

CITY OF CRAIG  
COUNCIL AGENDA  
July 25, 2012  
COUNCIL CHAMBERS 7:00 P.M.

**ROLL CALL**

Mayor Dennis Watson, Greg Head, Joni Kuntz, Jim See, Don Pierce and Mike Douville

**SWEARING IN**

- Swearing In of Wanda Rice as Craig City Council Member

**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

- City Council minutes of June 14, 2012

**HEARING FROM THE PUBLIC**

- Open for public comment
- Final Reading and Public Hearing on Ordinance No. 644, F/Y 2012 Supplemental Budget

**REPORTS FROM CITY OFFICIALS**

Mayor  
Administrator – Written Staff Report  
Aquatic Manager – June 2012 Monthly Report  
City Clerk  
City Planner – Written Staff Report  
EMS Coordinator  
Harbormaster  
Library – Written Staff Report  
Police Chief – Written Staff Report  
Public Works  
Treasurer  
Parks and Rec – Written Staff Report

**READING OF CORRESPONDENCE**

- Hydaburg Culture Camp – Donation Request
- Steve Silver Report – July 3, 2012
- June 2012 Aquatic Center Report
- SEARHC – Letter of Thanks
- SEARHC – Letter, EMS Bid Results
- Klawock Cooperative Association – Donation Request
- 2011 Craig Drinking Water Consumer Confidence Report
- POW Marathon – Letter of Thanks

## **CONSIDERATION OF RESOLUTIONS AND ORDINANCES**

- Ordinance No. 644, F/Y 2012 Supplemental Budget
- Resolution No.12-11, Appointing Lisa Moore as Clerk Pro-Tem

## **UNFINISHED BUSINESS**

- 

## **NEW BUSINESS**

- PERS Discussion
- Award Bid to Demolish “Building K”, Ward Cove Cannery Site
- Award Bid for LED Streetlight Replacement
- Writing Off Uncollectable Customer Accounts
- Consider Approval of Operating Agreement with Prince of Wales Hatchery Association
- Bid Solicitation for Engineering Services to Design Tanner Crab Court Extension and Elizabeth Court Water, Sewer and Road Designs

## **ADJOURNMENT**



UNITED STATES OF AMERICA        )  
STATE OF ALASKA                    ) OATH OF OFFICE  
CITY OF CRAIG                        )

I WANDA RICE, do solemnly swear that I will support and defend the Constitution of the United States of America, the Constitution and the laws of the State of Alaska, and the Ordinances of the City of Craig; that I will perform the duties of Council Member of the City of Craig, Alaska, upon which I am about to enter, honestly, faithfully and impartially and will do even and exact justice to all persons to the best of my ability.

\_\_\_\_\_  
Wanda Rice

Subscribed and sworn to before me this 25<sup>th</sup> day of July 2012.

\_\_\_\_\_  
Lisa Moore  
City Clerk – Pro Tem

CITY OF CRAIG  
COUNCIL MEETING  
JUNE 14, 2012

---

**ROLL CALL**

Mayor Dennis Watson called the meeting to order and the roll was taken. Present were Greg Head, Joni Kuntz, Jim See, and Mike Douville. Absent excused was Don Pierce.

Staff present: Jon Bolling, City Administrator; Ramona Wise, Aquatic Manager; Vicki Hamilton, City Clerk; Brian Templin, City Planner; Chaundell Piburn, EMS Coordinator; Daniel Nelson, Harbormaster; Amy Marshall, Librarian; Robert Ely, Police Chief; Victoria Merritt, Parks and Recreation Director; Steve Tanner, Public Works Director; and Joyce Mason, Treasurer.

Audience present: Elizabeth Kubik, Kellie Douville, Shannon Cheney, Pete and Wanda Rice, Terren Piburn, Kerri Bennett, Lisa Radke

**CONSENT AGENDA**

The consent agenda was presented, it contained: City Council minutes of May 15<sup>th</sup> and May 23<sup>rd</sup>, 2012; introduction and first reading of Ordinance No. 644, City of Craig F/Y 2013 Operating Budget.

HEAD/DOUVILLE: moved to approve the consent agenda. MOTION CARRIED

**HEARING FROM THE PUBLIC**

On behalf of the Craig 4<sup>th</sup> of July Committee, Shannon Cheney proposed to the mayor and council, that a beer garden be allowed at the upcoming Craig 4<sup>th</sup> of July celebration. The committee proposed to have the event sponsored by the Moose Family Center (Moose Lodge). This fundraiser would benefit the Craig Fire Department and the Craig EMS. The committee is proposing to put the Beer Garden in the smaller baseball field. There will be a two-beer limit. Councilman Jim See stated the committee will be required to file paperwork and obtain a permit from the State of Alaska and then the police department will need to sign off on that permit. The council was in agreement with the committee's proposal of a Beer Garden.

**REPORTS FROM CITY OFFICIALS**

**MAYOR-**Mayor Watson reported it is a busy time at the City of Craig. The Capital Improvements Project money the city has been awarded will be keeping Jon Bolling very busy.  
**I.F.A.-**Dennis Watson reported they have swapped out the vessels. The Prince of Wales will be tied up in Ketchikan and the M/V Stikine will be back on the daily run. The I.F.A. is still planning to sell the M/V Prince of Wales.

**ADMINISTRATOR-** Mayor Watson reported Jon Bolling should be in shortly.

**AQUATIC MANAGER-**Ramona Wise reported the staff is getting ready to shut down the pool on June 30<sup>th</sup> and re-open on July 16<sup>th</sup>. During shut down the staff will be re-grouting the pool. The staff is trying out a new type of grout, hoping it will last longer than the old brand they have been using. The pool has hired three new employees. Ramona reported she will also be working on the handicap hoist. The handicapped person is supposed to be able to operate the hoist on their own.

**CITY CLERK**-Vicki Hamilton provided a written report to the council. Property tax statements will be mailed out at the end of June. The renewing of the Senior Citizen sales tax exempt cards will begin on Monday, June 18<sup>th</sup>. The cards will be good for three years. The date for the July city council meeting will be announced after the King Salmon closure is determined.

**CITY PLANNER**-Brian Templin reported the Career and Technical Education Center is getting ready to go to the final schematic design for the Center. The committee has made some footprint changes to the building to accommodate the equipment the committee wants to put in the building. The site work will go out to bid in September 2012.

Brian reported when the HaidaWay Lodge was sold several years ago there were some access issues in regards to other owners being able to access their property. The council addressed this problem through a city ordinance (No. 567). Brian stated, with the possible sale of the HaidaWay Lodge property, Brian wants to make sure the access issues are resolved before the property is sold.

Brian reported the C.E.D.S. committee met a couple weeks ago. Some changes were made to the list, but nothing major.

The city received the Federal Cost Share Agreement for the Corps. of Engineer's study for the Ward Cove Harbor Project. Jon and Dennis will be signing the agreement and getting it mailed out.

**EMS**-Chaundell Piburn reported receiving 14 EMS calls in May. The squad is back to Thursday night training beginning at 5:15 p.m. Chaundell will be heading to Yakutat to lead disaster training for the Red Cross.

**HARBORMASTER**-Daniel Nelson reported meeting with Peratrovich, Nottingham and Drage Engineering for the sport fish dock. Mike Wood with the A.D.F.& G. sports fish division was able to get the City of Craig \$60,000 for P.N.&D. Engineering to come to Craig to do some site surveying and provide some preliminary designs on a new dock system, one that's heavier and won't have to be removed. They want to beef up the whole dock so it can withstand the winds in the winter. Mike Wood got the City of Craig \$500,000 for the build with a 25% match. Over the next six to ten months we are going to be working on the 25% match.

Last week North Cove harbor had power pedestals installed on the transient moorage section. The pedestals are bright orange to indicate where the transient moorage sections are.

At the boat yard in May, the harbor crew hauled 23 boats and splashed 14 boats.

**LIBRARIAN**-Amy Marshall reported last month they had 2,254 active card holders. The Library implemented Listen Alaska. It is a State wide consortium with the Alaska Library network. The grant added 12,500 books and audio books to the library collection wirelessly.

The library instituted an informal partnership with the schools for video conferencing support. Several classes came up and did some video conferencing.

On the 30<sup>th</sup> there was a grant symposium lasting around three hours that included learning how to find grants and how to submit them. One thing that came out of that was that Katie Goodale at HOPE entered into a partnership to provide healthy relationships and healthy life style choices programing at the library for youth and adult. Hope donated \$2,000.00 for this program.

**POLICE CHIEF**- The Forest Service has signed an agreement and has given the City \$3,000.00 this year and next year and possibly the following year for helping out with the radio procedures. The Department of Corrections gave the City an additional \$16,000 in the jail budget this year and next year.

**PUBLIC WORKS**- Steve- Out of town

**TREASURER**-Joyce said we have an add on to our energy grant and we will be adding LED lights in our street lights.

Joyce said she will be interviewing for two positions.

Mormon Church has LED lights if anyone would like to look at them. The new lights should cut our power bill in half for street lights.

**PARKS AND RECREATION**- Victoria said she has had eighteen to twenty three kids the last three days and had a lot of fun. Alaska food bank is supposed to be giving us food so we have a free food program for kids under the age of eighteen. Victoria explained the activities for the fourth of July.

Jim See asked if the Youth Center will be open for the teenagers a couple days a week. Victoria said if they come and tell her what they want she will be happy to keep the Youth Center Open for them.

Dennis said there were some broken planks at the boardwalk and the Harbormaster said they were fixed today.

## **READING OF CORRESPONDENCE**

There were no comments.

## **CONSIDERATION OF RESOLUTIONS AND ORDINANCES**

Ordinance No. 643, City of Craig F/Y 2013 Operation Budget.

Kuntz//Head                                      Moved to adopt Ordinance 643, for the second reading. MOTION CARRIED

Resolution No. 12-09, Setting Mil Levy at 6 Mils.

Head/See    Moved to adopt Resolution 12-09. MOTION CARRIED

Resolution No. 12-10, Adopting Specialty Car Transport Rates

Head/Kuntz    Moved to adopt Resolution 12-10. MOTION CARRIED

## **UNFINISHED BUSINESS**

Consider change to Craig Street Paving Phase III Contract, Jon laid out three options for the council to consider and Jon's preference is to continue on with a modified completion date for  
CRAIG CITY COUNCIL MINUTES OF 6/14/2012

phase III. Jon recommends that the Council extend the date to have the paving done next year for phase III then bid out phase IV separately.

DOUVILLE/KUNTZ            Moved that the council authorize staff to negotiate a change to the completion date of phase III paving project with A.I.C. MOTION CARRIED

## **NEW BUSINESS**

Consider bid proposal to SEARHC for ambulance transportation services, Jon said the City is still waiting for bid results. The Council thanked Chaundell for her good work.

Consider bid award asbestos removal at the Cannery Property  
HEAD/SEE                    Moved to accept the bid from S.E. Environmental. MOTION CARRIED

Discussion on a name proposal of a mountain on Prince of Wales Island. Jim See said he spent a lot of time here on Prince of Wales. The City Council is okay naming mountain Eichner.

Consider agreement with Personnel Plus, recruitment of public works director.

SEE/KUNTZ                    Moved to authorize staff to negotiate a fee with Personnel Plus and sign a services agreement for the purpose of recruiting for the position of public works director.        MOTION CARRIED

Consider adding two additional office spaces at the old Craig Clinic Building to the lease with HOPE. Jon said the lease makes HOPE responsible for the maintenance of the building.

KUNTZ/HEAD                 Motion to take the steps necessary to expand HOPE's lease area in old Craig clinic building.    MOTION CARRIED

Approval of the Annual C.E.D.S. Report. Brian said we go through this process every year and this year we had a smaller committee but in a matter of two days in the middle of May they went through the discussion of projects with no real changes. As usual the report comes back to council for approval. Jim See supports POWER and the Public Library. Joni was glad to see the bike trail on list.

HEAD/DOUVILLE            Move to adopt the 2012 CEDS Committee Annual report.  
MOTION CARRIED

Appointing a candidate to the At-Large Board seat on the I.F.A. Board. Dennis said the board went through the process and they had some names but the board had a three to three tie vote between two candidates. Dennis said if the board can't reach a discussion then it goes back to the mayors of the communities. Dennis recommends Deedee Jeffries. The Council did not have a problem with the selection.

Consider bids from insurance carries- Joyce explained about the comparison between APEI and AML/JIA insurance companies.

HEAD/DOUVILLE Move to accept Alaska Public Entity Insurance quote of \$97,252 for general liability, auto, property, and workers compensation for the fiscal year 2013 and sign a three year agreement for a yearly 5% discount. MOTION CARRIED

Consider Change Order to Craig North Project- Jon said this change order fixes some documentation problems with the contract that were required by EPA. The contractor agrees to documentation changes and the requirements after the fact.

DOUVILLE/HEAD Approve Change Order No.1 to the Craig North Project. MOTION CARRIED

Appointing Craig resident to the Craig city council. The council considered Jay Landgren and Wanda Rice. Council members cast secret ballots. Wanda Rice received four votes and Jay Landgren received zero votes. Wanda Rice was selected to fill the vacant seat

**ADJOURNMENT**

HEAD/DOUVILLE: Motion to adjourn. MOTION CARRIED

The meeting adjourned at 8:04 p.m.

APPROVED \_\_\_\_\_

\_\_\_\_\_  
MAYOR DENNIS WATSON

ATTEST \_\_\_\_\_  
VICKI HAMILTON, CITY CLERK



July 20, 2012

To: City Council

From: Joyce Mason, Treasurer

Re: Supplemental Budget

---

Attached is the ordinance to adopt the supplemental budget for our current fiscal year, 2012. According to AS 29.35.100 a supplemental budget is prepared to authorize payments of appropriations not previously approved in the original budget.

The highlights of the changes for the supplemental budget are as follows:

- The general fund revenues were \$456,243 **higher** than the original budget. This was mainly due to additional sales tax revenue, fish tax, revenue sharing, and state jail contract funding.
- With the liability insurance rebate the insurance premiums were lower than budgeted. The utility expenditures (electric, heating fuel) were higher than the staff anticipated.
- Administration department salaries and benefits increased due to six months of sick leave and temporary accounts payable clerk. Health insurance coverage for one clerk increased. Legal fees had decreased but supplies increased
- The Aquatic Center utilities and repairs off set the saving in debt interest. The spa had additional expenses that were not included last year.
- The EMS department is within the original budget with only line item changes.
- The fire department had funds for part time fire chief that was not used so the department was able to acquire new pagers.
- Parks and Facilities had planned to install new entry for the gym but other issues consumed staff's time.
- The planning department planned to acquire the new plotter with lease to purchase but with the additional sales tax revenue it was a cost savings to purchase the equipment.
- The police department's salaries and benefits were under budget due to staff turnover. The department received additional operating funds from the state of Alaska in the amount of 16,000. New equipment for the jail was purchased and covered personnel costs previously included in the city's budget. An impound yard fence was installed at the wastewater plant from the funds saved from staff turnover.
- The upgrades the facilities department installed in the gym have decreased the utilities for the recreation department.
- The revenues for the Utilities (Garbage, Sewer, Water) in Enterprise fund stayed within the budget.
- The personnel expenses for the utility departments were increased because the staff is tracing actual hours worked in each department. In the past the public works staff's hours have been allocated by a percent to the four departments,

public works, garbage, sewer, and water. This method reflects the true costs to maintain the departments.

- Lab testing fees have increased. Electric rates have increased. Repairs are continuing to increase due to age of the treatment plants.
- The harbor department's expenses stayed close to the budget but the revenues were down by 8%. A number of boats gave up their permanent moorage and the harbormaster is continuing to reassign the slips.
- The interest saved on the Ward Cove Cannery debt was a major factor in reducing the total loss for the Enterprise Fund.
- The \$339,293 excess revenues will close to the fund balance. This increase will help offset the loss of 2008.

Enclosed is also a worksheet that details the comparison of the original budget and the supplemental budget for your information.

Recommendation: Approve Ordinance number 644, FY 2012 Supplemental Budget.

CITY OF CRAIG

ORDINANCE NO. 644

PROVIDING FOR THE ADOPTION OF THE FISCAL YEAR 2012 SUPPLEMENTAL  
OPERATING BUDGET

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CRAIG:

Section 1. Classification. This ordinance is a non-code ordinance and is not of a general and permanent nature and shall not become a part of the code of the City of Craig, Alaska.

Section 2. Effective Date. This ordinance shall become effective immediately upon adoption.

Section 3. Authorization and Appropriation. The appropriations identified in "Attachment A" hereto are adopted and authorized for the period of July 1, 2011 through June 30, 2012 and are the budget for that period. The Administrator may modify line item expenditures within an authorized appropriation to another line item in any amount which would not annually exceed ten (10) percent or \$10,000, whichever is more.

Section 4. Unexpended Balances. All unexpended balances lapse as of June 30, 2012.

APPROVED this 25 day of July, 2012.

