

**CITY OF CRAIG
SPECIAL COUNCIL AGENDA
JUNE 23, 2021
COUNCIL CHAMBERS 6:00 PM**

ROLL CALL

Mayor Tim O'Connor, Hannah Bazinet, Jim See, Julie McDonald, Michael Kampnich, Chanel McKinley, Millie Schoonover

CONSENT AGENDA

Items listed below will be enacted by one motion. If separate discussion is desired on an item, that item may be removed and placed on the regular meeting agenda.

HEARING FROM THE PUBLIC

- Open for public comment
- Resolution 21-15, Accepting American Rescue Plan Act Funding

READING OF CORRESPONDENCE

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

- Resolution 21-15, Accepting American Rescue Plan Act Funding

UNFINISHED BUSINESS

NEW BUSINESS

- Consider a Letter of Support from Southeast Conference for a Southeast Alaska Mariculture Incubator Project.

COUNCIL COMMENTS

ADJOURNMENT

Note: City council meetings have limited seating capacity due to COVID-19 protocols. For those wishing to attend the council meeting remotely go to:

<https://zoom.us/j/5281996980?pwd=V1RCbnJVcm85bDIRbURmNTdORjZkdz09> (if you are prompted for a passcode, use code 1111), or watch the meeting at:

<https://www.youtube.com/channel/UCTou8Pn03MIEjLLb9Em0Xrg> . To provide public comment to the council remotely, contact the Craig City Clerk at cityclerk@craigak.com, before 5:00 p.m. the day of the council meeting

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Jon Bolling, City Administrator
Date: June 18, 2021
RE: Resolution 21-15

Attached you will find Resolution 21-15. The resolution, if adopted, accepts funds from the American Rescue Plan Act.

If the council approves the resolution then staff will sign a forthcoming grant agreement with the State of Alaska. Staff has already started reviewing the federal guidance governing use of the funds and will have to spend more time getting to understand the funding and the terms of its permitted uses. At an initial reading, the guidance appears in some ways to be more restrictive than last year's CARES funding.

There is still much uncertainty about the amount of funding that the city may receive. Staff is told that the funding will come in two payments: one in the near future, and a second about a year later. Estimates of total payment amounts range between \$300,000 and \$600,000.

In any case the council should adopt Resolution 21-15 and enable staff to accept funding for which the city is eligible. Staff will then prepare recommendations on how to use the funding and bring those to the council to identify specific uses of the payments.

Recommendation

Adopt Resolution 21-15.

**CITY OF CRAIG
RESOLUTION 21-15**

AUTHORIZING ACCEPTANCE OF CORONA VIRUS LOCAL FISCAL RECOVERY FUNDS AWARD TO NON-ENTITLEMENT UNITS OF LOCAL GOVERNMENT FROM THE ALASKA DEPARTMENT, COMMUNITY AND ECONOMIC DEVELOPMENT.

WHEREAS, the City of Craig (hereafter “Municipality”), by this resolution formally accepts Coronavirus State and Local Fiscal Recovery award funds from the Alaska Department of Commerce, Community and Economic Development (hereafter “Department); and,

WHEREAS, the municipality wishes to provide the above-described funds for the community of Craig; and,

WHEREAS, the municipality total operating budget revenue in effect as of January 27, 2020 was \$3,872,806.

NOW, THEREFORE, BE IT RESOLVED that the Municipality has read and agrees to the federal guidance pertaining to the Recovery Funds, and accepts the Recovery Funds from the Department; and,

BE IT FURTHER RESOLVED that the Mayor and City Administrator are hereby authorized to negotiate and execute any and all documents required for issuing and managing funds on behalf of the municipality. The Mayor and City Administrator are also authorized to execute subsequent amendments to said agreement, based upon the needs of the project.

Adopted this _____ day of June, 2021.

Mayor Tim O’Connor

ATTEST _____
Tracey Jensen, City Clerk

**CITY OF CRAIG
MEMORANDUM**

To: Craig City Council
From: Jon Bolling, City Administrator
Date: June 18, 2021
RE: Request from Southeast Conference for Letter of Support

Southeast Conference is seeking preconstruction funding from EDA to establish what it calls a mariculture incubator facility. The attached two-page flier describes the rationale for the effort. In short, the conference seeks to support the growth of mariculture, especially kelp mariculture, in Southeast Alaska.

