



# Craig City School District

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Chris Reitan, Superintendent  
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October 16, 2023

Katie Conway, Program Manager  
Denali Commission  
550 W. 7<sup>th</sup> Ave, Suite 1230  
Anchorage, AK 99501

Re: Biomass Gap Funding Statement of Interest

Dear Katie Conway,

Please accept this letter as Craig City School District's Statement of Interest for the Rural Alaska Biomass Gap Funding Request. Craig City School District's UEI number is EVAZRLJLB7K8. All communication regarding the Rural Alaska Biomass Gap Funding Request should be directed toward Craig City School District's superintendent, Chris Reitan. His email address is [creitan@craigschools.com](mailto:creitan@craigschools.com) and his direct office line is 907-826-3274 ext. 4003.

## Project and Community Description

The project scope includes the construction of a woodchip-fired boiler at the Craig High School campus. The Craig High School Biomass Project will reduce overall heating costs to the district, reduce the need to combust fossil fuels at the site, and further integrate the island's long-standing forest products industry with the heating needs of the community's public facilities. The woodchip-fired installed boiler would heat the 53,319 square foot high school using a combination of green and dried wood chips generated by operations at a local lumber mill. Feedstock for the mill and the resulting wood chips comes from timber logged from the nearby Tongass National Forest, Southeast Alaska State Forest, and private lands on Prince of Wales Island. The project is similar in scope to the City of Craig Wood Fired Boiler Project, a successful biomass heating project now entering its 12th year of operation.

Wood is an abundant, renewable, and inexpensive resource on Prince of Wales Island. Heating oil is neither abundant, renewable, and its cost is volatile. Moves to substitute wood energy for fossil fuel, where practicable, demonstrate an unmet need on the island. As noted above, this project builds on existing infrastructure: the City of Craig already purchases high quality wood fuel from a local source for its own wood-fired boiler. The local source (a sawmill) has the capacity to supply wood fuel volumes to the proposed high school project as well as the existing city wood boiler project.

Other benefits include:

- The project promotes economic and environmental health of communities by lowering operational costs at the Craig High School, allowing the school district to reduce overall expenditures or redirect that spending toward classroom instruction. The project also eliminates the production of sulfur range emissions from its oil boilers by substituting clean-burning woody biomass for oil.
- The project eliminates the combustion of nearly 360,000 gallons of heating fuel over the next twenty years of operations at the high school.
- The project creates additional demand for manufactured wood chips as a heating source on Prince of Wales Island, and in Southeast Alaska. One wood boiler fired by chips is already in operation in Craig. Adding a second at the high school begins to create a cluster of wood energy projects in the area.

- The local mill that produces the wood chips also produces, using the same wood drying equipment, biobricks from sawdust. The biobricks provide a second wood heating resource for use in both domestic and commercial wood boilers on Prince of Wales Island.
- The wood chip supply is a byproduct of the sawmilling process.

### **Project Budget and Funding Needs**

During August of 2020 Craig City School District applied to the Denali Commission for grant funds for the Craig High School Biomass Project that includes the construction of a wood-fired boiler at the Craig High School campus. Craig City School District was initially awarded a grant total of \$490,233 from Denali Commission with a \$355,000 cash contribution from the Craig City School District for a total amount of \$845,233. On January 22, 2021 CCSD went out for bid for the Craig High School Biomass Project and ultimately received one bid for a total bid amount of \$1,531,078 resulting in a \$685,845 shortfall in available funding for the project. On January 24, 2023 CCSD secured additional grant monies of \$750,000 through a subaward agreement that Southeast Conference secured through the U.S. Department of Agriculture (USDA) Southeast Alaska Sustainability (SASS) grant bringing the total cash amount available for the Craig High School Biomass Project to \$1,595,233. During the spring of 2023, CCSD went out for bid again for the Craig High School Biomass Project and ultimately received one bid for a total bid amount of \$2,429,317 resulting in a \$834,084 shortfall in available funding for the project.

The Craig High School Biomass Project design is complete and ready for construction. The design includes a wood chip fuel delivery system, biomass boiler and heat exchangers integrated into the existing hydronic heating system. The installed boiler would heat the 53,319 square foot high school using a combination of green and dried wood chips generated by operations at a local lumber mill. Feedstock for the mill and the resulting wood chips comes from timber logged from the nearby Tongass National Forest, Southeast Alaska State Forest, and private lands on Prince of Wales Island. The project is similar in scope to the Craig Wood Fired Boiler Project, a successful biomass heating project now entering its ninth year of operation. The capacity of a wood boiler for Craig High School is designed at 1.0 to 1.25 million BTUs/hour.

Craig City School District is requesting up to **\$200,000** to meet gap funding needs for the Craig High School Biomass Project. Possible impacts of not completing the project include the uncertainty of budget stability due to volatile heating oil costs; lost opportunity to continue building on existing wood markets and wood chip production and milling infrastructure, and lost opportunity to add redundant capacity to critically important central heating systems for Craig High School. The building also is designated as a community emergency assembly/housing space for use during natural disasters, provides assembly space for local groups and events, and is the primary venue for the community's performing arts.

I, Chris Reitan, acknowledge that I am duly authorized to represent Craig City School District. Craig City School District is in good standing with the Internal Revenue Service.

CCSD thanks the Denali Commission in advance for providing the Rural Alaska Biomass Gap Funding opportunity for public entities to complete critical projects that have been impacted by supply chain shortages and inflationary costs beyond their control.

Sincerely,



Chris Reitan, CCSD Superintendent  
Email: [creitan@craigschools.com](mailto:creitan@craigschools.com)