---

MAYOR DENNIS WATSON

---

ATTEST: LISA MOORE, CLERK-PRO-TEM

## Attachment A

City of Craig  
Supplemental Budget  
Fiscal Year 2012

Enterprise Fund	Original Budget	Supplemental Budget	Net Change
<b>Garbage</b>			
Revenue	338,000	338,000	0
Salaries & Benefits	86,350	102,346	15,996
Insurance	4,500	2,000	(2,500)
Utilities	4,000	6,000	2,000
Contract Services	230,000	230,000	0
Materials & Supplies	2,200	2,750	550
Repairs & Maint	6,000	6,000	0
Travel	0	0	0
Other	1,900	2,600	700
Total	<u>334,950</u>	<u>351,696</u>	<u>16,746</u>
Net Change in Assets	3,050	(13,696)	(16,746)
<b>Sewer</b>			
Revenue	261,000	261,000	0
Salaries & Benefits	134,859	142,913	8,054
Insurance	8,000	3,500	(4,500)
Utilities	38,400	45,400	7,000
Contract Services	5,000	6,950	1,950
Materials & Supplies	4,000	8,400	4,400
Repairs & Maint	5,500	7,520	2,020
Travel	100	280	180
Debt Service	59,998	63,098	3,100
Other	4,048	4,485	437
Total	<u>259,905</u>	<u>282,546</u>	<u>22,641</u>
Net Change in Assets	1,095	(21,546)	(22,641)
<b>Water</b>			
Revenue	268,500	268,400	(100)
Salaries & Benefits	142,852	194,925	52,073
Insurance	9,000	6,000	(3,000)
Utilities	49,600	57,500	7,900
Contract Services	7,000	11,700	4,700
Materials & Supplies	37,000	34,000	(3,000)
Repairs & Maint	8,000	8,000	0
Travel	1,225	2,350	1,125
Debt Service	14,332	14,332	0
Other	2,000	2,900	900
Total	<u>271,009</u>	<u>331,707</u>	<u>60,698</u>
Net Change in Assets	(2,509)	(63,307)	(60,798)

## Harbor

Revenue	233,050	215,200	(17,850)
Salaries & Benefits	179,178	173,304	(5,874)
Insurance	23,300	20,100	(3,200)
Utilities	35,375	34,200	(1,175)
Contract Services	1,000	3,050	2,050
Materials & Supplies	6,735	10,900	4,165
Repairs & Maint	10,295	10,200	(95)
Travel	150	3,575	3,425
Small Equipment	22,200	22,200	0
Other	3,150	6,595	3,445
Total	<u>281,383</u>	<u>284,124</u>	<u>2,741</u>
Net Change in Assets	(48,333)	(68,924)	(20,591)

## JTB Industrial Park

Revenue	335,882	334,597	(1,285)
Salaries & Benefits	41,712	60,009	18,297
Insurance	22,600	10,000	(12,600)
Utilities	30,000	30,000	0
Contract Services	0	4,250	4,250
Materials & Supplies	1,000	1,550	550
Repairs & Maint	1,000	33,000	32,000
Travel	0	410	410
Other	242,954	226,723	(16,231)
Total	<u>339,266</u>	<u>365,942</u>	<u>26,676</u>
Net Change in Assets	(3,384)	(31,345)	(27,961)

## Ward Cannery

Revenue	17,300	10,325	(6,975)
Insurance	500	250	(250)
Utilities	1,800	1,200	(600)
Contract Services	2,000	2,000	0
Materials & Supplies	0	0	0
Repairs & Maint	0	150	150
Other	131,100	339,653	208,553
Total	<u>135,400</u>	<u>343,253</u>	<u>207,853</u>
Net Change in Assets	(118,100)	(332,928)	(214,828)

Total Revenue	1,453,732	1,427,522	(26,210)
Total Expenses	1,621,913	1,959,268	337,355
Net Change in Assets	(168,181)	(531,746)	(363,565)
Total Transfers	120,000	0	
General Fund Transfer	(48,181)	(531,746)	(483,565)

## Attachment A

City of Craig  
Supplemental Budget  
Fiscal Year 2012

	Original Budget	Supplemental Budget	Net Change
Revenue	\$3,169,096	\$3,625,339	\$456,243
Administration			
Salaries & Benefits	489,462	533,500	44,038
Insurance	9,000	4,800	(4,200)
Utilities	15,750	20,150	4,400
Contract Services	132,050	125,750	(6,300)
Materials & Supplies	13,970	15,450	1,480
Repairs & Maint	2,500	2,850	350
Travel	13,520	13,070	(450)
Small Equipment	6,200	7,400	1,200
Other	21,450	18,905	(2,545)
Total	703,902	741,875	37,973
Aquatic Center			
Salaries & Benefits	251,484	256,766	5,282
Insurance	11,000	5,400	(5,600)
Utilities	121,200	135,500	14,300
Contract Services	4,500	4,800	300
Materials & Supplies	15,600	20,850	5,250
Repairs & Maint	8,150	24,100	15,950
Travel	2,500	520	(1,980)
Debt Service	161,350	133,000	(28,350)
Small Equipment	2,000	4,700	2,700
Other	250	0	(250)
Total	578,034	585,636	7,602
Council			
Salaries & Benefits	70,073	70,144	71
Insurance	550	100	(450)
Utilities	0	0	0
Contract Services	2,500	1,950	(550)
Materials & Supplies	150	300	150
Repairs & Maint	0	0	0
Travel	7,650	3,150	(4,500)
Other	0	0	0
Total	80,923	75,644	(5,279)
EMS			
Salaries & Benefits	47,349	48,274	925
Insurance	5,000	3,000	(2,000)
Utilities	2,200	2,750	550
Contract Services	2,500	1,300	(1,200)
Materials & Supplies	5,075	11,000	5,925
Repairs & Maint	5,500	2,000	(3,500)
Travel	10,800	9,300	(1,500)
Small Equipment	1,000	1,800	800
Other	50	50	0
Total	79,474	79,474	0

Fire	Salaries & Benefits	8,295	1,500	(6,795)
	Insurance	2,800	4,100	1,300
	Utilities	4,700	6,300	1,600
	Contract Services	9,000	9,000	0
	Materials & Supplies	1,250	9,250	8,000
	Repairs & Maint	2,000	1,500	(500)
	Travel	3,500	50	(3,450)
	Small Equipment	5,200	1,200	(4,000)
	Total	36,745	32,900	(3,845)
Library	Salaries & Benefits	61,469	68,906	7,437
	Insurance	1,500	1,900	400
	Utilities	6,800	7,381	581
	Contract Services	2,900	1,100	(1,800)
	Materials & Supplies	10,150	11,800	1,650
	Repairs & Maint	0	0	0
	Travel	1,235	1,250	15
	Capital Improvements	8,500	8,500	0
	Total	92,554	100,837	8,283
Parks & Facilities	Salaries & Benefits	156,873	142,432	(14,441)
	Insurance	7,000	9,400	2,400
	Utilities	12,800	22,200	9,400
	Contract Services	8,100	6,785	(1,315)
	Materials & Supplies	5,800	5,800	0
	Repairs & Maint	1,000	13,450	12,450
	Travel	0	1,300	1,300
	Capital Improvements	17,750	7,750	(10,000)
	Total	209,323	209,117	(206)
Planning	Salaries & Benefits	80,461	80,508	47
	Insurance	500	200	(300)
	Utilities	0	0	0
	Contract Services	2,000	200	(1,800)
	Materials & Supplies	2,050	2,000	(50)
	Repairs & Maint	0	0	0
	Travel	1,500	2,000	500
	Small Equipment	3,000	8,200	5,200
	Other	1,200	700	(500)
	Total	90,711	93,808	3,097
Police	Salaries & Benefits	797,338	761,841	(35,497)
	Insurance	22,000	13,000	(9,000)
	Utilities	34,500	39,750	5,250
	Contract Services	700	3,200	2,500
	Materials & Supplies	28,830	29,300	470
	Repairs & Maint	5,000	7,000	2,000
	Travel	4,000	4,075	75
	Small Equipment	2,000	13,500	11,500
	Other	0	1,910	1,910
	Total	894,368	873,576	(20,792)
Public Works	Salaries & Benefits	143,189	118,143	(25,046)

Insurance	8,000	5,200	(2,800)
Utilities	29,800	33,800	4,000
Contract Services	500	500	0
Materials & Supplies	8,000	8,000	0
Repairs & Maint	6,000	6,400	400
Travel	1,175	2,325	1,150
Small Equipment	9,500	9,500	0
Other	50	400	350
Total	206,214	184,268	(21,946)
Recreation			
Salaries & Benefits	63,535	62,765	(770)
Insurance	3,100	1,900	(1,200)
Utilities	23,350	21,900	(1,450)
Contract Services	3,500	3,000	(500)
Materials & Supplies	2,000	2,100	100
Repairs & Maint	0	0	0
Travel	0	0	0
Other	0	0	0
Total	95,485	91,665	(3,820)
Total General Fund Expenditures	3,067,733	3,068,800	1,067
Net Assets	101,363	556,539	455,176
Transfer to Enterprise	(48,181)	(531,746)	(483,565)
Transfer from Endowment Fun	181,406	120,000	(61,406)
Transfer to School Support	(150,000)	(150,000)	0
Other Transfers	(84,588)	10,000	94,588
Revenue over Expenditures	\$0	\$4,793	\$4,793



## **CITY OF CRAIG MEMORANDUM**

To: Craig City Council  
From: Jon Bolling, City Administrator  
Date: July 19, 2012  
RE: July Staff Report

---

### **1. Wood Drying Equipment**

I met with Bryce Dahlstrom from Viking Lumber and the owner of SolaGEN, the company that won the bid to provide the wood drying equipment (who participated in the meeting via telephone), to talk about entering into the design and production phase for the wood drying equipment. The meeting went well, and I believe that SolaGEN has a very good understanding of the equipment needed for the project. The city issued a purchase order for the equipment, and SolaGEN has begun the needed design work.

Viking Lumber returned to me a signed lease agreement that governs the terms of their use of the wood drying equipment. With the signed grant agreement now also in place between the City of Craig and the Alaska Energy Authority the city will focus its efforts on working with Viking and SolaGEN as the drying equipment is designed and manufactured. I expect the equipment to be shipped to POW by the end of this calendar year.

### **2. Roadless Rule Appeal**

As I reported to the city council via e-mail on July 2, our side in the Roadless Rule litigation filed a joint brief with the State of Alaska and others arguing against SEACC's and the US Forest Service's motion to dismiss our claim outright. Other briefs are scheduled for filing in the case. I will keep the council posted on this appeal as it continues.

### **3. POW Vocational/Technical Facility**

The project's advisory committee continues to meet with the architectural firm of Jenson/Yorba/Lott of Juneau. The architect completed the 35 percent drawings, and has begun work on the next phase of design. The advisory committee directed the architect to add floor area to the shop portion of the facility from what was shown on the 35% drawings, and discussed ways to use the available funding to pay for the additional area.

The advisory committee also passed on a recommendation to the Klawock City Council to accept a bid from B3 Contractors to begin site work and install water and sewer services to the site. B3 was the sole bidder at \$348,000. The construction plan still calls for building construction to begin in early 2013, with completion by December 2013.

The project is funded with \$3.2 million 2010 appropriation from the State of Alaska, and a 2013 State Capital Budget appropriation of \$900,000 for equipment for the building. The scheduled completion date for the facility is December 2013.

#### **4. Craig Public Ice House Expansion.**

The equipment in the expanded ice house appears to be operating well. The only apparent issue with the expanded building is that the removable wall panel on the north side of the building leaks during rainy weather. The project contractor, Marble Construction, responded promptly when Harbor Department staff notified them of the problem. City staff will continue to track the leak problem until the contractor completes the needed repairs.

#### **5. North Fork Lake Dam**

Work to complete the environmental assessment document continues among staff at the US Forest Service. As of July 11 the environmental review had raised no serious concerns or objections from the agency staff working on the review. In my May report to the city council I noted a pressing need to have the project under contract to a construction company by September 30, 2012 due to what we were told were the conditions of the project's funding. However US Forest Service staff subsequently clarified the federal rules governing the funding, and the city is not at risk of losing the project funding if the project is not awarded by this September.

The final design to raise the dam is still needed. The city has the option to extend R&M Engineering's contract (the company completed the preliminary design), or solicit bids from engineering firms to complete the design work. City staff will develop a recommendation soon for the council to consider as to how to proceed with the final design. It is still my goal to have the project under contract for construction before the start of the 2013 construction season.

Project funding comes from \$250,000 in Title II funding from the Secure Rural Schools program, and a \$100,000 appropriation from the Alaska Legislature.

#### **6. Capital Projects to Legislature**

As the council is aware, the legislature and governor agreed to a capital budget bill in May.. The capital budget contains the following projects of interest to Craig.

Craig Cannery Site & Harbor Development	\$400,000
Design and Construction of Harbor Shop Building	\$ 25,000
Municipal Drinking Water Source Storage	\$100,000
Prince of Wales Island Borough Study	\$ 30,000
Craig Public Safety Building Engineering and Design	\$100,000
Public Works Heavy Equipment Purchase	\$600,000
Craig Water and Wastewater System Cleaning, Inspection, and Master Planning	\$250,000
Craig Elementary and Middle School Alternative Wood Heat Installation	\$161,172

As I told the council in the May staff report, some of these projects will require important policy calls by the council. Accordingly, I told the city's department heads recently that given the number of projects I will want to schedule a presentation to the city council on

each appropriation, and how staff plans to implement each project. For each project I would like the council's input and authorization. Staff will set his up for the council's August meeting, unless the council prefers a later date.

### **7. SE Conference Annual Meeting Preparation**

City staff, and volunteers from around POW, continue our efforts to prepare for the Southeast Conference annual meeting event to be held here on POW September 25-27. While working on the normal conference events, we are also encouraging people to come to POW early or stay after the conference to drive the roads, take the cave tour, fish, hike, etc. We expect between 250 and 300 visitors for the event.

### **8. Department Head Recruitment**

The search continues for a public works director to replace Steve Tanner. Steve and I have completed several telephone interviews recently, with another scheduled for Friday, July 20. However we have still not found a candidate during these recent interviews that I think might be a good fit for the position

### **9. National Forest Receipts Update**

As I recently reported to the council by e-mail, Congress and the President recently approved a one-year extension of the Secure Rural Schools program, funded at 95 percent of the prior year's amount. This means that the city will receive approximately \$794,000 in Title I funding from the program, which the city must use to support schools. When the payment comes staff will add it to the other Title I funding we hold for eventual distribution to the Craig City School District.

The city also requested \$25,000 from Title III of the SRS program. Cities and boroughs are eligible to receive Title III funding to reimburse their costs for providing emergency services on federal land. The City of Craig provides emergency services on federal land and is therefore eligible to petition for funding from Title III.

On a related note, Craig still holds Title III funding from a number of years ago, when the Title III portion of the act was first approved. Federal law requires that the city expend this funding on eligible Title III projects by September 30, or send it back to the US Treasury. It is my intent to obligate the balance this funding for eligible Title III projects, including equipment for the Craig Volunteer Fire Department, improvements at the POW Health Care Center, which provides support for emergency needs on federal land.

Finally, the one-year reauthorization also includes about \$349,000 for Title II projects. This Title II funding is managed in part by the Prince of Wales Resource Advisory Committee, of which I am a member. Some of the prior program's Title II funds went for projects including Sunnahae Trail improvements and funding to raise the city's dam at North Fork Lake. I will work with the other POW RAC members to identify worthy projects for the recently approved Title II funds.

## **10. Community Streets Project Update**

On July 18 Steve Tanner, Joyce Mason, Brian Templin, and I met with Clif Olmstead, John Sahlfeld, and Deb Engles from Alaska Interstate Construction. Mike McKimens from R&M Engineering also attending the meeting. The AIC representatives were here to prepare for AIC mobilizing its staff and equipment to work on both streets in Craig and on the Klawock-Hollis Highway project.

AIC plans to begin excavation and pavement preparation work on our city streets in the second half of August, about the time they will also begin working on the Klawock-Hollis Highway. The company expects to complete much of the paving preparation work this year, with concrete work and paving to come in 2013. At this point they say they are likely to begin their work on Third Street between Spruce and Water Streets. That section of Third Street will see replacement of the existing water main, and all the existing storm drain system. This work requires removal of the existing pavement from Third Street. Some of the July 18 meeting centered on maintenance of Third Street between the time that the new utilities are installed this summer/fall and the time it gets paved in 2013. Because Third Street generates a lot of traffic, and because it has a steep grade, it will likely require more attention than the other city streets that are not already paved. We discussed closing Third Street to all traffic during the nine month construction time frame but ultimately rejected that option due to the traffic load met by Third Street. AIC will have a staff person on POW over the winter who will operate their road grader on Third Street all the city streets in the Project area between the time the utility work is done and the time that the street is paved. City staff will also periodically grade the roads, as we would normally do.

I will also work with AIC to finalize the contract agreement governing the work, which the company has not yet signed. The company representative I met with yesterday asked for some changes to the contract wording. I am considering their requests. I believe we will be able to reach an agreement on all items raised by AIC and have the contract signed by next week.

In the meantime, design work continues on the Phase IV Street Improvements project. RP Kinney is working on revisions to the plans based on comments put forth by city staff. The company will deliver the next draft to us soon. That project is still scheduled to go to bid this winter, with work done in 2013.

## **11. Wood energy report with SSI**

Last year the city and Shaan-Seet Inc. agreed to work together on determining the merits of installing a wood heating that could provide heat to Shaan-Seet Inc. and city-owned buildings in the downtown area. The city and SSI collaborated on an application for funding to have an engineer study the merits of a wood heating system here. On July 16 I received the engineer's report on the project. The report concludes that the energy demand of the buildings within the study area (all the city buildings around city hall, plus the Shaan-Seet office building, the adjacent mobile home, and the Shaan-Seet Hotel) is not sufficient to justify the capital cost of a wood-fired heating system.

The report likely spells the end of efforts to get a wood fired system funded through the State of Alaska Renewable Energy Grant Program. Shaan-Seet may still consider wood energy projects on their own.

### **12. POW Borough Study**

The Alaska Legislature included a \$30,000 line item in the FY 2013 capital budget that will be used to fund a report on the merits of borough formation on POW. The funding is appropriated to the City of Craig because Craig made the funding request on behalf of the Prince of Wales Community Advisory Council. Unless the council gives me other direction, my intention is to work through the POWCAC to solicit proposals to complete the work. I also intend to oversee the work with the help of POWCAC.

With the help of some POWCAC members, I have drafted a solicitation and contract for services to complete the work. Assuming POWCAC approves the drafts, the city will publish the solicitation and evaluate the proposals we receive in response. I will want the Craig City Council to review an award to the successful contract as it would any other bid for work. That decision will likely be before the council at its September meeting.

### **13. Travel Schedule**

August – December: Two or three trips to Juneau at the expense of Catholic Community Service to attend board meetings.

September 10-21: Personal travel.

June 2013: Personal travel (approximately three weeks).

If the council has questions regarding these items feel free to contact me anytime.

**Craig AquaticCenter**  
**Monthly Report**

For the Month of:                          **JUNE**                         

Prepared by:    **WISE**   

Revenue		Number of People		Monthly Amount	
		2011	2012	2011	2012
<b>Cash</b>	Walk Ins	467	755	\$989	\$1,544.50
<b>Passes</b>	Walk Ins	336	869		\$0.00
<b>Swim Pass</b>	10 Day	9	24	\$270	\$521.00
	3 Month	1	1	\$90	\$75.00
	6 Month		1		\$180.00
	1 Year		1		\$420.00
	payments		0		\$0.00
<b>Fitness</b>	Fitness Room	189	213	\$543	\$571.00
	Aerobics Walkins	9	12	\$28	\$15.00
	Aerobics Pass		1		\$0.00
<b>Special Programs</b>	Craig School		0		
<b>Rental</b>	Pool Rental		53		\$494.00
	Locker Rental		2		\$0.00
<b>Misc. Revenue</b>		38	63	\$50	\$102.00
<b>Swim Team</b>			27		
<b>Lessons (Private/Out of Town School)</b>		7	85	\$530	\$495.00
<b>Donations</b>			0		\$0.00
<b>Total</b>		1056	2107	\$2,500	\$4,417.50



## CITY OF CRAIG MEMORANDUM

To: Craig Mayor and City Council  
From: Brian Templin, City Planner  
Date: July 18, 2012  
RE: Planning Department Staff Report

---

It is a busy time for the planning department. Much time has been spent both closing out FY2012 grants and completing applications for FY2013 grants.

**LED Streetlights.** The city was awarded \$77,325 by the Alaska Energy Authority to replace existing high pressure sodium streetlights with LED streetlights. Staff has been working with AP&T on what lights would be the best to replace the current lights. Quotes were requested from Arctic Sales Inc. and Wesley Morrison for the lights. Wesley Morrison passed his request on to C&W Energy Solutions. Both Arctic Sales and C&W provided quotes by the due date. Both quotes were within budget. Arctic Sales' quote was about \$4,000 higher but there were several problems with C&W Energy Solution's quote. In addition to several differences in the lights being quoted C&W did not certify that they met the "Buy American" requirement of the grant. C&W's quote was deemed non-responsive and invalid. Arctic Sales' quote was low enough that we can buy an additional 22 lights with grant funds. Staff has suggested that the city purchase an additional 3 lights and replace all of the lights along the separated bike path. A full memo is included for action at the 7/25 meeting.