The funding would enable efforts to work up a business plan, estimate operational costs, land availability, look at partnerships, availability of capital/financing, and other tasks that can help develop the mariculture industry in the region. Prince of Wales Island is a possible candidate for an incubator due to the existing mariculture investment in oyster and kelp production.

The attached proposal follows from efforts by the State of Alaska and Southeast Conference members to provide support for mariculture. Recent investments locally in the mariculture industry benefit Craig. The mariculture incubator concept could bring additional benefits to POW. The city's support of and participation in the preconstruction effort would ensure that the city stays abreast of future development and can participate in a review of next steps the industry may take.

Recommendation

Direct staff to write a letter of support for the Southeast Conference Mariculture Incubator preconstruction effort.



Reinventing the Tongass Economy

Mariculture Incubator

Mariculture is a significant and growing industry on a global scale. Seaweeds, especially kelp, are being utilized for an ever-diversifying array of needs including medicinal products, food, and even biodegradable plastics. Despite this traction on both an international and domestic scale, the United States imports more than 95 percent of edible seaweeds. This presents an opportunity for the state of Alaska, and Southeast Alaska in particular. Southeast Alaska has over 18,000 miles of pristine, nutrient-rich coastline, an ideal environment for mariculture development. 90 percent of this coastline follows the 17-million-acre Tongass National Forest (Tongass), the nation's largest national forest and whose future use is the subject of some contention. A thriving mariculture industry would find broad support from local, regional, state and federal stakeholders and would be a positive step towards economic recovery after the region's economically devastating year.

Southeast Alaska is uniquely capable of developing a robust and thriving mariculture market to complement, rather than replace, our existing seafood infrastructure. Alaska already produces more than 50 percent of seafood in the United States¹, culminating in Southeast as an ideal location for a thriving new mariculture industry. This would not only diversify the existing economy but would provide new jobs and opportunities for commerce throughout the coastal communities. Such a boost in the wake of a post-COVID-19 era as the tourism industry gains footing would be a welcome sight in this region. Further, Southeast Alaska's coastal environments would benefit greatly from strong mariculture farms. These farms improve local ecosystems in many ways, including carbon sequestration, countering ocean acidification, and habitat improvement. There are cultural benefits as well, and this is particularly unique to Alaska. Mariculture is compatible with the traditions, cultures, and skills of the Tribal and rural communities present in Alaska, which will further the cultural tourism opportunities as well as

¹ Alaska Mariculture Development Plan
https://www.adfg.alaska.gov/Static/fishing/pdfs/mariculture/ak_mariculture_devplan_06-29-18.pdf

the community's ties to the land. This will also expand and complement the existing renewable seafood industry, which is Alaska's largest private sector employer.

An optimal way to promote the mariculture industry in Southeast Alaska would be to provide a facility to house operations for this industry. Existing mariculture farmers in Southeast Alaska have cited lack of dedicated infrastructure as a significant barrier to increasing scale to match market demands. The proposed Mariculture Incubator fits this need well and would position Southeast Alaska to become a hot spot for mariculture advancement, serving as a template for similar mariculture infrastructure development throughout coastal Alaska.

Southeast Conference is the federally designated Economic Development District for Southeast Alaska and is distinctively positioned to manage this Mariculture Incubator in many ways. Mariculture is a major focus of Southeast Conference as a turning point for the Southeast economy. Southeast Conference recently released its Southeast Alaska 2025 Economic Plan² listing mariculture development as one of four priority objectives in its five-year economic plan for the region.

There is strong support for the mariculture industry from the government agencies in Alaska. In 2014, the Alaska Mariculture Task Force was established by Administrative Orders #280 and #297. This led to the adoption of a statewide comprehensive plan, called the Alaska Mariculture Development Plan (Plan), with the goal to grow a \$100 million industry in 20 years. The success of the Mariculture Incubator in Southeast Alaska would serve as proof of concept for those recommendations detailed in the Plan, fulfilling the Task Force's intention to "...increase profitability for those already engaged in mariculture, to expand participation, and to provide coordination to refine regulations, access funding and conduct needed research."³ In just four years, the seaweed industry in Alaska has grown from virtually non-existent to a harvest of over 350,000 pounds. The industry is now positioned to make a significant leap forward, which will allow the industry to exceed the five- and ten-year projections put forth by the Plan.

