbor Reserve	50% of Surplus Raw Fish Tax Lease payments from Community Cold Storage Bldg. <sup>3</sup>
Land Development Fund	Land Sales Proceeds <sup>4</sup>
All Categories Within the Fund	As directed by the City Council <sup>5</sup>

1. Unspent remainder of the allowed annual draw on the endowment fund as of June 1<sup>st</sup> shall be transferred into this fund for Capital Projects. Amounts designated for each project reserve shall be designated by the council at the time of the transfer.
2. Endowment fund earnings (allowed for draw) may be designated for specific projects during the annual budget process or through the supplemental budget process. These funds may be moved to the city general fund as needed for current fiscal year expenditures or moved from the endowment fund to this fund for use for specified projects.
3. The lease for the Community Cold Storage building and land is generally based on operations and allowed discounts. On years when the plant is operational the city may increase the budgeted amount for specified capital expenses within the JT Brown Industrial Park. Any lease amount over the base lease rate (for years that the plant does not operate) that is not specifically included in the annual budget shall be moved to this fund by the end of the fiscal year. This transfer shall be capped at \$50,000 annually from Community Cold Storage lease payment.
4. Proceeds from sales of city land shall be deposited into the fund and designated for land development.
5. The council may choose to move other funds at their discretion into the fund for general future use or for specified projects.