**2013 Disaster Exercise.** Staff is working with the Craig School District and city emergency departments on a full scale disaster exercise to be held sometime in the spring of 2013. The exercise is funded by the State Division of Homeland Security and Emergency Management and is a good opportunity for agencies to practice their emergency response procedures.

**Warning Siren.** The planning department, fire department and police department are working with Erv Petty, with the state's Tsunami Ready program to procure an emergency warning siren for Craig. The city has determined what its needs are and have submitted those to the state. Staff will update the council as this project moves forward.

**Coastal Management Program.** There has been more press lately regarding the coastal management program as the state general election draws closer. Since the Alaska Legislature did not reinstate the program during the last session it will go to a ballot initiative in the fall. While there are valuable parts of the program, particularly the "one-stop shopping" for permits and the ability to review and comment on federal projects, the current ballot initiative appears to create a program that may be wieldy and may not be development friendly. Staff continues to monitor the program and is taking a "wait and see" approach to the ballot initiative. If the initiative passes in the fall staff proposes to take an active role in writing the regulations and helping to shape the program so that it meets the city's needs.



Library Report  
June 2012

Statistics:       1,981 Patron Visits  
                      2,500 Circulations (not counting ListenAlaska)  
                      502 Computer Users Logged In  
                      248 Program Attendees

1. June 2<sup>nd</sup>: Held a Book Sale at the Swap Meet at the City Gym. Received great feedback, books were sold “By Donation,” and the library raised nearly \$150 for books, materials, and supplies for the Summer Reading Program. There were, however, a lot of books left over (these books were donations that we could not use and books weeded from our collection). Patience Fredericksen at the Alaska State Library put me in touch with Better World Books, a book reseller that helps libraries in that they not only pay to have books shipped to their warehouse, they give the libraries 15% of what the books sell for second-hand. Better World Books is our last resort for our book burden; we will still make books available to patrons for purchase as well as make them available free of charge to island libraries like Kasaan and Edna Bay.
2. ListenAlaska went LIVE for Craig on May 31<sup>st</sup>. Since that time, the library has conducted 5 trainings for patrons with Nooks, Kindles, iPods, etc. The service allows patrons to download (anywhere) books from the Alaska Library Network’s Consortium Collection (12,500 titles and rising). Feedback has been overwhelmingly positive. The books borrowed from the eBook, audiobook, and music collections count against our overall circulation numbers for reporting purposes, and Nina Malyshev (the coordinator) was amazed at the Craig Public Library usage of the service—we hit #1 in the state the week of June 11<sup>th</sup>. The service is free and available to every card holder. I will be conducting more trainings in August.
3. Late-May, the Library hosted a live webinar from Anchorage that featured Senators Begich and Murkowski, the Foraker Group, the Rasmuson, and The Alaska Community Foundation. The subject was grants, grant seeking, and grant writing. Participants locally included SEARHC and HOPE. As a result, HOPE granted the library \$2,000 to support healthy relationship/healthy lifestyle program planning as well as books and materials about domestic violence, and three (3) new Lapsit early literacy bags (Alaska, Boats, and Nature).
4. The 2012 Summer Reading Program is in full swing! Kick off was at Kids Fishing Day where the Library participated in a Fish ID game, signed up more readers, and handed out Fish Necklaces (which were a hit last year and were equally this year). That weekend was a complete “Fish and Oceans” affair, because Friday, June 8<sup>th</sup> had seen the celebration of World Oceans Day at the library—including a webinar with Galapagos Islands Researcher Sylvia Earle, a Live DIVE with The Channel Islands National Park, beachcombing, games, crafts, scavenger hunts and more! More than 70 people participated in World Oceans Day events at the Library and over 250 visited the Library booth at Kids Fishing Day.
5. Summer Reading Program Events (in June) included:
  - a. School Age Kids:
    - i. 1001 Nights – Aladdin and Tales of the Middle East

- ii. The Writing Process with Brad Tassell (Young Writers VC)
  - iii. Songwriting with The Country Music Hall of Fame (on going)
  - iv. All about OWLS! (we dissected barn owl pellets and the kids LOVED it)
- b. Preschool Toddler Kids:
  - i. Wishes for Fishes and Ocean Commotion
  - ii. Father's Day
  - iii. Dream A Little Dream (we made Dream Jars)
  - iv. Stuffed Animal Sleepover (the kids dropped off a favorite stuffed animal for a sleepover at the library! We came back at night and posed the animals doing different things and then made a music video to show the kids the next morning when they came in to pick up their stuffed buddies. Served donuts and juice and watched the video on the big screen. We'll definitely be doing this again!)
  - v. Story Time With Senator Begich (he read "Blueberry Shoe" over the VC to the kids)
  - vi. There was a special storytime on the 29<sup>th</sup> that was also a video conference.
- 6. Partnered with the USPS for space and training facilities. Lori has a new product for all the small business owners and she needed to get the word out (it involves direct and mass mailing). Trained her on how to set up the equipment and things went great! She will be offering the training again in late-July early-August.
- 7. Pitchapalooza In August Update: Travel is booked, paperwork is at the State for money, Ravens Brew signed on as a coffee sponsor. Ketchikan Arts Council is promoting the event as is KRBD, signups are still going on. We will be doing a Ketchikan-only event on August 23<sup>rd</sup>, and we got news yesterday that The Book Doctors will also be appearing at The Alaska State Fair for a Pitchapalooza on August 27<sup>th</sup>. Karen Archer Perry from the Gates Foundation actually told Sue Sherif up at the State Library that she would rather come to my Pitchapalooza than to the AlaskaOWL Sustainability Conference in September. I replied that that's because we have better fishing.
- 8. Barbara Arnold returned to work on light duty after a medevac took her to Sitka in early June. She has been released by her PA for 4 hours/day with restrictions on certain movement (shelving, etc.). She has been on light duty for 19 months.
- 9. UPCOMING:
  - a. Tonight (I'm assuming it's the 26<sup>th</sup>) is a Video Conference (weather permitting) with Micki and Julie Collins, authors in Lake Minchumina.
  - b. August 1<sup>st</sup> (weather permitting) Family Astronomy Night at the Ball Field (9pm), S'mores, hot chocolate, and a killer view of the rising full moon.
  - c. August 15<sup>th</sup> – 24<sup>th</sup> Pitchapalooza and A Week of Literary Mayhem
  - d. August 25<sup>th</sup> End of the 2012 Summer Reading Program Bash
  - e. Throughout August – various computer trainings are planned. After Labor Day, I will have monthly computer courses.
  - f. September 18<sup>th</sup> – 22<sup>nd</sup> AlaskaOWL Sustainability Conference (state paid travel)

- g. September 25<sup>th</sup> – August 5<sup>th</sup> Association of Rural and Small Libraries Conference  
September 22<sup>nd</sup> –International Observe The Moon Night (and I mention it because we got a grant from the Lunar and Planetary Institute)
  - h. The Library is now OPEN (thanks to Mark Harrerus) on Sunday Evenings from 7pm-9pm. That will be happening through Labor Day.
  - i. Don't Feed The Bully & I'll Be In The Locker: Zen and the Art of Empathy: Anti-bullying VCs for Middle and High School Students in August
10. GRANTS:
- a. IMLS – Three (3) year grant secured. \$7K/year
  - b. PLAG (State Grant) – Awarded, \$6,500 for FY13
  - c. Was contacted by The Foraker Group about “library projects” and how they can help with funding.
  - d. HOPE -- \$2K obligated
  - e. Crossett – Requesting \$3K on 1 September for Early Literacy materials and supplies support
  - f. AlaskaOWL – Requesting three (3) new desktops and four (4) laptops with charging cart to make up a “computer lab” for the library. These laptops will be available in the library for patrons as well as for training on various programs.
  - g. AlaskaOWL – Requesting funds (stipend) to hire a student for 7 hours/week to provide computer support to patrons.
  - h. AlaskaOWL – Recently released \$10,000 into a Cooperative Content Bank for Video Conferencing Program support. This will allow libraries to pay for content they could not otherwise afford.

**CITY OF CRAIG  
MEMORANDUM**



**Date:** July 17<sup>th</sup>, 2012  
**To:** Honorable Dennis Watson, Craig City Council  
**Fr:** RJ Ely, Police Chief  
**Re:** Staff Report

RJ Ely

**ACTIVITY**

Activity for month of June 2012. Dispatch Center took the following amount of calls for service:

Craig	846
Klawock	317
AST	8

**DEPARTMENT OF MOTOR VEHICLES**

DMV has requested that Craig Office be open for more hours, per week. I'm currently looking into this, to see if increasing hours is necessary or not. With drop off service, I've noticed the lines being less, moving quicker and wait times are not long. Compared to other DMV sights, Craig's wait times are far less.

I've been told that funding has been approved and we should see a DMV Licensing Computer in January 2013. This computer would replace all written tests that are currently being taken at the DMV / Dispatch Center.

**DISPATCHER(S)**

Several applications for the full time dispatcher position and a few for the part time position have been turned in. I Have narrowed applicants down to 4 and will be conducting final interviews this week. I hope to have both positions filled soon.

**OFFICER(S)**

Ofc. Jake Hamilton has completed his time with Police Department.

A few applications have been received and background(s) are being conducted. I hope to have another officer hired soon.

**OTHER**

I've secured funding for Officer's Overtime pay, for Drug Cases. Department of Public Safety (DPS) has secured grants for such funding. I've been told that DPS is to be depositing funds into City Account, any day for hours already submitted.

Craig Police Department hosted training, Adult Protective Service (ADS). Tonya Muldoon, investigator for Southeast Alaska conducted this 4 hours of training. AST / KPD / VPSO's / Clinic Staff / Etc. attending. ADS is a newly formed origination for aiding / assisting / helping vulnerable adults. Since this agency has formed, we have two ongoing cases, in Craig.

Criminal Cases are up from last year, at this time. Several drug arrests have been made. Large amounts of drugs/money/guns seized.

A impound yard has been completed and is operational in Craig. It's been built near the Sewer Treatment Plant and will greatly serve the departments needs.

July 2012 Report to the Craig City Council from Victoria Merritt, Rec.

Mini Camps are a partnership with Craig Schools and the QS2 Program. We meet Tuesday through Thursday from 1 to 4:30pm. The cost is \$8 a day or all 3 days for \$20 for ages 8 to 12. We have had from 4 to 23 kids a day.

We are working with the Alaska Food Bank to offer free meals to all kids 18 and under and the food came on June 29<sup>th</sup>. Lunch is served at the Craig Youth/Recreation Center from noon to 1pm weekdays, except June 28 and July 4<sup>th</sup>.

Our activities include: We went to the Post office for a tour on June 26<sup>th</sup>. June 27<sup>th</sup> we went fossil hunting with Roy Clark on our local 62 pit area and sandy beach. June 28<sup>th</sup> we had lunch at the fishermans picnic given by Craig Fisheries and had a tour and went to Stone arts.

We skipped a week for the 4<sup>th</sup> of July festivities. The Food from the Alaska Food bank did finally come in Parcel Post. We now have plenty! The kids enjoy the packaged brown bag lunches.

July 10<sup>th</sup> we had 12 kids. Stacy Mank joined us for a nutrition unit. We had a relay and learned about foods. Then went skating, played twister, parachute games and Frisbee. Amy Marshall came and helped us learn how to write songs. She had her guitar and sang Michael Row your boat ashore. We had more relay games, and a scavenger hunt! Thursday we had June May from SEARHC promotions teach us about what is in what we drink. We learned how much sugar is in our soft drinks, juice and milk.

Then we went to see the chickens at Shelby Beck and Josh Andrews home. We learned about the chickens, the compost process and saw a chicken plucker. Then we went berry picking, played on the swings, stopped by the USFS and got information on invasive species, and had a tour of South Cove Dock. We ended the day with bad mitten

Next week we go see the ambulance, have a visit from Elena Martin from SEARCH, more song writing and music, go our picking beach asparagus, more beach combing activities. In August we will have a Karate lesson, soccer, knot tying, more music and adventures!

Recreation activities:

Soccer sign up forms will be available next Wednesday. Ages 4 to Adult, with a \$10 fee for the season. Looking for coaches! Call me at 826-2575 if you can volunteer a couple of hours a week for about a month.

There will be no rollerskating and roller blading Fridays in July, we will be setting up for the The Summer Swap Meet Friday at 6:30pm or Saturday at 9am. That is for the July 14 Swap Meet at the Craig City Gym from 10 to 2. Non profits are free, \$10 or 10% of sales, if you sign up ahead of time, or \$15 the day of the event.

We still will have Tuesday afternoon skating or blading at 3pm admission \$1 and rent skates for blades for \$2. Tuesdays it is included in the mini camp but also open to the public.

Free lunch is available for all youth 18 and under. Craig Recreation, QS2 and POWER are working with the Alaska Food Bank to offer free meals to all kids 18 and under. the AK Food bank food arrived yesterday, and we would like to thank POWER for sponsoring the lunches for the past couple of weeks. See you for lunch at noon. We will have something for hungry adults also.

Mini camp has been a blast! as well as crafts, games and gym time. Mini camps are Tuesday thru Thursday from 1 to 4:30 at the Youth/ Recreation Center for ages 8 to 12 and cost \$20 a week. Sponsored by QS@ and Recreation. The next camp will be on July 17<sup>th</sup>. We have fun activities planned, harvesting beach asparagus, berries and jam making, and more. Monday movies at 2pm in the Craig Youth/ Rec Center is part of the Craig Public Library Summer Reading program and the Craig Rec Dept, QS2 So there is something for kids from 10 to 4 on Mondays.

Volleyball open **gym** is a coed event for player 14 years and up just \$1 to play. Our usual nights are Tuesdays and Thursdays at 7pm.

Seibukan Karate is held Tuesday, Thursday and Fridays at 5pm. video workout week days at 9:30, this is a parent and child friendly program for just \$2, and parent tot time

## 4<sup>th</sup> of July:

We did it! Another successful 4th of July! Thanks to the great committee, Betty Elizabeth Kubik, Hannah J Bazinet, Kellie Jane Douville, Charlene Wolfe, [Shannon Cheney Crosthwaite](#) Annette Cole, Chrissy Lucero, for the music, and more! Welcome back Jim Seley! Also the the 1st Presbyterian Church for the help with the games, [Claudia M. Rowe](#), Roy Clark, and [Margaret Dawson](#). Boomer May, you rock! Fun fire games, [Chaundell Piburn](#). Great Bouncy house! Thanks to the Craig Moose Lodge for the BBQ and the Beer Garden that gave all proceeds to EMS And Fire!!!! Great Fireworks Karl Benolken, Virgil Burnham, Tomas Mills and crew. Royalty; King Tim Benolken, Queen Mackenzie Fitch, Crown Prince Wyeth Sheets, Princess Alexis Lawniki! Many more thanks to our sponsors! This was to be the best Craig 4th of July ever! Thanks to Little league for the use of the field, EMS And Fire for the great games, the Moose for the EMS and Fire Dept. fundraiser! Samantha Wilson for her patience. Mike Mullins and his youth group for help with set up and clean up, the Mormon Elders for set up and clean up, The Craig Public [Craig Lib](#) for their booth, EMS for the balloons, All the food! Pam Fredrickson for singing the Star Spangled Banner.

Selina Tolson won the RT on the IFA, the \$250 shopping Spree at Tongass Trading and a night at the narrows inn! She is on the ferry this morning! Robbie Nelson as the 2 rt on Island Air Express. Fun was had by all. There are so many more to thank, The City of Craig, Harbors, Parks department, Craig PD, and the sponsors, R &M, Whale Tail, Salmon Sez, SE Road Builders, AP&T, Napa and Tyler rental. The last event was the Duck race at 10:30 at Crab Creek! Angela Coleman won the \$640 prize and donated half, \$320 back to the Craig 4<sup>th</sup> of July! **And thanks to all of our sponsors!**

Gift cards and bikes from AC, JS Boys Bike,



HOPE! Their grant helped buy the bouncy house!  
City of Craig City \$500 and help from Harbors, Public Works and Parks Departments, Fire and EMS for help with the games,  
And The Craig Police Department.

The Bay Company \$200  
R & M Engineering \$100

Salmon Sez \$100  
Harborview Trailer Park \$100

Whale Tail Pharmacy \$150

Catch a King Charters \$50

SE Road Builders \$50

Hill Bar \$50

ArrowHead Transfer Fireworks shipping

Northland Bouncy House Shipping

AP & T for putting up the pennants and giving us POWER on the 4<sup>th</sup>!

JS Warehouse for the Bike for the Royalty Contest

Use of the Flatbed announcing stand and Jim Seley, announcer!

4<sup>th</sup> of July Royalty Raffle Winners!

<b>Grand Prize</b> RT IFA \$250 Tongass 1 nite Narrows Inn	Selina Tolson
2 RT Island Air	Robbie Nelson
Bredehoft	550 tools Napa
Al Rascad	Extra tuffs Clothe Co
Karri Bennett	AK Flag ornaments Cindy Wortman
Mike Sheets	Stihl Hat -gloves Milwaukee
Nancy Bazinet	\$25 AC card
Jim Marker	Raovio Camera Radio Shack
Patrick Gardner	\$20 Papa's Pizza
Mason Floridino	17 piece tool Tyler Rental
Shelly +Gary Prentice	AK Gifts Lunch bag w bot
Bandit Baily	\$25 AC Gift card
Luke Tupou	\$25 AC Gift card
Nan Stumph	\$25 AC Gift card
Jason Fitch	Skull Candy head phone
Wyeth Sheets	Water bottle
Marla Dillman	Lunchbag AK Gift
Kelly Knapp	Hat Mercury
April Zorich	Hand bag
Carolyn Chapman	Wise Woman Hat and vest





Hydaburg Community Family Services  
P O Box 53  
Hydaburg, Alaska 99922

Re: "Hydaburg Annual Culture Camp"

Thursday, July 05, 2012

Dear City of Craig,

**Hydaburg is having their Annual Hydaburg Culture Camp.** It is an *annual CELEBRATION here in Hydaburg*. The culture camp starts July 23<sup>rd</sup> to 28<sup>th</sup>, with cultural activities scheduled for 23<sup>rd</sup> to 25<sup>th</sup>, Festival on the 26<sup>th</sup>, and Totem Pole Raising on 27<sup>th</sup> & 28<sup>th</sup>. I and a colleague from Prevention Program will have a table/booth set up at the culture camp. Our theme for our table/booth is "RESPECT".

We are asking you to donate door prizes at the Annual Hydaburg Culture Camp.

- 8 City of Craig Thermo-cups

Please if you have a chance stop by and check out the culture camp and our table/booth, and please also spread the word. If you donate door prizes please call Mary A. Morris at 285-3465, and we will pick it up.