² Southeast Alaska 2025 Economic Plan <https://www.seconference.org/wp-content/uploads/2021/05/2025-Draft-CEDS-May-11.pdf?4db2ab&4db2ab>

³ Alaska Mariculture Development Plan https://www.adfg.alaska.gov/Static/fishing/pdfs/mariculture/ak_mariculture_devplan_06-29-18.pdf

On the federal side, fostering a robust mariculture industry in the Southeast region will complement the goals set out in President Biden’s recent Executive Order, 30 X 30, “Tackling the Climate Crisis at Home and Abroad”⁴ by supporting local efforts in carbon sequestration – just one of the many environmental benefits of mariculture farming.

A robust mariculture industry would also support a revitalized workforce in Southeast Alaska. The University of Alaska Southeast (UAS) is currently developing programs, conferences, and internship/apprenticeship programs aimed at generating more interest in the mariculture industry. There is a growing trend in the maritime sector with the workforce aging. These programs aim to combat this concern. With the establishment of such a facility in this region, these programs at UAS would be even more applicable to the growing mariculture workforce.

The 100,000 square foot facility would be a hub for the various processing needs of mariculture farmers. It would include office spaces, and the second floor would accommodate dry space handling procedures. There would be cold storage with a 3,000,000 lb. capacity for frozen, palletized goods, thus providing local storage for products to be utilized in value added production when in season productions will not be available.

Processing includes handling, storing, preparing, freezing, changing into different market forms, manufacturing, preserving, packing, labeling, dockside unloading or holding. The figure to the right depicts a similar processing plant plan and the necessary components. There would be an outside receiving and shipping area to accommodate vans of goods coming in and

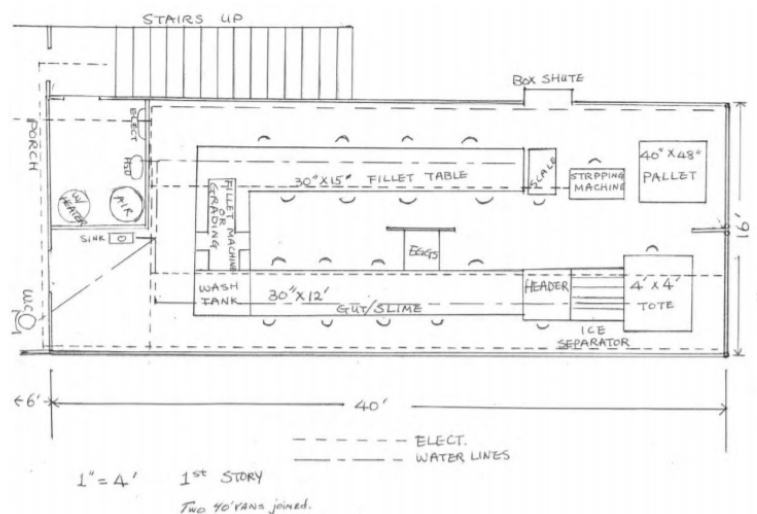


Figure 1: Sketch of seafood processing plant. Link [here](#).

⁴ White House Briefing Room “Executive Order on Tackling the Climate Crisis at Home and Abroad” <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/27/executive-order-on-tackling-the-climate-crisis-at-home-and-abroad/>

shipping containers going out on a monthly basis when in full production. There would also be an area outside for seaweed receiving before the product is taken into the processing area.

Southeast Conference is looking to secure an "anchor tenant" for a portion of the Mariculture Incubator (based on the sketch), that will provide fiscal certainty to the operations plan and support the facility's power and water needs.

This Mariculture Incubator is the demonstration project that will provide "proof of concept" verification to the type of partnering processing center that can support and accelerate the mariculture industry into the status as an economic engine for coastal Alaska.

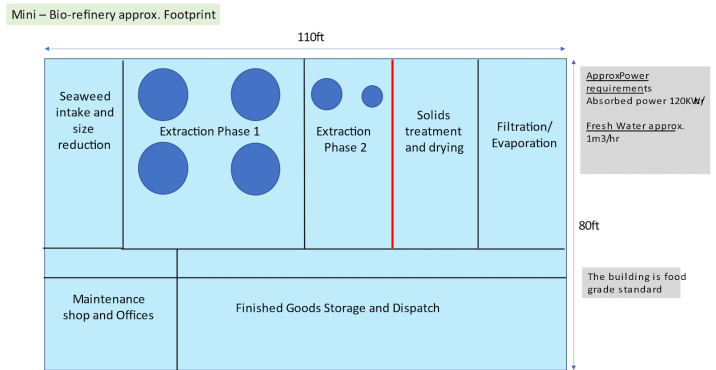


Figure 2: Sketch of biorefinery footprint.