Thank you sincerely,

Mary A. Morris

**Status Report**

**City of Craig**

**July 3, 2012**

**Submitted by**

**Steve Silver**

**Robertson, Monagle, and Eastaugh**

**Niblack Mine Road Legislation**

In the last few weeks, I have been working with the Alaska Congressional Delegation and the Mayor and City manager to pursue a legislative that authorizes a road from the Niblack Mine to the existing Prince of Wales Island road system. Sen. Murkowski introduced this bill in the Senate with Sen. Mark Begich as cosponsor. A copy of the bill is attached to this report.

The bill is short and sweet. It designates two potential road corridors and within 180 days of passage, the US Forest Service would be required to select one of the corridors. The corridors have been described on a map with the bill and would connect the area to the POW road system and allow residents and businesses on POW to drive to the mine for work and to provide supplies to the mine.

Prior to introduction on June 21, I worked with the City Manager, the Stare of Alaska and the owner of the Niblack Mine to insure that there was general support for the mine. Both do and will support the passage of this bill. This is important because the goal is to work quickly on the bill. Hopefully, a hearing the Senate Energy and Natural Resources Committee will be held in mid-July. The hearing will provide the official record to allow the potential passage of the bill from the Committee and possible in the Senate and House later in the year.

This is an ambitious schedule, but the Alaska Delegation is committed to rapid passage of the bill. The hearing date that is most likely is in mid-July. If scheduled, Mayor Watson will be invited to testify.

**Sea Otter Issues in Southeast Alaska**

I continue to work on the issue of sea otter predation in Southeast Alaska waters on shellfish and other fish species. It is difficult to come up with a solution. There are some issues with some of the groups interested on working on this issue, and we are still trying to deal with these issues. In the meantime, a similar issue exists in California with sea otters predation on abalone and I am also working with the representative of California fishing groups to come up with a solution.

We have some approaches which may play out later in the year. One of our approaches may involve attempting to legislate the solution that the Alaska delegation has introduced which allows more sale of otter pelts under less stringent circumstances. I expect this issue to be more active in the fall when Congress is working on end of year issues.

### Tongass Roadless Litigation

The litigation which the recent decision to delete the Tongass Roadless litigation is kicking into high gear. On June 29, the City joined the State and all other intervenors in filing a consolidated/unified opposition to the US Forest Service/SEACC motion to dismiss our claim. A detailed description is below:

The joint brief was filed with the State of Alaska and other intervenors, The Forest Service asserted that the applicable six year statute of limitations was jurisdictional and started running without stop when the Roadless Rule was promulgated on January 12, 2001.

We responded with two main arguments: First, we cited case law for the proposition that the statute of limitations did not start to run until the cause of action "accrued" – that is when the State had standing to sue the federal government because the Roadless Rule applied to the National Forests in Alaska. As a consequence of the 2003 Tongass Exemption, the Roadless Rule did not apply to the Tongass from June of 2003 until March of 2011 when SEACC was successful in its challenge to the Exemption at the Alaska District Court. Because the Roadless Rule did not apply to the Tongass during the period of the Exemption the State had no reason (i.e., standing) to sue.

The 2003 settlement of the State's lawsuit against the federal government on the Roadless Rule provided that the Chugach would be relieved of the Roadless Rule with all the other states through what was called the 2005 States Petition Rule. This allowed the Governor to drop the Roadless Rule on national forests in his/her state by petitioning the Forest Service for relief. This Rule was in effect until October 2006 when national environmentalists were successful in having it enjoined in a District Court in California on the ground that it violated NEPA. At that time Alaska's Roadless Rule cause of action against the federal government with respect to the Chugach began to accrue. Since the State brought the current lawsuit in June 2011, it was within the six year statute of limitations.

The second main argument was based on the legal concept of "equitable tolling." The legal concept of equitable tolling is recognized in the 9th Circuit, but is just emerging in the D.C. Circuit. To establish equitable tolling, a litigant must show: (1) that he/she has been pursuing his/her rights diligently, and (2) that some extraordinary circumstances stood in his/her way. The State was diligent because it brought its Roadless Rule actions with respect to the Tongass within a month of the time the Rule affected the Tongass. While it took 5 years to pursue its action with respect to the Chugach, the State was waiting for the outcome of the 9th Circuit's review of the California District Court's decision and for the outcome of the 10th Circuit's review of the Wyoming District Court's Order enjoining application of the Roadless Rule nationwide. The same facts regarding the period of the Tongass Exemption and the States Petition

Rule discussed constitute the "extraordinary circumstances" to show the doctrine of equitable tolling should shield the State's case from dismissal due to the six year statute of limitations.

The Federal Government/SEACC Reply Brief is due the end of July. We do not yet know whether or not there will be oral argument on the Motion. We are turning back to our draft summary judgment brief in the meantime.

The 9th Circuit has scheduled oral argument on another case, the State's 2003 Tongass Exemption case in Anchorage at 9:00 a.m. on August 30, 2012.

### **Federal Budget Status**

The Congress continues to struggle with budget issues as it approached its Memorial Day recess. While the House of Representatives Appropriations Committee has moved to approve a few of its 12 annual appropriations bills, there is still no agreement on the upcoming budget process between the House and the Senate. Most observers expect the major budget battle and these decisions to be delayed until after the August recess and most likely until after the election. At that point, the issue of which party will control the House and the Senate next year will be decided as well as who will occupy the White House,

Meanwhile there is no change in the Senate. Majority Leader Harry Reid (D-NV) has announced that the Senate will not attempt to pass a budget and will move directly to passing the 12 individual appropriation bills. However, the vast gap in the budget process will likely be reflected in the federal appropriations process. Many are predicting that no appropriations bill will be passed before the federal fiscal year ends on September 30, 2012. The most likely prediction is that there will be a major, post election session in which the Congress will have to deal with the appropriations bills, the potential sequestration of federal spending which will automatically take place under the 2011 budget deal between the Congress and President Obama. So, the federal budget process is still very complicated and unpredictable.

Furthermore, the end of 2012 is when the major budget issues must be resolved to avoid the "draconian" cuts to both domestic and defense spending which is mandated by last year's interim budget deal and also to deal with the issue of extending the "Bush tax" cuts which expire on December 31, 2012. So, with the heavy politics which currently dominates the federal budget process and tax issues, a long and very acrimonious post election session is anticipated in November and December 2012.

### **Next Steps**

I will provide an update as soon as new information is available. Please accept my wishes for a good July 4<sup>th</sup> holiday.



# SEARHC

SouthEast Alaska Regional Health Consortium

Behavioral Health Division: Prince of Wales Island  
Prevention Program  
Timothy R Booth-Prevention Specialist  
P.O. Box 69, Klawock, Alaska 99925  
Email: [tbooth@searhc.org](mailto:tbooth@searhc.org)

City of Craig  
P.O. Box  
Craig, Alaska 99921

Wednesday, July 11, 2012

RE: Use of the Craig Rec Center for Gatekeeper's Training

Dear City of Craig,

I'd like to thank you on behalf of SEARHC Prince of Wales Island Prevention Program, for allowing me the use of the Craig Rec Center a second time to provide my Gatekeeper's Training. I had eight participants scheduled to attend, but I know there was a lot of other activities going on that day. My recent class was on Saturday, June 9th, 2012, and I ended up having only 1 participant show, I waited awhile but no one else showed. The participant selected to reschedule to another class scheduled later in the month. So I was forced to cancel the class and will reschedule another class at a later date.

I just wanted to extend thanks to you and the community for access and use of one of your facilities in Craig. Please don't hesitate to contact me if you'd like to schedule a class in the near future and I'll let you know when I have another one scheduled in Craig. I am generally in Klawock and or Craig nearly every day but Thursdays. You can contact me best by email, [tbooth@searhc.org](mailto:tbooth@searhc.org) or my contact phone is 907-755-2140.

Respectfully,

  
Timothy R. Booth  
POW Prevention Specialist

WIS E. Alaska Sui'de Prevention Task Force



**Mt. Edgecumbe Hospital**  
222 Tongass Drive, Sitka, AK 99835  
907.966.2411 - [www.searhc.org](http://www.searhc.org)

July 10, 2012

Chaundell Piburn  
Craig EMS  
PO Box 331  
Craig, AK 99921

---

**Request for Proposal: Ground Ambulance Service RFP# 12-005**

---

Dear Chaundell:

We thank you for your time, effort, and interest in our Ground Ambulance Service Request for Proposal.

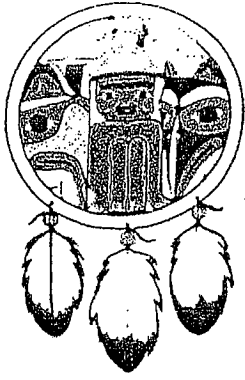
You are hereby notified that your bid for the above-mentioned contract was considered. I regret to inform you that you have not been awarded the contract. Nevertheless, another proposal has been selected as the best solution relative to our project and services.

SEARHC would like to take this opportunity to thank you for submittal of your proposal.

Sincerely,

Denise Berkeley-Salter  
Director of Materiel Management / Contracting Officer

Cc: Mike Motti, EMS Coordinator  
Russ Bowman, Medical Director, Community Health Care Services



Klawock Cooperative Association, Tribe  
310 Bayview Blvd.  
P.O. Box 430  
Klawock, Alaska 99925

Phone: 907-755-2265  
Fax: 907-755-8800

RECEIVED

JUL 1 10 2012

CITY OF CRAIG  
CRAIG, ALASKA

DATE: June 26, 2012

RE: KCA's 2nd Annual Sockeye Festival

TO WHOM IT MAY CONCERN:

The Klawock Cooperative Association "KCA" is planning to celebrate the day the organization was founded and made this an annual celebration. We also incorporated a Sockeye Festival. This will be KCA's 2nd Annual Sockeye Festival, that will take place in Klawock, Alaska on July 21, 2012. Flyers will be posted with the agenda of events.

We plan to have a Variety of Races, Tug-a-War, Jitter-Bug Contest, Herring Toss, Most unique Fish Dish Contest for Adults and Youth, etc., and will end the festival with a Community Social at the ANB Hall.

With this in mind we would respectfully request donations for the event/dinner and prizes. We will acknowledge every Sponsor, Donation and Volunteer on our Tribal Newsletter.

If you have any questions or would like to volunteer for this great celebration please don't hesitate to call our Office at 907-755-2265 We anxiously await your response! Thank you in advance for your contribution(s).

Respectfully,

6/27/2012

Donald Nickerson, Jr.  
KCA Tribal President



# 2011 Annual Drinking Water Quality Report

## Public Water System ID# AK2120193

### City of Craig, Alaska

In 1996 amendments were made to the Safe Drinking Water Act and passed by Congress that required the Environmental Protection Agency (EPA) to mandate the requirement of public water systems to provide each customer with an annual water quality report! Therefore, in compliance with that requirement, the City of Craig Water Department is proud to present to you the 2011 Annual Drinking Water Quality Report. This report is designed to inform you about the quality of water and services we deliver to you every day. Our constant goal is to provide you with a safe and dependable supply of drinking water. We want you to understand the efforts we make to continually improve the water treatment process and to protect our water resources. We are committed to ensuring the quality of your water.

**We are pleased to report that our drinking water is safe and meets both Federal and State requirements.**

#### WATER SYSTEM

A **Sanitary Survey** of Craig's water system was conducted on October 25th, 2011 by the South East Alaska Regional Health Consortium. The purpose of this survey was to conduct an onsite review of the water source, and the facilities, equipment, operation, and maintenance of the public water system. No deficiencies were noted. The survey is routine and required by law every 3 years.

Also, a **Status Component Inspection** of our public water treatment system was conducted by a three person ADEC Drinking Water Program inspection team on May 3rd, 2010, the goal of which was to provide us with an assessment of our current operational status and most importantly provide us with a current assessment of the filtration and inactivation credits for our system. This helps to clarify the current status of our system, and provides needed information for any future plant upgrades, modifications, or planned development that would affect treatment capacity and long term sustainability. Based on the inspection, our system was awarded treatment credits equal to or above the minimum requirements for Filtration of both *Giardia* and *Cryptosporidium* and also Total Inactivation of *Giardia* and Virus. What this means according to the report from ADEC dated January 21, 2011 is that at the time of the inspection, our system was in full compliance with existing surface water treatment rules.

#### WATER SOURCE

Our water source is surface water drawn from 104 acre, North Fork Lake located 10-½ miles from Craig at an elevation of approximately 660ft in the Saint Nicholas drainage basin. The 3.42 square mile watershed is in a roadless area on National Forest Land. A security gate paid for with Homeland Security funds is installed at 1.8 mi on the waterline spur road that restricts access to the lake and impoundment area. Access beyond the gate is allowed on a case by case basis and arrangements must be made either through the City of Craig at 907 826-3405 or Shaan Seet Incorporated at 907 826-3251. A 4.5 mile long 12" Ductile Iron water lines carries raw water from the lake to the City of Craig Water Treatment plant where it is then filtered and pumped to the 870,000 gallon water storage tank to be distributed to the consumer! The Tongass Land Management Plan classifies this area as a Municipal Watershed Land Use Designation. Information on the Municipal Watershed LUD can be obtained by contacting Francisco Sanchez, Craig District Ranger at 826-3271.

The Alaska Department of Environmental Conservation completed a **Source Water Assessment** for our public drinking water on March 14, 2003. This assessment defines the area around our drinking water source that is critical to the quality of our drinking water and identifies potential and existing sources of contamination within this area. Based on the information gathered, ADEC rated our drinking water source susceptibility to contaminants "**very high**", (*A rating of high to very high is typical for all systems*

*with surface water catchment areas*). The assessment identified potential and current sources of contaminants that include a gravel road, potential lake turnover, landslide potential, and potential beaver habitat. Combining the susceptibility of the surface water source with the contaminant risk, the water system received a vulnerability rating of “**medium**” for volatile organic compounds, synthetic organic chemicals, other organic chemicals, and heavy metals, cyanide and other inorganic chemicals; and “**very high**” for bacteria and viruses, nitrates and/or nitrites.

The City of Craig does testing for all of these contaminants on a regular basis. Vulnerability assessments for public water systems can be used by local governments and community groups to decide where efforts are needed to protect their sources of public drinking water from contamination. Copies of the completed assessment for our water system are available to the public at the following locations:

- ❖ Craig City Hall, 500 Third Street;
- ❖ Craig Public Library, 504 Third Street;
- ❖ Craig City Shop, 202 Cold Storage Road; and
- ❖ Craig Water Treatment Plant, 5 ¼ mile Port Saint Nicholas Road

### **NEED MORE INFORMATION?**

If you have any questions about this report, and want to learn more about your drinking water or your water utility, please contact Treatment Plant Operator, Les Nelson (826-3406) or Public Works Director, Steve Tanner (826-3405). The Craig City Council is the governing body for our water system. For the opportunity to participate in decision making you can attend any of the regularly scheduled council meetings. Meetings are normally held on the first and third Thursdays each month at 7PM in the Council Chambers at 500 Third Street.

### **ABOUT DRINKING WATER**

Sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and, in some cases, radioactive material and can pick up substances resulting from the presence of animals or from human activity. Contaminants that may be present in source water before we treat it include:

- ❖ Microbial contaminants, such as viruses and bacteria, which may come from human activities or wildlife.
- ❖ Inorganic contaminants, such as salts, fluoride and metals, which can be naturally occurring or result from mining or industrial activities. Craig water is no longer tested for asbestos since there is no asbestos pipe in the distribution system. Fluoride occurs naturally at about 0.2 mg/L
- ❖ Pesticides and herbicides, which may come from a variety of sources such as agriculture, urban stormwater runoff and residential uses. (Pesticides and herbicides have never been detected in our source water).
- ❖ Organic chemical contaminants, including synthetic and volatile organic chemicals, which are byproducts of industrial processes and petroleum production, and can also come from gas stations, urban stormwater runoff and septic systems or disinfection byproducts, such as Total Trihalomethane (TTHM) and Haloacetic Acid (HAA5). These byproducts are a result of using chlorine to disinfect the city’s drinking water. Of the over 60 VOCs tested, TTHMs and HAA5s are the only VOCs detected and have been at a level below the MCL in all but three of the quarterly samples since testing began. They are not considered an immediate health risk at these levels.
- ❖ Radioactive contaminants, which can be naturally occurring or be the result of oil and gas production and mining activities. (Radioactive contaminants have never been detected in our source).

In order to ensure that tap water is safe to drink, the Environmental Protection Agency prescribes regulations, which limit the amount of certain contaminants in water provided by public water systems. Food and Drug Administration regulations establish limits for contaminants in bottled water, which must provide the same protection for public health.

## **WATER QUALITY**

All drinking water, including bottled water, may contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the EPA's Safe Drinking Water Hotline at 1-800-426-4791.

## **TEST RESULTS TABLE**

The City of Craig routinely monitors for over 60 constituents in your drinking water according to Federal and State laws. The State allows us to monitor for some contaminants less than once per year because the concentrations of these contaminants do not change frequently. Some of our data, though representative, is more than one year old. Our sampling frequency complies with Federal and State drinking water regulations.

For your information the table below lists all the regulated drinking water contaminants that we detected during the 2011 calendar year. The presence of these contaminants in the water does not necessarily indicate that the water poses a health risk. The table contains goals for public health (MCLG), the amount detected, and the usual sources of such contamination.

## **DEFINITIONS**

In the table below contains many terms and abbreviations you might not be familiar with. To help you better understand these terms we've provided the following definitions:

*Action Level (AL)* - The concentration of a contaminant, which, if exceeded, triggers treatment or other requirements that a water system must follow.

*Maximum Contaminant Level* - The "Maximum Allowed" (MCL) is the highest level of a contaminant that is allowed in drinking water. MCLs are set as close to the MCLGs as feasible using the best available treatment technology.

*Maximum Contaminant Level Goal* - The "Goal" (MCLG) is the level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.

*Parts per million (ppm) or Milligrams per liter (mg/l)* - One part per million corresponds to one minute in two years or a single penny in \$10,000.

*Parts per billion (ppb) or Micrograms per liter* - One part per billion corresponds to one minute in 2,000 years, or a single penny in \$10,000,000.

*Nephelometric Turbidity Unit (NTU)* - Nephelometric turbidity unit is a measure of the clarity of water. Turbidity in excess of 5 NTU is just noticeable to the average person.

*Non-regulated Contaminant (NrC)* - Monitoring is voluntary

*Treatment Technique (TT)* - A treatment technique is a required process intended to reduce the level of a contaminant in drinking water.

Micrograms per Liter (µg/L) - One Microgram per liter is 100 times a milligram per liter (mg/l).

## REQUIRED MONITORING

TABLE OF DETECTED REGULATED CONTAMINANTS								
Contaminant	Units	MCL	MCLG	Craig Water	Range of detection's	Sample Date	Violation	Typical Source of Contaminant
<b>Inorganic Contaminants - Reduced Monitoring in Effect - 1 complete analysis every 9 years (next due: by 2019)</b>								
<b>Gross Alpha &amp; Uranium – Next Sample Date to be Determined</b>								
Combined Uranium	ug/L	30	N/A	-0.04	N/A	4/11/2005	No	Naturally present in the environment
Radium-226	pCi/L	5	N/A	-0.01	N/A	4/11/2005	No	Naturally present in the environment
Radium-228	pCi/L	5	N/A	-0.90	N/A	4/11/2005	No	Naturally present in the environment
Gross Alpha, Incl. Radon	pCi/L	15	N/A	0.17	N/A	4/11/2005	No	Naturally present in the environment
<b>TTHM's &amp; HAA5s - one sample quarterly</b>								
Total Trihalomethanes (TTHM)	UG/L	80	N/A	50.10	23.00-94.20	Running Annual Average	NO	By-product of drinking water chlorination
Haloacetic Acids (HAA5)	UG/L	60	N/A	35.56	13.50-79.80	Running Annual Average	NO	By-product of drinking water chlorination
<b>Total Organic Carbon</b>								
Source Water TOC	ppm	N/A	N/A	4.89	3.54-7.15	Running Annual Average	NO	Naturally present in the environment
Treated Water TOC	ppm	TT	N/A	1.43	0.75-1.81	Running Annual Average	NO	Naturally present in the environment
Source Water Alkalinity	ppm	N/A	N/A	0.00	0.0-0.0	Running Annual Average	NO	Naturally present in the environment
TOC Removal (TT)	ppm	40 %	N/A	75.19	71.11-78.81	Running Annual Average	NO	TOC provides a medium for the formation of disinfection by-products. Removal rates reflect the optimization of our treatment process.
<b>VOCs – one complete sample annually</b>								
Volatile Organic Contaminants	ppb	Variable	N/A	0	N/D	6/7/2010	NO	By-products of drinking water chlorination & discharge from chemical plants or other Industry
<b>Lead &amp; Copper (Tap water samples were collected from 10 area residences as required. None were found to exceed the Action Level in 2011. 90<sup>th</sup> percentile values are shown.)</b>								
Sample Dates	Units	AL	MCLG	# Of sites above the AL	90%	Violation		
June 2011- Copper	ppm	1.3	1.3	0	0.01850	NO		Corrosion of household plumbing systems, erosion of natural deposits
June 2011- Lead	ppm	.015	.015	0	0.00096	NO		Corrosion of household plumbing systems, erosion of natural deposits
<b>Turbidity - for the period January 1, 2011 - December 31, 2011 (continuous monitoring)</b>								
	MCL	MCLG	Level found	Range	Sample Date	Violation	Typical Source of Contaminant	
Turbidity	TT = 5 NTU	0	1.61 NTU	N/A		NO	Soil runoff	
	TT = percentage of samples <0.3 NTU		99.27 %	N/A				

## **ABOUT MCL'S**

MCL's are set at very stringent levels. To understand the possible health effects described for many regulated constituents, a person would have to drink 2 liters, (7.57 gallons), of water every day at the MCL level for a lifetime to have a one-in-a-million chance of having the described health effect.

## **WHAT DOES THIS MEAN?**

As you can see by the table on pages 3 and 4, our system had no monitoring violations of regulated contaminants. We're proud that your drinking water meets or exceeds most all Federal and State requirements. We have learned through our monitoring and testing that some constituents have been detected. The EPA has determined that your water IS SAFE at these levels.

## **SPECIAL HEALTH CONCERNS**

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. EPA/CDC guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline (800-426-4791).

## **IMPORTANT INFORMATION ABOUT YOUR DRINKING WATER**

### **Testing Violation**

Unfortunately one of our monthly water samples did not make it to the testing agency in Ketchikan due to inclement weather, and the samples were not re-submitted due to a mix up in communication between the shipper and our operator. This incident resulted in no testing for coliform bacteria for the month of September. Although chlorine residuals were recorded at the time of sampling this is still considered a violation of testing requirements. Chlorine residuals taken at the time were normal and we have since adjusted our sampling procedures to make sure this does not happen again!

### **TTHM's & HAA5's**

On January 1, 2004 quarterly sampling for Total Trihalomethanes and Haloacetic Acid contaminants became required for our drinking water. The Maximum Contaminant Level for Trihalomethanes was set at 80ppb in 2005. The Maximum Contaminant Level for Haloacetic Acids is set at 60ppb. The city sampled for these contaminants in our distribution system where the water remains the longest, (maximum residence time) in 2011.

Compliance for these contaminants is based on an average of the past four quarterly samples. We monitor for Total Organic Carbon and Alkalinity Quarterly and also continue disinfection profiling on a weekly basis. We will continue to monitor for these additional contaminants as required by state and federal law in order to provide you with the best water possible.

### **What should I do?**

No action on the part of the public is required unless you have questions or concerns, in which case you can call City Hall at 826-3275

### **Lead and Copper Testing**

EPA's national primary drinking water regulations require all public water systems serving 50,000 or fewer people to keep copper concentrations below 1.3 parts per million (ppm) and lead concentrations below 15 parts per billion (ppb) in more than 90 percent of tap water samples (the EPA "action level"). In

the 2011 round of sampling, all samples for lead and copper were below the EPA action level. The optimal corrosion control treatment achieved during this test cycle allows us to continue reduced monitoring. The next lead and copper sampling will occur in the summer of 2014.

### **Information regarding Lead in Drinking Water**

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. The City of Craig is responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking.

If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline at 1-800-426-4791 or on the web at [www.epa.gov/safewater/lead](http://www.epa.gov/safewater/lead).

### **Comprehensive Performance Evaluation**

A comprehensive performance evaluation or (CPE) is a thorough evaluation and analysis of the design, administration, operation, and maintenance practices of a water treatment facility as these components relate to achieving optimized performance at the facility. The objective of a CPE is to determine if significant improvements in performance can be achieved without major capital expenditure. With support from City of Craig personnel, the Alaska Department of Environmental Conservation and the Alaska Training and Technical Assistance Center, (ATTAC), conducted a training workshop at the City of Craig Water Treatment Facility from April 25<sup>th</sup> to April 28<sup>th</sup>, 2006 and produced a report on the results of their CPE. A Copy of that report can be obtained by contacting the City of Craig, Public Works Department.

For more information on this subject or any other water related subject please contact Steve Tanner at 826-3405, Leslie Nelson at 826-3406, or write to City of Craig, P.O. Box 725, Craig AK 99921  
You may also contact Eric Burg with the ADEC Drinking Water Program at 907 262-5210 ext 224 or write to Dept. of Environmental Health, Drinking Water Program P.O. Box, 43335, Soldotna, AK 99669, for any technical questions you may have.

### **The Craig public water system currently holds monitoring waivers for:**

2011-2013	Synthetic Organic Contaminants including Pesticides and Herbicides
Indefinite	Asbestos
2011-2019	Inorganics

### **The Craig public water system currently has sample reductions for:**

Nitrates	Reduced to once annually
VOC's	Reduced to once annually
Lead & Copper	Reduced to 10 samples once every 3 years, (Next due in 2014).
TOC/Alkalinity	Reduced to one sample set per quarter

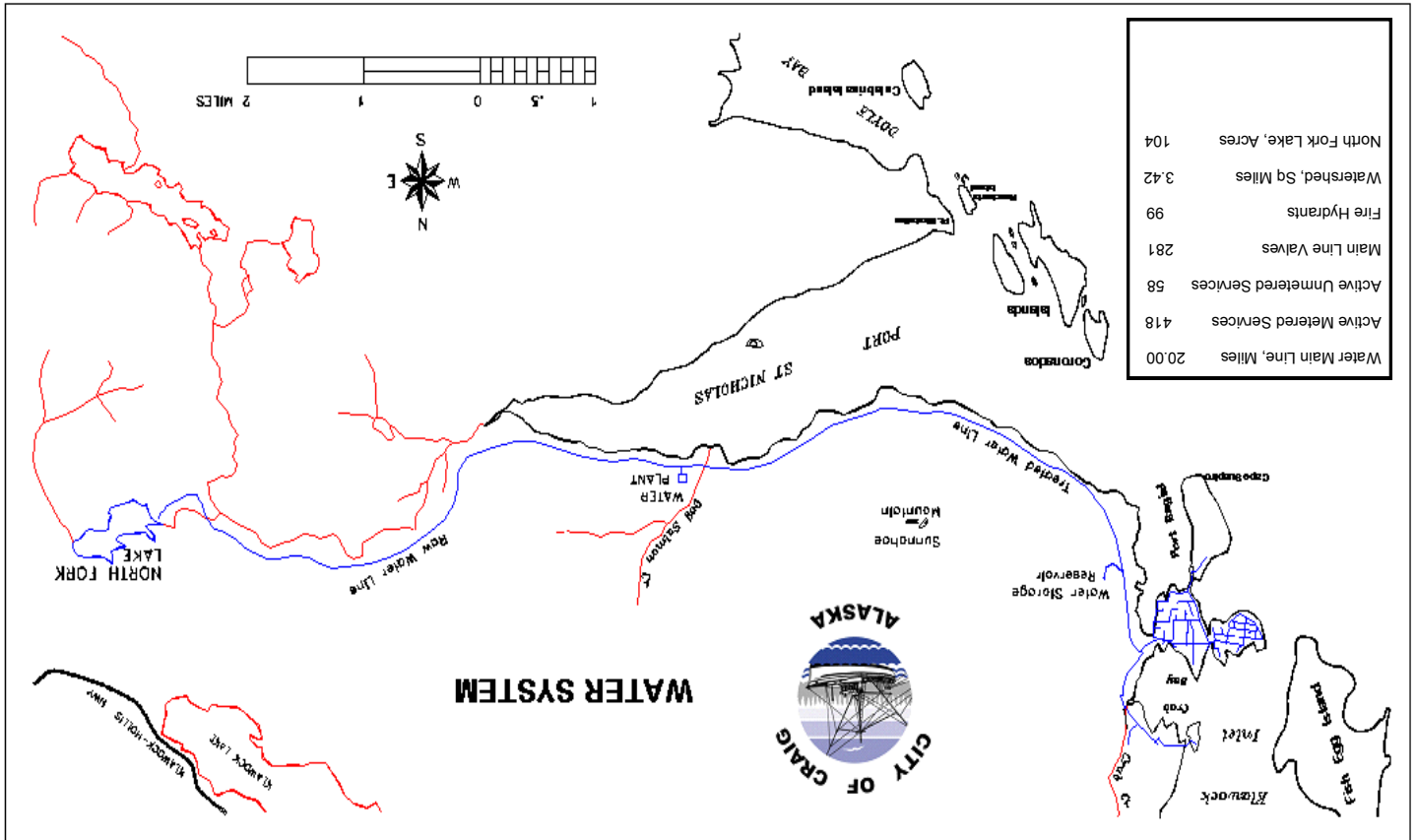
### **Current & Future Water Treatment Plant & System Upgrade Needs & Projects**

- ❖ Replace one 50hp High Service Motor and two Pumping units, (Motor# 2 replaced 6/14/2011 & new pumping units ordered May 10<sup>th</sup> 2012).
- ❖ Upgrade, adjustments and improvements to Supervisory Control and Data Acquisition (SCADA) system.
- ❖ Repair/replacement of raw water supply Pressure Reducing Valves and related piping in vault, (parts received on 6/16/2011 and work slated for July, 2012).
- ❖ Upgrade/replace Alum system, (new system purchased and to be installed when needed).

- ❖ In August 2009, 50-5yd Loads of sludge was removed from the lower settling pond at the water treatment plant and removal of sludge from the upper pond is scheduled for summer 2012.
- ❖ Annual sacrificial cathodic protection system inspection of 870,000 gal PSN water storage tank was conducted 10/14/2011 and drainage, inspection & alteration of inlet piping of this tank is scheduled for late summer, early fall of 2012.
- ❖ Replacement of corroded 10" ductile iron water main along Craig-Klawock Highway, (Ongoing).
- ❖ Raise level of dam on North Fork Lake to increase the amount of source water, (Feasibility study completed 11/1/2011).
- ❖ Replacement of corroded 12" ductile iron raw water supply main from North Fork Lake to the water treatment plant.

As you can see, many of the repair/replacement projects are scheduled for late summer or early fall; this is in order to ensure an efficient and uninterrupted operation of the water system during the fish processing season and winter months which are the highest water use periods of the year.

The City of Craig Water Department will do everything possible to keep the highest possible quality and quantity of water flowing to all of its customers this summer!



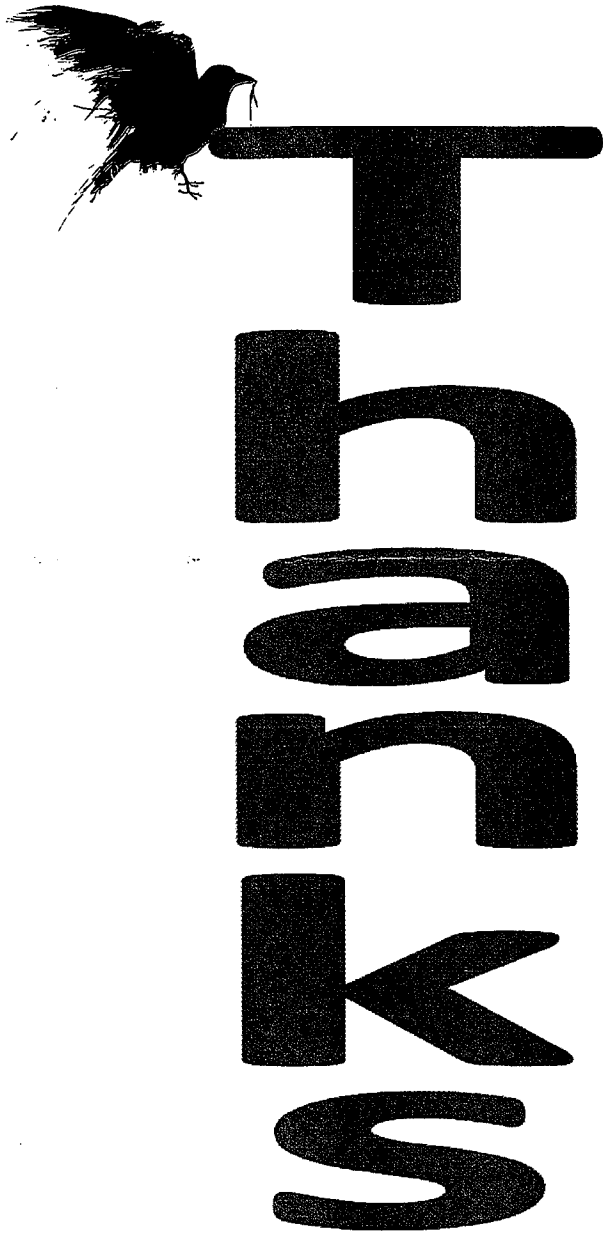
CITY OF CRAIG  
 PO BOX 725  
 CRAIG, AK 99921

**BULK RATE**  
 U. S. POSTAGE  
**PAID**  
 Permit No. 3  
 Craig, Alaska

POSTAL CUSTOMER

2011 ANNUAL DRINKING WATER QUALITY REPORT





Your **donated door prizes** for our 2012 P.O.W. Island Marathon were such a big hit at our May 26 evening medal ceremonies. We want you to know that the participants, fans and committee members so appreciated your generosity; there was spontaneous applause when the audience realized how generous our island's local businesses and organizations are.

*Thank you for supporting our  
marathon in this way!*

***Thanks to:***

Radio Shack, Kim's Corner, Shaub-Ellison, The \$ + Store, Raven Hair, Black Bear, Papa's Pizza, The Healing Touch, Savvy Wear, Log Cabin Sports, Dockside Café, Alaska Gifts, Klawock Diner, JS Hardware, NAPA, Zat's Pizza, Annie Betty's, Water Street Café, Tranquil Touch, Log Cabin Resort, Fireweed Lodge, Alaska Marine Lines, Arrowhead, Petro Marine, the IFA Authority, The City of Craig, and the Prince of Wales Chamber of Commerce.



# QUARTERLY PERSPECTIVES

## ECONOMY & FINANCIAL MARKETS

### Another global summer slowdown...

Economic weakness in the U.S. and China along with ongoing anxiety over the crisis in Europe (and recession in several countries there) led to poor second quarter returns in the equity markets. U.S. stocks lost -2.8% on the S&P 500, while international stocks were harder hit as declines in local markets and weakening currencies contributed to a -7.1% U.S. dollar loss on EAFE.

U.S. government bonds remain the asset of choice amidst uncertainty, with yields trading at record lows. The 10 year treasury ended the quarter at 1.65%, posting a total return of +5.8%. Another safe haven market – Switzerland – has government bonds trading at negative yields out to 5 years!

The Blue Chip survey of 50 forecasters expects +2.1% growth this year in the U.S., revised down from their +2.4% forecast in April. They put the odds of recession at 25% this year, compared to 33% last year. Europe has been bumping around zero growth for several quarters and China is unmistakably slowing from +9.2% last year to just better than +7% expected for 2012.

The Federal Reserve updated their forecast with downward revisions to GDP in line with Blue Chip. They expect inflation to remain tame and come in under their +2% long term target. It is up +1.7% YoY through May. The Fed extended their "Operation Twist" through year end and reiterated that short term rates will be kept very low through 2014. ISI Strategies believes that global inflation will soon be below +2% compared to its +4% peak in 2011. This gives global central banks room to ease and they are doing just that.

Signs of improvement in the housing market and falling commodity prices (especially oil which declined almost -30% from its February peak) will help consumers, but still high unemployment (8.2%) and election year uncertainties hang over the U.S. markets.

### Fiscal cliff approaching: fasten seat belts please.

The huge automatic cuts in spending and increases in taxes are six months away. Another analyst describes the coming fiscal cliff and what that might do to business spending and investment quite colorfully:

"Well, let's see. You climb in the back of Thelma and Louise's 1966 Thunderbird. Thelma floors it and begins racing for the

cliff. How likely are you to say, 'Hey, let's invest in a new carburetor?'"

While hope springs eternal, even without political gridlock, tightening fiscal policy in 2013 will be a headwind for economic growth.

### They keep meeting, and meeting, and meeting...

All eyes remain focused on Europe. Two new socialist governments in Greece and France are arguing for more growth and less austerity. Spain has been in the cross hairs of investors now for several months as their banking system teeters and requires bailouts. We hear of bank runs and note the lack of competitiveness in the periphery. EU policymakers met in late June and crafted a TARP like policy to capitalize the banking system and establish a national regulator under the ECB. Still, they always seem to be one step behind the markets, don't they?

Let's just say it one more time. We lived beyond our means. We made promises we cannot keep. We financed all of this with debt. The payback is a long period of sluggish growth and a lower standard of living as we spend less and save more and as nations get their fiscal houses in order.

### What is an investor to do?

There are many factors that affect the market outlook. But we can broadly identify the two most important as macroeconomics and valuation. When the macro outlook is widely acknowledged as good, prices are likely to be bid up and valuation poor. Any negative "surprises" are likely to hurt the market as it is "priced for perfection." The flip side is a weak economic environment where valuation is attractive. Bad news is priced in providing some protection against more of the same as the market is trading cheap to begin with. The latter describes today's equity markets.

At this point stocks in general look good to us based on valuation. P/E ratios, price/book values, dividend yields, earnings yields vs. bond yields, all favor stocks. European stocks are the cheapest of all, but for obvious reasons. We have been underweight our global EAFE index allocation despite the cheapness because of the unprecedented crisis facing the continent.

*Continued on Next Page*

## ECONOMY & FINANCIAL MARKETS

Continued From Page 1

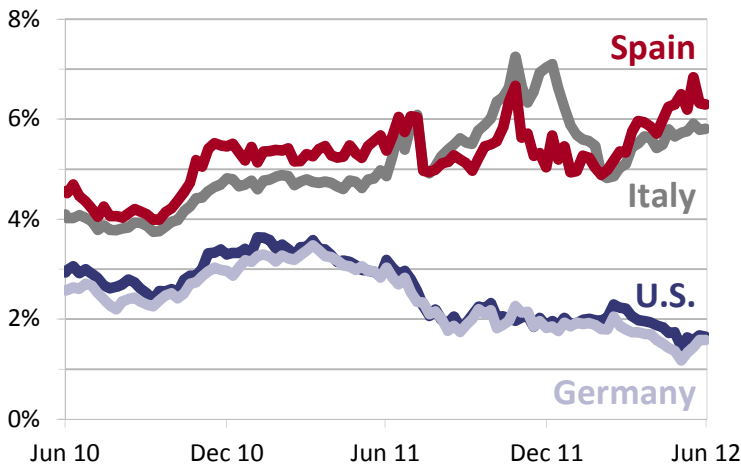
Bonds are only attractive in diversified portfolios. Interest rates are at record lows. You get 1.5% on 10 year Treasuries yet that has significant risk. For example if rates rise 1% the 10 year will go down in price by -8.6%. That 1.5% coupon doesn't provide much of a cushion. And inflation above that rate will generate negative real returns. It is a bond bubble, but it can last for a long time. Even so, high quality bonds have been negatively correlated with stocks and have a place in balanced portfolios, but underweight them, please.

Macro-economic trends are hard to predict. We all like talking about these big picture events that are in the headlines. But acting on the latest newspaper headline or "breaking news" scrolling at the bottom of a CNBC program is almost always a bad idea. The table illustrates the difference between trading and investing. Suffice it to say, we are investors, not traders.

**Jeff Pantages, CFA**  
Chief Investment Officer

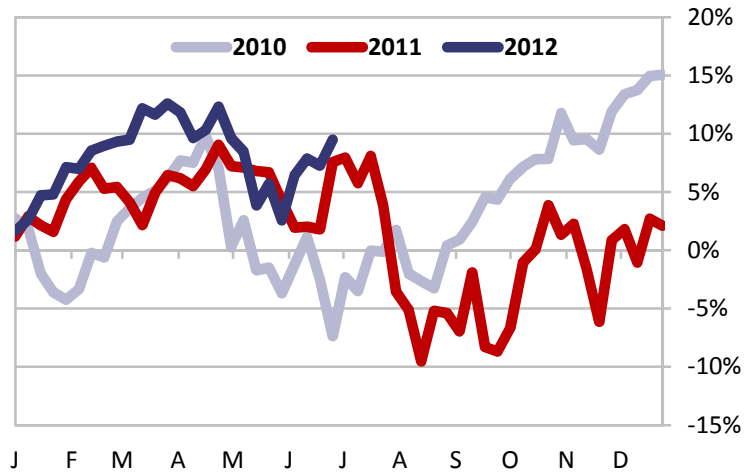
Trading	Investing
Short-Term	Long-Term
Price Trend	Valuation
Technicals	Fundamentals
Volatility	Risk Tolerance
Daily P/L	Long Term Goals
Borrow	Save
Want	Need
High Turnover	Low Turner
Jim Cramer	Warren Buffett

**10 Year Global Treasury Note Yields**



Bloomberg

**S&P 500 Index Total Return**

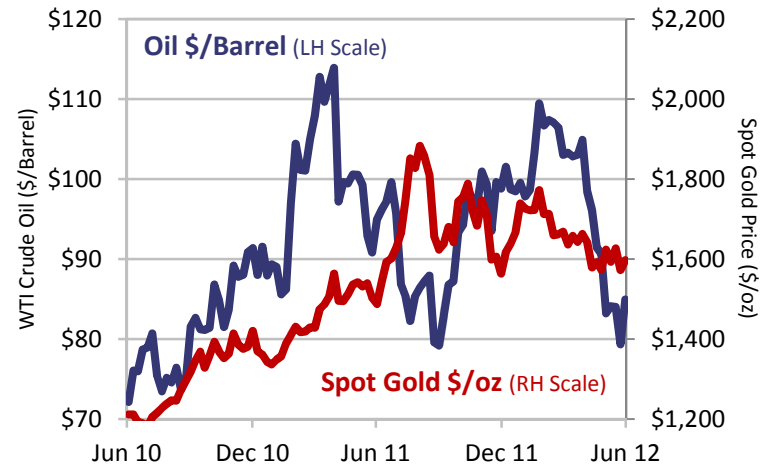


Bloomberg

**Bloomberg Consensus Forecasts**

Data as of 6/30/12	2011	2012	2013	2014
Real GDP (% YoY)	1.70	2.20	2.40	2.80
CPI Inflation (% YoY)	3.17	2.20	2.00	2.40
Unemployment (%)	9.0	8.1	7.8	7.2
Fed Funds (%)	0.25	0.25	-	-
10-Yr Note (%)	1.88	2.13	-	-

**Oil and Gold Roller Coaster**



Bloomberg



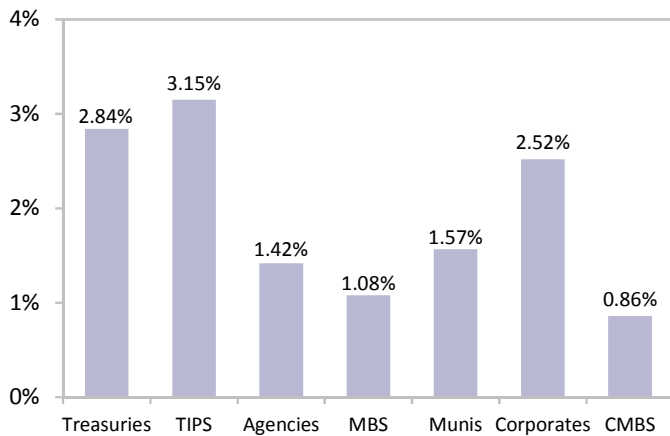
**Bill Lierman, CFA**  
**Sr. Investment Analyst**

■ At the end of 2011 consensus forecasts called for an increase in Treasury yields, especially in the 2nd quarter as “Operation Twist” was supposed to end. Reality set in as weaker economic numbers were released and issues with Europe went unresolved. The 5 and 30 year Treasury rates decreased 32 and 58 basis points, respectively, in Q2.

■ The FOMC met twice in the quarter. The most recent meeting confirmed that Quantitative Easing (QE) is still on its plate. The maturity extension program (aka

“Operation Twist”) was extended through year end, authorizing another \$267bn in purchases of 6-30 year notes paired with sales of shorter dated securities. The Fed still plans to hold short rates low through late 2014 and is prepared to take further action if needed.

**Q2 2012 Bond Total Return**



Barclays

■ Mortgage rates continued to decline as 30 year current coupon Fannie Mae rates started the quarter at 3.06% and finished at 2.57%. MBS continues to be in high demand, with banks and foreigners still adding as spreads remain attractive versus agencies, and growing expectations that the next QE will involve mortgages.

■ Stress from the European situation is visible in money markets as money market funds (MMFs) are more apt to fund European banks through secured repo markets than unsecured commercial paper. MMFs have increased their repo exposure. Deutsche Bank points out prime MMFs have pulled \$50bn in unsecured funding from Europe.

■ The municipal bond market showed strength, despite having to deal with the new GASB pension accounting rules, the Stockton bankruptcy, and the Moody’s downgrade to junk of California redevelopment agency bonds. Municipals continue to look cheap relative to the taxable markets.

■ Corporate bonds returned +2.5% for the quarter. This was driven by the decline in interest rates as the finance, utility, and industrial sectors all had negative excess returns (vs. Treasuries) of -0.83%, -1.44%, and -1.48% respectively.

■ At this year’s half way point, the S&P 500 has posted a respectable +8.3% gain, even after a -2.8% retreat in the second quarter. In Q2, the S&P 500 declined the least, followed by small cap (-3.6%) and midcap (-4.9%).

■ J.P. Morgan stock (JPM) lost over -22% in Q2 as one of the banks traders (nicknamed the “London Whale”) caused more than \$2B in trading losses. JPM represents just over 1% of the S&P 500.

■ In June, equity returns were boosted after the latest European summit delivered more steps towards fiscal integration and progress towards resolving the eurozone’s banking problems. European equities posted the best regional returns (+7.7%) around the world. Despite this rally, Q2 returns for MSCI EAFE were -7.1% USD and -5.4% in local currency (the Euro depreciated -5.1% vs. the dollar).

■ Falling oil and downward revisions to global economic growth have not been kind to emerging markets. Economic problems in Europe and the U.S. are hurting China’s exports. In Q2, Chinese equities lost -5.5% and the MSCI emerging markets index fell -8.8%.

■ Recent commodity price declines are the steepest since the months following the Lehman crisis. Concerns over weaker demand pushed the DJ-UBS commodity index down -4.6%. The best performing sector was natural gas (+32.8%) while Brent crude (-20.4%) and cotton (-22.8%) were the worst.

■ With reasonable valuations, markets will focus on the upcoming earnings season. In the U.S., analysts forecast a -1.1% decline in Q2, the first decrease since 2009.

**Total Return (%) as of June 30, 2012**

	Q2 2012	1 Year	3 Years	5 Years
<b>Domestic Equities</b>				
Large Cap S&P 500	-2.8	5.5	16.4	0.2
Mid Cap S&P 400	-4.9	-2.3	19.4	2.6
Small Cap S&P 600	-3.6	1.4	19.8	1.8
<b>International Equities</b>				
Developed MSCI EAFE	-7.1	-13.8	6.0	-6.1
Emerging MSCI Emerging Markets	-8.9	-16.0	9.8	-0.1
<b>Other</b>				
Commercial Property S&P U.S. REIT	3.8	13.1	33.0	2.5
Commodities DJ-UBS Commodity	-4.6	-14.3	3.5	-3.7
<b>Fixed Income</b>				
Total Bond Market Barclays Aggregate	2.1	7.5	6.9	6.8
1-3 Yr U.S. Treasury/Agency Barclays 1-3 Gov	0.2	0.9	1.7	3.4
Int'l Treasury Barclays Global Tsy ex-US	-0.4	0.1	5.4	7.4

Returns are annualized for periods greater than one year



**Brandy Niclai, CFA**  
**Sr. Investment Analyst**



### Financial Repression: buy government bonds, or else!

Nations with large unsustainable debt burdens can get out of them via (1) strong economic growth (2) default or restructuring and (3) inflation, which reduces the real value of debt outstanding.

After WWII government debt was big, as big as a percent of the economy as it is today. Yet over the ensuing years that debt burden came down. Certainly, pent up demand, a Marshall plan of infrastructure spending, and strong economic growth helped. But new work by Carmen Reinhart suggests another reason: financial repression. Is this what the doctor ordered so far as our current debt crisis goes?



The Wall Street Journal - June 6, 2012

In a paper titled “The Liquidation of Government Debt” Reinhart suggests that financial repression entails government controls on interest rates (Regulation Q, for example) and other regulatory requirements forcing the financial sector to buy government bonds to

keep the interest expense of government low. Of course they don’t call it financial repression; they call it prudent regulation – sounds much better!

Add to that a dose of modest inflation and you can pay back nominal bonds with “cheaper” inflation-devalued money. Inflation helps debtors (like governments) and hurts creditors (like bond buyers) as the latter get paid back in cheaper dollars losing purchasing power – but it’s not a default.

Looking back through history, Reinhart argues that financially repressed nominal interest rates in the post WWII period from 1945 – 1980 go a long way to explaining the rapid reduction of public debt in a number of advanced countries.

She estimates that for the U.S. it accounted for ¼ of the reduction in the debt/GDP ratio over the period. She notes that inflation is a “stealth” tax, is more politically palatable, and is easier to achieve than traditional spending cuts or tax increases.

Thus, in this era of budget deficits and high debt burdens, governments have an incentive to institute financially repressive policies (Basel III rules encourage banks to purchase government debt, for example) and tilt towards inflation.

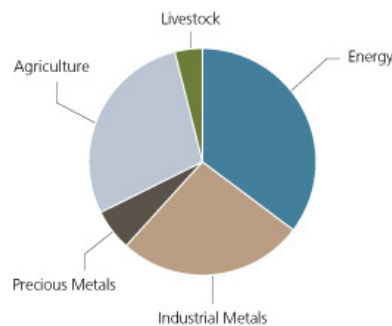
Will it work in reducing government debt burdens? Not so far.

### A look at commodity ETNs

Commodities have been hard hit this year over worries about economic growth, especially in China which recently has been a huge factor in this market. For example, China buys 40% of the world’s copper supply. Still, investors should own some commodities in diversified portfolios and many clients have a 5% allocation to this asset class.

Commodities make sense as an inflation hedge, especially when there is unexpected inflation. They are often negatively correlated with stocks and bonds adding to diversification and portfolio stability. But, they can underperform (or outperform) for long periods!

APCM gets exposure to commodities through exchange traded notes (ETNs) that are allocated to the three main commodity sectors: energy, agriculture and metals. The pie chart shows the specific allocations for the UBS CMCI exchange traded commodity note we are now using.



UBS Bloomberg Constant Maturity Commodity Index Weightings

For a number of years we used an ETN on the Dow Jones-UBS Commodity index. While this was the largest and most liquid note it’s tracking of commodities was not as efficient as we would have liked. A new generation of ETNs has come to market, improving on the commodity index methodology and tracking, including the Barclays Pure Beta and the UBS CMCI. We switched to these notes in May selling our Dow Jones-UBS exposure.

The sector compositions of these ETNs are similar although the specific commodity weights in each index are slightly different.

There is disagreement in the analyst community about the direction of commodities. Cyclical factors argue for softness, while there is a solid long term structural case that shortages may develop, especially given the rapid growth in the emerging markets.

One final thing to point out is that you are not going to get the exact return you might calculate from just looking at the change in commodity prices from one period to another. The main reason for this is storage costs. For example, the cost to store \$1 billion of gold (which probably would fit in your bedroom, by the way) is 0.15% (i.e. quite small). But the cost to store cheaper and bulkier commodities like copper would be 2 to 3%, while aluminum runs around 5 to 6%. So when copper is said to have gone up +10% in one year, an investor who bought and stored copper would only get about +7%.





July 10, 2012

*sent via email*

Ms. Joyce Mason  
Treasurer  
City of Craig  
P.O. Box 725  
Craig, Alaska 99921

Dear Ms. Mason,

Enclosed is the June report for the City of Craig, which includes a listing of portfolio assets, purchases and sales. As this report coincides with the end of a calendar quarter, performance data is included.

At month-end, the market value of the account was \$8,250,597. Based upon the composition of the portfolio, the expected annual income, excluding dividends on equities, is \$92,946.

Our monthly commentary is attached.

Please call if you have any questions regarding this month's report.

Sincerely,

A handwritten signature in blue ink, appearing to read "B. Wagnon".

Bert Wagnon  
Senior Vice President

A handwritten signature in blue ink, appearing to read "E. Rose".

Evan D. Rose  
President and CEO

cc via email:   Mr. Jon Bolling, City Administrator

# CITY OF CRAIG

Account Statement - Quarter Ending June 30, 2012

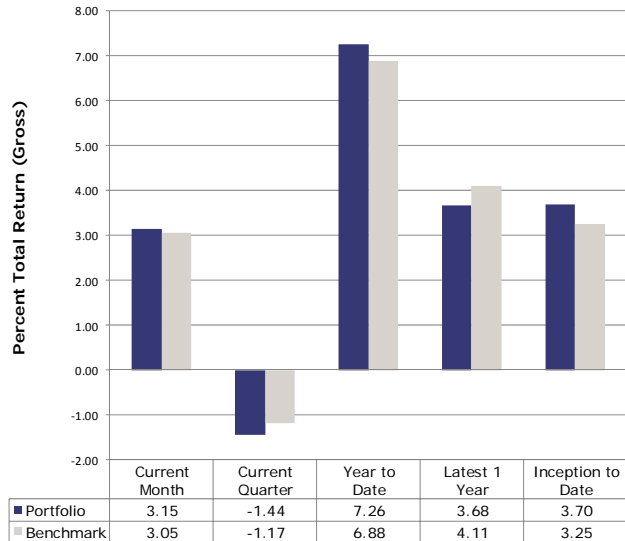


## ACCOUNT ACTIVITY

Portfolio Value on 03-31-12	8,499,946
Contributions	0
Withdrawals	-124,694
Change in Market Value	-172,901
Interest	22,383
Dividends	25,863
Portfolio Value on 06-30-12	8,250,597

## INVESTMENT PERFORMANCE

Current Account Benchmark:  
Equity Blend

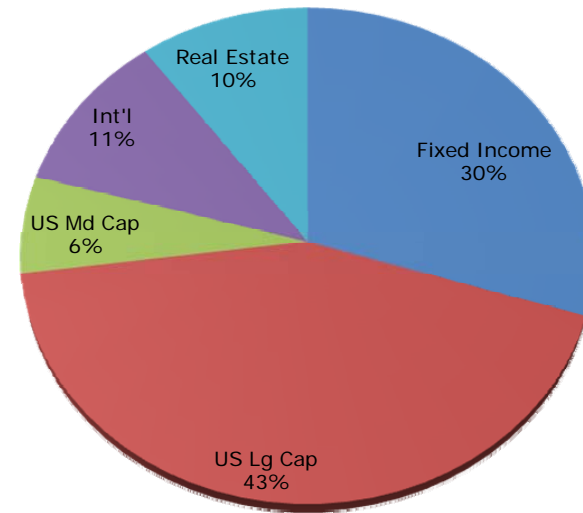


Performance for Periods One Year and Greater are Annualized

## MANAGEMENT TEAM

Director of Client Relations:	Laura Bruce, CFP, ChFC Laura@apcm.net
Your Portfolio Manager:	Bert Wagnon Jason Roth
Contact Phone Number:	907/272 -7575

## PORTFOLIO COMPOSITION



Alaska Permanent Capital Management Co.  
**PORTFOLIO APPRAISAL**  
**CITY OF CRAIG**  
*June 30, 2012*

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
<b>U.S. TREASURY</b>									
125,000	US TREASURY NOTES 0.625% Due 07-31-12	100.20	125,244	100.04	125,049	1.52	781	326	0.17
40,000	US TREASURY NOTES 1.250% Due 10-31-15	98.51	39,405	102.49	40,997	0.50	500	84	0.50
100,000	US TREASURY NOTES 3.750% Due 11-15-18	106.48	106,480	117.13	117,133	1.42	3,750	479	0.97
100,000	US TREASURY NOTES 3.500% Due 05-15-20	104.04	104,039	116.84	116,844	1.42	3,500	447	1.25
150,000	US TREASURY NOTES 2.625% Due 11-15-20	103.38	155,075	109.91	164,871	2.00	3,937	503	1.37
100,000	US TREASURY NOTES 2.000% Due 02-15-22	100.20	100,203	103.37	103,367	1.25	2,000	753	1.62
	Accrued Interest				2,592	0.03			
			630,446		670,852	8.13		2,592	
<b>AGENCIES</b>									
50,000	FHLB US GOVT AGENCY 5.250% Due 06-18-14	100.80	50,401	109.56	54,778	0.66	2,625	95	0.37
100,000	FHLMC 3.750% Due 03-27-19	101.41	101,410	115.57	115,567	1.40	3,750	979	1.33
	Accrued Interest				1,074	0.01			
			151,811		171,419	2.08		1,074	
<b>FNMA &amp; FHLMC</b>									
33,982	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	104.56	35,533	105.74	35,933	0.44	1,359	113	1.53
	Accrued Interest				113	0.00			
			35,533		36,047	0.44		113	
<b>ASSET-BACKED SECURITIES</b>									
100,000	GE CAPITAL CREDIT CARD MASTER NOTE TRUST 3.690% Due 07-15-15	103.37	103,375	100.00	100,000	1.21	3,690	164	3.72
	Accrued Interest				164	0.00			
			103,375		100,164	1.21		164	
<b>COMMERCIAL MORTGAGE-BACKED SECURITIES</b>									
98,170	WACHOVIA BK COML MTG TR 4.925% Due 08-01-41	95.78	94,028	102.66	100,785	1.22	4,835	403	2.15
75,432	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51	100.55	75,845	100.08	75,494	0.92	4,099	342	4.35
	Accrued Interest				744	0.01			
			169,873		177,023	2.15		744	



Alaska Permanent Capital Management Co.  
**PORTFOLIO APPRAISAL**  
**CITY OF CRAIG**  
*June 30, 2012*

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
<b>CORPORATE BONDS</b>									
100,000	UNITED PARCEL SVC INC 4.500% Due 01-15-13	99.57	99,575	102.20	102,204	1.24	4,500	2,075	0.42
50,000	TOYOTA MOTOR CREDIT 1.375% Due 08-12-13	101.03	50,513	100.83	50,416	0.61	687	265	0.63
100,000	CATERPILLAR FINANCIAL 6.125% Due 02-17-14	100.12	100,125	108.59	108,593	1.32	6,125	2,280	0.81
100,000	JP MORGAN CHASE & CO 4.750% Due 03-01-15	97.18	97,176	107.06	107,065	1.30	4,750	1,583	2.02
100,000	HSBC FINANCE CORP 5.500% Due 01-19-16	100.21	100,206	108.29	108,295	1.31	5,500	2,475	3.02
50,000	BRITISH COLUMBIA PROV OF 2.100% Due 05-18-16	99.98	49,990	104.76	52,381	0.63	1,050	125	0.85
50,000	BANK AMER CORP 5.625% Due 10-14-16	107.18	53,592	106.28	53,138	0.64	2,812	602	4.02
50,000	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	117.91	58,955	118.21	59,104	0.72	2,812	594	1.25
50,000	STATOIL ASA 3.125% Due 08-17-17	107.07	53,533	107.70	53,850	0.65	1,562	582	1.56
100,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	99,572	118.28	118,283	1.43	5,750	2,396	2.25
75,000	UNITED HEALTH GROUP INC 6.000% Due 02-15-18	121.46	91,093	121.00	90,754	1.10	4,500	1,700	2.03
75,000	GENERAL ELECTRIC CAP CORP. 5.625% Due 05-01-18	88.27	66,205	114.95	86,215	1.04	4,219	703	2.83
100,000	GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19	116.51	116,514	114.04	114,040	1.38	7,500	2,833	4.98
100,000	VERIZON COMMUNICATIONS 6.350% Due 04-01-19	125.02	125,020	124.65	124,650	1.51	6,350	1,587	2.38
	Accrued Interest				19,801	0.24			
			1,162,071		1,248,791	15.14		19,801	
<b>DOMESTIC LARGE CAP EQUITY FUNDS/ETF</b>									
26,143	SPDR S&P 500 ETF TRUST	137.08	3,583,755	136.10	3,558,193	43.13	NA		
<b>DOMESTIC MID CAP EQUITY FUNDS/ETF</b>									
5,496	ISHARES S&P MIDCAP 400	69.71	383,101	94.17	517,558	6.27	NA		
<b>INTERNATIONAL FUNDS/ETF</b>									
27,627	VANGUARD MSCI EAFE ETF	37.73	1,042,293	31.57	872,184	10.57	NA		
<b>REAL ESTATE</b>									
12,857	VANGUARD REIT ETF	56.44	725,700	65.43	841,234	10.20	NA		

Alaska Permanent Capital Management Co.  
**PORTFOLIO APPRAISAL**  
***CITY OF CRAIG***  
*June 30, 2012*

<u>Quantity</u>	<u>Security</u>	<u>Average Cost</u>	<u>Total Average Cost</u>	<u>Price</u>	<u>Market Value</u>	<u>Pct. Assets</u>	<u>Annual Income</u>	<u>Accrued Interest</u>	<u>Yield to Maturity</u>
<b>CASH AND EQUIVALENTS</b>									
	DIVIDEND ACCRUAL		17,582		17,582	0.21			
	FEDERATED GOVERNMENT OBLIGATION		39,551		39,551	0.48			
			57,133		57,133	0.69			
<b>TOTAL PORTFOLIO</b>			<b>8,045,090</b>		<b>8,250,597</b>	<b>100</b>	<b>92,946</b>	<b>24,489</b>	

Alaska Permanent Capital Management Co.  
**TRANSACTION SUMMARY**  
**CITY OF CRAIG**  
*From 06-01-12 To 06-30-12*

Trade Date	Settle Date	Security	Quantity	Trade Amount
<b>PURCHASES</b>				
DOMESTIC LARGE CAP EQUITY FUNDS/ETF				
06-21-12	06-26-12	SPDR S&P 500 ETF TRUST	598.0000	79,969.04
INTERNATIONAL FUNDS/ETF				
06-21-12	06-26-12	VANGUARD MSCI EAFE ETF	2,605.0000	80,019.09
				<b>159,988.13</b>
<b>DIVIDEND</b>				
DOMESTIC LARGE CAP EQUITY FUNDS/ETF				
06-15-12	07-31-12	SPDR S&P 500 ETF TRUST		17,581.60
DOMESTIC MID CAP EQUITY FUNDS/ETF				
06-29-12	06-29-12	ISHARES S&P MIDCAP 400		1,608.41
REAL ESTATE				
06-29-12	06-29-12	VANGUARD REIT ETF		6,672.78
				<b>25,862.79</b>
<b>INTEREST</b>				
AGENCIES				
06-18-12	06-18-12	FHLB US GOVT AGENCY 5.250% Due 06-18-14		1,312.50
ASSET-BACKED SECURITIES				
06-15-12	06-15-12	GE CAPITAL CREDIT CARD MASTER NOTE TRUST 3.690% Due 07-15-15		307.50

Alaska Permanent Capital Management Co.  
**TRANSACTION SUMMARY**  
**CITY OF CRAIG**  
*From 06-01-12 To 06-30-12*

Trade Date	Settle Date	Security	Quantity	Trade Amount
<b>CASH AND EQUIVALENTS</b>				
06-01-12	06-01-12	FEDERATED GOVERNMENT OBLIGATION		2.07
<b>COMMERCIAL MORTGAGE-BACKED SECURITIES</b>				
06-01-12	06-14-12	WACHOVIA BK COML MTG TR 4.925% Due 08-01-41		408.45
06-11-12	06-11-12	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51		345.09
				753.54
<b>FNMA &amp; FHLMC</b>				
06-01-12	06-14-12	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26		117.09
				<b>2,492.70</b>
<b>PRINCIPAL PAYDOWNS</b>				
<b>COMMERCIAL MORTGAGE-BACKED SECURITIES</b>				
06-01-12	06-14-12	WACHOVIA BK COML MTG TR 4.925% Due 08-01-41	1,349.98	1,349.98
06-11-12	06-11-12	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51	774.76	774.76
				2,124.74

Alaska Permanent Capital Management Co.  
**TRANSACTION SUMMARY**  
**CITY OF CRAIG**  
*From 06-01-12 To 06-30-12*

Trade Date	Settle Date	Security	Quantity	Trade Amount
FNMA & FHLMC				
06-01-12	06-14-12	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	1,144.51	1,144.51
				<b>3,269.25</b>
<b>WITHDRAW</b>				
CASH AND EQUIVALENTS				
06-14-12	06-14-12	FEDERATED GOVERNMENT OBLIGATION		2,123.17
06-14-12	06-14-12	FEDERATED GOVERNMENT OBLIGATION		2,000.71
06-29-12	06-29-12	FEDERATED GOVERNMENT OBLIGATION		270.00
				4,393.88
				<b>4,393.88</b>

Alaska Permanent Capital Management Co.  
**REALIZED GAINS AND LOSSES**  
***CITY OF CRAIG***  
*From 06-01-12 Through 06-30-12*

<b>Date</b>	<b>Quantity</b>	<b>Security</b>	<b>Avg. Cost Basis</b>	<b>Proceeds</b>	<b>Gain Or Loss</b>
06-01-12	1,349.98	WACHOVIA BK COML MTG TR 4.925% Due 08-01-41	1,293.03	1,349.98	56.95
06-01-12	1,144.51	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	1,196.73	1,144.51	-52.22
06-11-12	774.76	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51	778.99	774.76	-4.23
TOTAL GAINS					56.95
TOTAL LOSSES					-56.45
			<b>3,268.75</b>	<b>3,269.25</b>	<b>0.50</b>

Alaska Permanent Capital Management Co.

**CASH LEDGER**

***CITY OF CRAIG***

*From 06-01-12 To 06-30-12*

<b>Trade Date</b>	<b>Settle Date</b>	<b>Tran Code</b>	<b>Activity</b>	<b>Security</b>	<b>Amount</b>
<b>DIVIDEND ACCRUAL</b>					
06-01-12			Beginning Balance		0.00
06-15-12	07-31-12	dp	Dividend	SPDR S&P 500 ETF TRUST	17,581.60
<b>06-30-12</b>			<b>Ending Balance</b>		<b>17,581.60</b>
<b>FEDERATED GOVERNMENT OBLIGATION</b>					
06-01-12			Beginning Balance		189,890.27
06-01-12	06-01-12	dp	Interest	FEDERATED GOVERNMENT OBLIGATION	2.07
06-01-12	06-14-12	dp	Interest	WACHOVIA BK COML MTG TR 4.925% Due 08-01-41	408.45
06-01-12	06-14-12	dp	Paydown	WACHOVIA BK COML MTG TR 4.925% Due 08-01-41	1,349.98
06-01-12	06-14-12	dp	Interest	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	117.09
06-01-12	06-14-12	dp	Paydown	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	1,144.51
06-11-12	06-11-12	dp	Paydown	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51	774.76
06-11-12	06-11-12	dp	Interest	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51	345.09
06-14-12	06-14-12	wd	Withdrawal	from Portfolio	-2,123.17
06-14-12	06-14-12	wd	Withdrawal	from Portfolio	-2,000.71
06-15-12	06-15-12	dp	Interest	GE CAPITAL CREDIT CARD MASTER NOTE TRUST 3.690% Due 07-15-15	307.50

Alaska Permanent Capital Management Co.

**CASH LEDGER**

***CITY OF CRAIG***

*From 06-01-12 To 06-30-12*

<b>Trade Date</b>	<b>Settle Date</b>	<b>Tran Code</b>	<b>Activity</b>	<b>Security</b>	<b>Amount</b>
06-18-12	06-18-12	dp	Interest	FHLB US GOVT AGENCY 5.250% Due 06-18-14	1,312.50
06-21-12	06-26-12	wd	Purchase	SPDR S&P 500 ETF TRUST	-79,969.04
06-21-12	06-26-12	wd	Purchase	VANGUARD MSCI EAFE ETF	-80,019.09
06-29-12	06-29-12	wd	Withdrawal	from Portfolio	-270.00
06-29-12	06-29-12	dp	Dividend	VANGUARD REIT ETF	6,672.78
06-29-12	06-29-12	dp	Dividend	ISHARES S&P MIDCAP 400	1,608.41
<b>06-30-12</b>			<b>Ending Balance</b>		<b>39,551.40</b>



**CITY OF CRAIG  
MEMORANDUM**

To: Mayor and City Council  
From: Brian Templin, City Planner  
Date: July 18, 2012  
RE: Resolution 12-11, Appointment of Lisa Moore as Clerk Pro-Tem

---

With Tina Habib's resignation that a Clerk Pro-Tem be appointed to execute the duties as outlined in Section 2.04.050 of the Craig Municipal Code in the absence of the City Clerk. CMC 2.04.050 (B) allows for appointment of a Clerk Pro-Tem by the City Council. Historically this appointment has been done by resolution by the council.

Lisa Moore is currently the Administrative Clerk working for Joyce Mason. Lisa has agreed to take on these additional duties as required.

Recommendation: Approve Craig Resolution 12-11 appointing Lisa Moore as Clerk Pro-Tem for the City of Craig.

**CITY OF CRAIG  
RESOLUTION 12-11**

**APPOINTING LISA MOORE AS CLERK PRO-TEM**

WHEREAS, there are times when the city clerk, Vicki Hamilton, is out of town or unavailable, and

WHEREAS, someone is needed to temporarily perform the duties of city clerk at these times.

NOW, THEREFORE BE IT RESOLVED that Lisa Moore be appointed as clerk pro-tem.

APPROVED this 25<sup>th</sup> day of July, 2012.

\_\_\_\_\_  
Mayor Dennis Watson

ATTEST \_\_\_\_\_  
Lisa Moore, City Clerk Pro-Tem

July 18, 2012

To: Mayor Watson and City Council

From: Joyce Mason

Re: PERS Enrollment

---

As you are aware the City of Craig issued a payment to the Alaska Retirement Division for \$47,558 in April of this year. This payment was determined by the Division due to the city's retirement 2010 payroll (full time employees and council) was below the payroll at June 30, 2008. This payment was NOT applied to any current or past employees' accounts of the City of Craig. It was deposited in the Division's fund. Each year the division will compare the current payroll to the 2008 base payroll and assess a penalty to the city. At June 30, 2008 the city was fully staffed with all full time position enrolled in PERS. The last two years the City had eight (8) full time positions for a total payroll of \$271,270 for 2011 and \$354,726 for 2012 that were not contributing to PERS due to turnover so the city will be liable for \$59,680 and \$78,040 respectfully. I estimate for 2013 the city's payroll will be \$249,250 below the floor for liability to the Division of \$54,827. This estimate is based on turnover of six positions the staff currently are aware of at this time.

The current policy for enrollment into PERS for new employees is after the completion of one year of employment. If this policy was changed to immediate enrollment into PERS the city would maintain the 2008 base payroll each year. **There would be no net change in the amount the city contributes to the retirement division but employees would get credit for the contribution.** In the past the city has been able to save funds due to turnover and in 2006 and 2007 it helped balance the budget. But the state legislators took this away when they passed the law in 2008 to establish the contribution floor.

The police department has expressed concerns that the one year waiting period has affected recruiting of new police officers.

The Alaska Division of Retirement has been contacted and I received an email stating the participation agreement would need to be changed. This change would only affect new employees, not current or past employees.

**Recommendation:** Direct the staff to draft an ordinance to change the probationary period for enrollment into PERS to no probationary period and make appropriate changes in the personnel handbook.

# STATE OF ALASKA

**Department of Administration  
Division of Retirement and Benefits**

*Sean Parnell, GOVERNOR*

P.O. Box 110203  
Juneau, AK 99811-0203  
TDD: (907) 465-2805  
Phone: (907) 465-4460  
Fax: (907) 465-3086  
Toll-Free: 1-800-821-2251

Joyce Mason  
City of Craig Treasurer  
500 3<sup>rd</sup> Street  
PO Box 725  
Craig, AK 99921

June 11, 2012

Dear Ms. Mason:

In response to your request, a political subdivision or public organization may request that its participation agreement be amended. The request may be made only after adoption of a resolution by the legislative body of the political subdivision and approval of the resolution by the person required by law to approve the resolution, or, in the case of a public organization, after adoption of a resolution by the governing body of that public organization. A certified copy of the resolution shall be filed with the PERS administrator.

The political subdivision or public organization may designate departments, groups, or other classifications of employees which shall be eligible to participate in this system. Therefore, it would be possible to exclude certain groups of employees from coverage, if desired. The amendment must be submitted on the required amendment form.

Once the amendment is approved, coverage would be mandatory for all employees of any added employee groups and contributions must be deducted as a condition of employment. The effective date of amended coverage is designated in the amendment. It must be the first of a month and must be prospective. The amendment must also be numbered.

Please complete the enclosed Participation Agreement Amendment form in duplicate with original signatures on each copy and return them to this office with a certified copy of the resolution authorizing participation. When approved, one original of the amendment will be returned to you for your records.

If you have any questions or need additional information, please let me know.

Sincerely,

Mike Doss  
Regional Counselor / Southeast Alaska

MD/ld  
Enclosures

**CITY OF CRAIG  
MEMORANDUM**

To: Craig City Council  
From: Jon Bolling, City Administrator  
Date: July 19, 2012  
RE: Consider Bid Award – Building K Demolition, Craig Cannery Property

---

The city recently advertised for bids to demolish Building K on the old cannery property. Building K is the old bunkhouse building that was damaged by fire two years ago. The council recently authorized removal of the building's roof by a licensed asbestos abatement contractor. The roof has since been removed, and the time is at hand for demolition of the balance of the building.

The city received two bids to demolish the building. A summary of those bids is shown below.

B3 Contractors	\$17,950.00
Trojan & Son, LLC	\$ 8,580.00

The bid from Trojan & Son for \$8,580 is the lower of the two bids received. Richard Trojan tells me that he is ready to begin the work immediately.

**Recommendation**

That the council award the bid for the demolition of Building K to Trojan & Son LLC in the amount of \$8,580.

Craig Cannery Property Building K Demolition

**Official Bid Form**

The City of Craig is accepting bids to demolish Building K at the Craig Cannery Property. Interested bidders must complete this bid form and return it in a sealed envelope to Craig City Hall by 2:00 p.m. Thursday, July 12, 2012. Please complete the areas below.

I submit the following bid: \$ 17,950.00

Bid amount in words Seventeen thousand nine hundred fifty and no/100 dollars

Bid Terms: Bid terms are defined in the attached Invitation for Informal Bid document.

**Signature**

By signing below, Bidder agrees to bind itself to the bid amount and bid terms in the Invitation for Bid document.

Michael J. Bush  
Bidder's Signature

July 12, 2012  
Date

Michael J. Bush  
Printed name of person signing this bid

907-755-2375  
Telephone number

B-3 Contractors, Inc.  
Printed name of business

PO Box 142, Klawock, AK 99925  
Mailing Address of Bidder

Craig Cannery Property Building K Demolition

**Official Bid Form**

The City of Craig is accepting bids to demolish Building K at the Craig Cannery Property. Interested bidders must complete this bid form and return it in a sealed envelope to Craig City Hall by 2:00 p.m. Thursday, July 12, 2012. Please complete the areas below.

I submit the following bid: \$ 8,580

Bid amount in words EIGHT THOUSAND, FIVE HUNDRED & EIGHTY DOLLARS

Bid Terms: Bid terms are defined in the attached Invitation for Informal Bid document.

**Signature**

By signing below, Bidder agrees to bind itself to the bid amount and bid terms in the Invitation for Bid document.

  
Bidder's Signature

7-10-2012  
Date

RICHARD H TROJAY  
Printed name of person signing this bid

826-3734  
907-401-0147  
Telephone number

TROJAY AND SON LLC  
Printed name of business

P.O. BOX 275 CRAIG AL 29921  
Mailing Address of Bidder



## **CITY OF CRAIG MEMORANDUM**

To: Mayor and City Council  
From: Brian Templin, City Planner  
Date: July 18, 2012  
RE: Award Bid to Provide LED Streetlights

---

Recently the city was asked to submit information to the Alaska Energy Authority to request LED lights to replace the High Pressure Sodium streetlights in Craig. As a result of this submittal the city was awarded \$77,325 for the purchase of 131 streetlights and their installation. The city requested quotes from two sources for LED lights, long life photo cells and shipping. The request also specified that the vendor was required to send certification that the lights met the "Buy American" Act, a requirement for the grant funds. The vendors were also provided a specification sheet for the lights that AP&T has been installing in other communities on Prince of Wales Island. Vendors were required to provide a quote on those lights "or equal". The city received bids as follows:

1. Arctic Sales Inc., Eagle River, AK - \$64,350
2. C&W Energy Solutions, Paradise Valley, AZ - \$60,450

While C&W Energy Solutions provided a lower bid there were a number of items that made their bid non-responsive. Particularly, the C&W Energy Solutions bid did not provide "Buy American" certification nor did not specify that the photo cells were "long life". In addition to the bid being non-responsive the specification sheet for the lights provided by C&W Energy Solutions showed a light that had about 2/3 the life of the requested lights and did not have multiple settings as shown on the requested lights. Overall the C&W quote was non-responsive and the light that was quoted had several differences from the requested light and was not an "or equal" product.

The price quoted by Arctic Sales allows for the purchase of the 131 lights needed to replace the streetlights in town with some funding remaining. Alaska Energy Authority has authorized the city to purchase additional lights with the funds. There are enough funds remaining to purchase 21 additional lights. Currently the separated bike path has 24 lights and the additional lights, plus three more purchased by the city would be enough to replace the bike path lights. Purchasing 155 lights would cost \$76,725 total, \$75,325 from the Alaska Energy Authority and \$1,400 from the City of Craig general funds.

The LED lights will require less maintenance, provide clearer light and will use 1/2 of the electricity required for the current lights.

Recommendation: Direct staff to purchase 155 LED streetlights from Arctic Sales Inc. of Eagle River for a total price not to exceed \$76,725.

July 18, 2012

To: City Mayor and City Council

From: Joyce Mason

Re: Uncollectible Customer Accounts

---

During the year end reconciliation the following accounts were determined as uncollectible. Efforts have been made to collect these account but with no results. The staff currently uses Cornerstone Collection, Anchorage, and small claims court. The small claims process is generally to garnish the permanent fund dividend for state residents and the collection agency is for customers that have moved out of state. After three years from the date of service or the last payment date the accounts are no longer collectible as per Alaska statute 09.10.053.

The following accounts are no collectible:

Mathew Pressly	744.06	Harbor Summer 2006
Larry James	603.34	Harbor prior 2010
Ken Birch	\$313.31	Utilities
Terri Dichoso	528.33	Utilities
Sueann Hopkins	485.14	Utilities
Terry Huff	582.94	Utilities
Ellen Krolikowski	262.99	Utilities
Tim McNulty	360.41	Utilities
Gunnar Ranney	312.16	Utilities
Douglas Smith	334.90	Utilities Renter March 2008
Jennifer Smith	587.30	Utilities
Arilee Carlson	1811.55	Rented Cannery Building, Medical Emergency,
George Hamilton	<u>1466.81</u>	Harbors
Total	8,539.31	

**Recommendation:** Pass a motion to allow staff to write off the uncollectible accounts.

## **CITY OF CRAIG MEMORANDUM**

To: Craig City Council  
From: Jon Bolling, City Administrator  
Date: July 19, 2012  
RE: Consider Approval of Operating Agreement, POW Hatchery Association

---

I met recently with Misty Fitzpatrick from the City of Coffman Cove, and with Dan Goodness of the POW Hatchery Association to work out the terms of an agreement between the three parties to operate the Port St. Nicholas king salmon hatchery facility for the fiscal year that began July 1, 2012. The draft agreement resulting from the meeting is attached.

The agreement commits the cities and POWHA to operating the facility for another year. For our part, the City of Craig will contribute \$35,000 in cash, and continue to provide in kind services of providing land for the facility, supplying water to support the hatching and rearing of the fish, and paying for the electricity used by the Port St. Nicholas hatchery facility.

Much of the discussion during our meeting focused on efforts to secure additional funding from the cost recovery process at Port St. Nicholas. Last year's cost recovery receipts of about \$35,000 will most likely greatly exceed what POWHA will earn this year from cost recovery. The hatchery staff and board will revisit the cost recovery process for 2013 in the hopes of significantly increasing revenues from the returning king salmon.

The proposed \$35,000 cash contribution from the City of Craig is in the city's 2013 fiscal year budget. If the council approves the attached operating agreement, city staff will pay out the cash contribution over the course of the year.

### **Recommendation**

Approve the proposed fiscal year 2013 operating agreement for the Port St. Nicholas king salmon facility.

OPERATION AGREEMENT  
Between the  
CITY OF COFFMAN COVE, CITY OF CRAIG, & POW HATCHERY ASSN.  
for the  
PORT ST. NICHOLAS/COFFMAN COVE KING SALMON PROGRAM  
July 1, 2012 through June 30, 2013

The City of Coffman Cove, City of Craig, and Prince of Wales Hatchery Association agree to perform the following tasks by June 30, 2013, in support of the Port St. Nicholas/Coffman Cove King Salmon Programs.

Section 1. The parties agree to perform the following tasks.

**POWHA Agrees To:**

- Hire, train and manage employment of a Fisheries Technician for the site; this is a full time job;
- Hire, train and manage employment of two Technicians every year, during February, for CWT;
- Provide qualified personnel for hatchery maintenance and repairs, when necessary;
- Purchase all needed supplies on a yearly basis (fish food, chemicals, tools, etc.);
- Take care of accounting for PSN project;
- Obtain eyed eggs each fall, for yearly production of chinook fry (this is dependent on yearly cost to operate, roughly \$70,000, to be secured each year, no later than July 1<sup>st</sup>);
- Hatch, rear, transport, and release chinook smolts each year, as outlined in Annual Management Plan with ADF&G;
- Install and maintain weir on Port Saint Nick River, and perform cost recovery operations. Funds generated to go into a "Fish Fund", to be used for yearly operating costs of project;
- Provide technical and logistical support to both Craig and Coffman Cove for duration of the project;

**City of Craig Agrees To:**

- Provide continuous supply of high pressure water for hatchery operations;
- Perform yearly maintenance on pressure reducing valves in Mechanical Room of hatchery;
- Provide electricity for the hatchery site;
- Continue to donate the \$1.00 per year for the lease to the grounds of the facility;
- Purchase 30,000 coded wire tags for yearly smolt program (approx. \$3,000);
- Pay an additional \$32,000 to POWHA.

**City of Coffman Cove Agrees To:**

- Continue to allow POWHA the use of all hatchery equipment purchased by the City of Coffman Cove (Dodge flatdeck truck, fish transfer trailer system, fish pump, fish counter, etc.) as outlined in "Inventory List";
- Purchase 30,000 coded wire tags for yearly smolt program (approx. \$3,000);
- Install and maintain weir on the Coffman Cove Creek, and perform cost recovery operations. Funds generated through cost recovery to go into a "Fish Fund", to be used for yearly operating costs of project;
- Pay an additional \$5,000 to POWHA.

Section 2. The parties hereto expressly agree that the POW Hatchery Association shall be and is an independent contractor and is not an employee or agent of the City of Coffman Cove or the City of Craig, and is, therefore, entitled to no insurance coverage, whether worker's compensation or otherwise, and no other benefits accorded to city employees. No withholding, FICA, or other taxes (whether income sales or otherwise) or other amounts will be withheld from payments due to the Hatchery, it being understood that the Hatchery is solely responsible.

Section 3. No claim for additional work, services or materials, not specifically and expressly requested and authorized as provided for in this Agreement, or by a written amendment thereto signed by all parties, done or furnished by the Hatchery, will be allowed or paid by the Cities, and Hatchery expressly waives any claim therefore.

Section 4. Hatchery agrees to keep and maintain in full force during the entire period of the project or work called for herein, broad form comprehensive public liability insurance with limits of not less than three hundred thousand (\$300,000.00) combined single limit insuring Hatchery, and include the City of Coffman Cove and the City of Craig as an additional named insured, from any and all claims for bodily injury and death, and for property damage, that may arise out of, or in relation to, this Agreement. Such insurance shall require the insurance company give not less than thirty (30) days prior written notice to Cities prior to any cancellation, non-renewal or reduction in the amount of coverage of such insurance coverage. Each policy, or certificate of the policy, together with evidence of payment of premiums, shall be deposited with the cities prior to execution of this Agreement by the cities, and on renewal of the policy not less than twenty (20) days before expiration of the term of the policy.

**WHEREFORE** the parties have entered into this Agreement the date and year first above written at the City of Craig, Alaska.

**City of Craig, Alaska**

**City of Coffman Cove**

\_\_\_\_\_  
Jon Bolling, City Administrator      Date

\_\_\_\_\_  
Misty Fitzpatrick, City Administrator      Date

**Prince of Wales Hatchery Association**

By: \_\_\_\_\_  
Dan Goodness, Manager      Date

\_\_\_\_\_  
Chuck Haydu, POWHA Board President

## **CITY OF CRAIG MEMORANDUM**

To: Mayor and Craig City Council  
From: Brian Templin, City Planner  
Date: July 18, 2012  
RE: RFP for Engineering Services for Tanner Crab Court and Elizabeth Court

---

Last year the city approved a land swap that traded two lots on Tanner Crab Court to Fred Ensign. These lots were past the existing utilities and streets. As part of the sales agreement with Mr. Ensign the city committed to installing the utilities and street within 24 months. In addition to the two lots that were traded to Mr. Ensign the city owns an additional five lots on the unimproved section of Tanner Crab Court.

The city has also been discussing the potential to trade or sell lots in Salmonberry Subdivision on the Port St. Nicholas Road. There are no utilities into the subdivision and the road is minimally improved.

In order to install utilities and construct the roads on both areas the city will need engineered designs. There is a design that was completed in 1994 for Salmonberry Subdivision but no design exists for the Tanner Crab Court extension. While we don't have a firm commitment on any lots in Salmonberry Subdivision it makes sense to have the design completed and potentially install improvements at the same time as we do for Tanner Crab Court. To that end staff has prepared a request for proposals for engineering services that would include the utility/street design; construction cost estimate; bid management services; and construction management services for both sections.

Staff proposes to fund this project out of the Land Development Fund (funds set aside from the sale of city owned property). The funds would be replaced when lots are eventually sold. This proposal does not commit the city to construction of improvements, only design and engineering. Staff will bring the bid results back to the council for approval prior to issuing a notice to proceed.

**Recommendation:** Move to direct staff to issue a request for proposals for engineering services for the utility and street design for the Tanner Crab Court Extension and for Elizabeth Court.

## **Tanner Crab Court Extension and Salmonberry Subdivision – Road and Utility Design**

The City of Craig is currently seeking proposals to complete street and utility design for an extension of Tanner Crab Court and for Elizabeth Court in Craig, Alaska as shown in the Scope of Work below.

**Scope of Work.** The **Contractor** shall perform, supply, and provide all of the labor, services, and materials (hereinafter collectively referred to as “work”) as set forth below.

1. Tanner Crab Court. The City of Craig intends to complete installation of water and sewer service and construction of Tanner Crab Court from the end of the existing road and utilities approximately 320 feet northeast to the terminus of the subdivision. Designs will include extension of the 8” water main, extension of the 8” sewer main, water and sewer services to Lots 9-12A, Block 2 and Lots 1-3, Block 4.
  - a. Perform as-built survey of existing utilities, topographic site survey and geotechnical work required to complete engineering and design for water, sewer and streets.
  - b. Prepare draft engineered design documents for city staff review and approval.
  - c. Prepare final engineered, construction-ready design drawings of street, water and sewer for the Tanner Crab Court extension.
  - d. Preparation of plans and specification documents for bid solicitation.
  - e. Preparation of engineer’s estimated construction costs for the project.
  - f. Management of bid solicitation process, including advertisement, document distribution, compilation of bidder’s list, response to questions from bidders, issuance of bid amendments, and other services necessary to comply with City’s bidding process.
  - g. All deliverables to City shall be made by paper copy. **Contractor** shall also deliver any and all drawings to **City** in both .dxf and .dwg format, compatible with AutoCAD 2005; and all written documents in .pdf format.
  - h. Construction administration and inspection.
  
2. Salmonberry Subdivision. The City of Craig intends to complete installation of water and sewer service and construction of Elizabeth Court from the Port St. Nicholas Road approximately 255’ westerly to the terminus of the Elizabeth Court cul-de-sac. Designs will include installation of water main, installation of sewer main, and water and sewer services to Lots 1-7.
  - a. Perform as-built survey of existing utilities, topographic site survey and geotechnical work required to update designs prepared by Gregg Scheff and Associates on May 6, 1994. Complete engineering and design for water, sewer and streets.
  - b. Prepare updated draft engineered design documents for city staff review and approval.
  - c. Prepare updated final engineered, construction-ready design drawings of street, water and sewer for the Salmonberry Subdivision.
  - d. Preparation of plans and specification documents for bid solicitation.
  - e. Preparation of engineer’s estimated construction costs for the project.
  - f. Management of bid solicitation process, including advertisement, document distribution, compilation of bidder’s list, response to questions from bidders, issuance of bid amendments, and other services necessary to comply with City’s bidding process.

- g. All deliverables to City shall be made by paper copy. **Contractor** shall also deliver any and all drawings to **City** in both .dxf and .dwg format, compatible with AutoCAD 2005; and all written documents in .pdf format.
- h. Construction administration and inspection.

Completion of items a-e within this project should occur no later than 90 days after notice to proceed is issued by the City. It is the city's intention to proceed with solicitation for construction bids within 90 days of City acceptance of completion of work items a-e shown in the scope of work.

Bid proposals should contain a lump sum bid for each bid item. Depending on available funding the city reserves the right to determine which bid items will be completed and to award the bid based on total cost of the bid items selected. Bids should be submitted on the attached bid sheet to City Planner Brian Templin (project manager for the City) no later than 2:00 pm on August 21, 2012. Final Bid Awards are subject to Craig City Council approval.



**REQUEST FOR PROPOSALS**  
**Tanner Crab Court and Elizabeth Court Utility and Street Design**  
**QUOTE SHEET**

**1. Request for Proposal**

The City of Craig is seeking quotes for the above mentioned services.

**2. Vendor Information**

Business License Number: \_\_\_\_\_

Business Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name Signature

Date: \_\_\_\_\_

**3. Cost**

Cost for all bid items shall be a lump sum that includes all materials, labor, equipment, and other costs associated with the scope of work.

**4. Minimum Qualifications/Submittals**

In order to be responsive to this Request for Proposals, all respondents must provide proof that they meet the following conditions. Copies of the following must be submitted with each bid. Each item listed shall be maintained by the Contractor for the entire duration of the project.

- Professional Engineer licensed in the State of Alaska;
- General liability insurance covering all business premises and operations used by the Contractor in the performance of services under this agreement with *minimum* coverage limits of \$500,000 combined single limit per occurrence.
- Workers' Compensation Insurance: The Contractor shall provide and maintain, for all employees engaged in work under this Contract, coverage as required by AS.23.30.045, and; where applicable, any other statutory obligations including but not limited to Federal U.S.L. & H. and Jones Act requirements. The policy must waive subrogation against the City.
- The contractor will be required to comply with Equal Opportunity Employment and Drug Free Workplace.
- Contractor will provide a narrative list of previous subdivision improvement projects designed by the contractor that have been installed by the owner with an emphasis on projects in Southeast Alaska.
- Contractor will provide a rate sheet for services as an addendum to the bid.

**5. Quote Sheet**

Quote will be a NOT TO EXCEED cost based on the following

Item	Units	Total
Bid Item 1 – Tanner Crab Court Extension Design	Lump Sum	
Bid Item 2 – Elizabeth Court Design Update	Lump Sum	
	<b>Quote (total) =</b>	

**Total Quote (bid price in words):** \_\_\_\_\_

**6. Schedule**

Work (items a-e) shall be completed no later than 90 days after notice to proceed issued by the City. Contractor may invoice items a-h of the scope of work for each bid item when they are completed.

**7. Scoring**

Proposals will be scored on a scale of 0 – 100 as follows:

- A. Successful subdivision improvement projects located in Southeast Alaska completed within the past five (5) years. (0 – 50 points)
- B. Total Price (50 points for lowest bid, 25 points for bids no more than 115% of lowest bid, 10 points for bids no more than 130% of lowest bid, 0 points for bids more than 130% of lowest bid)

**8. Owner’s Responsibility**

Owner will provide the following:

- A. Access to the site for pre-bid inspection. Potential bidders must contact the Craig Planning Department, Brian Templin, at 826-3275 to arrange pre-bid inspection.
- B. Data on existing utilities.
- C. Salmonberry Subdivision Improvement Drawings (Adobe PDF Format) dated May 6, 1994.

**9. Bid Submittal**

Sealed bids must be delivered to the City of Craig no later than 2:00 pm on Jul 25, 2012. Bids may be hand delivered to Craig City Hall, 500 3<sup>rd</sup> Street, Craig, AK 99921 or mailed to PO Box 725, Craig, AK 99921. Bids must be prepared on the bid forms provided. Bid packages that do not use the provided bid forms, do not contain a total Not To Exceed price for each bid item, or do not meet the minimum qualifications shown in item 4 above shall be deemed non-responsive. Late or non-responsive bids will not be considered. Bid prices shall be valid for a minimum of 30 days after the scheduled bid opening.