

CITY OF CRAIG
COUNCIL AGENDA
November 1, 2012
COUNCIL CHAMBERS 7:00 P.M.

ROLL CALL

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

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 October 4, 2012

HEARING FROM THE PUBLIC

- Bess Clark, Community Connections
- Open for public comment

REPORTS FROM CITY OFFICIALS

Mayor
Administrator
Treasurer – Staff Report
Aquatic Manager
City Clerk (Pro-Tem)
City Planner – Staff Report
EMS Coordinator
Harbormaster
Police Chief – Staff Report
Public Works
Parks and Rec
Library – Staff Report

READING OF CORRESPONDENCE

- Aquatic Center September Report
- Alaska Permanent Capital Management Endowment Fund September Report
- Thorne Bay High School Request for Donations
- Steve Silver Report

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

- **Resolution 12-15**, Recognition of John Patterson for service to City
- **Resolution 12-16**, Adopting POWCAC Resolution 12-03

UNFINISHED BUSINESS

- There is no unfinished business

NEW BUSINESS

ADJOURNMENT

ROLL CALL

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

Staff present: Jon Bolling, City Administrator; Lisa Moore, City Clerk Pro-Tem; Daniel Nelson, Harbormaster; Robert Ely, Police Chief; Victoria Merritt, Parks and Recreation Director; Ron McIntosh, Public Works Director; and Joyce Mason, Treasurer.

Audience present: Pete Rice, Mike Kampnich, Trampus Conaster, Kim Baxter, Cathy McIntosh, Leonard Williams, Lisa Radke and Andy Deering.

Canvass Election: Kim Baxter announced that there was one by representative ballot, four absentee by mail ballots, thirteen absentee in person ballots and two question ballots that were sent to the Division of Elections. Trampus Conatser was one of the question ballots and was accepted the other was Patricia Conatser and it was not accepted. Kim Recommended that all nineteen ballots be counted.

KUNTZ/PIERCE: moved to accept Chief Elections Judge recommendations.

MOTION CARRIED

The ballots were read and Jon Bolling announced the winners. Wanda Rice; One year term for City Council, Jim See; three year term for City Council, Mike Douville; three year term for City Council and Sarah Altland; 3 year term for School Board.

PIERCE/KUNTZ: moved to certify the elections.

MOTION CARRIED

CONSENT AGENDA

- The consent agenda was presented. It contained the City Council Minutes of September 6, 2012 and the Vehicle for Hire Application from Albert Owens/Rene Rue. Council approved to discuss the Application for Vehicle for Hire during new business.

PIERCE/HEAD: moved to approve the amended consent agenda.

MOTION CARRIED

HEARING FROM THE PUBLIC None

REPORTS FROM CITY OFFICIALS

MAYOR - Reported that Southeast Conference went very well.

ADMINISTRATOR - Reported that he submitted a written report and would be glad to answer any questions.

AQUATIC MANAGER - Absent

CITY CLERK - Next City Council Meeting November 1, 2012

CITY PLANNER - Absent

EMS- Absent

HARBORMASTER - Daniel Nelson reported that the Month of September was pretty slow. There were two haul outs and two ice deliveries. Otis finished the siding on the Harbor building and it looks nice. Daniel is hoping by next month they will be able to purchase a building for the boat hauler. Eric Huestis, assistant Harbor Master moved to the garbage truck schedule. Daniel said he would be out of town October 22 through October 26 for the Harbor Master Convention in Sitka. Fish Alaska Magazine will be doing an article about Prince of Wales in their next issue.

LIBRARIAN - The Library Annual report to the state is due.

POLICE CHIEF - Chief Ely reported that he spoke to Mark Habib and he is doing well. Mark wanted to let everyone know that he misses them, but he does not miss the rain. Roberto Medina has been promoted to be Sergeant for the City of Craig. Chief Ely reported that there have been some bear problems and so far two bears have been put down.

PUBLIC WORKS - Ron McIntosh introduced himself. He has been on the job for four weeks and he and his wife are happy to be here.

TREASURER - Joyce Mason reported that Robin Park was here and she looked at our Ice House and South Cove. Robin is in charge of the grants. We got an acceptance letter in the mail. Rebecca Garrett from the Department of Energy was here and audited Joyce's Energy Grant. Otis was a big help while Rebecca was here. Christine Harrington was here to do the Sales Tax Audit. She will be back to finish the City's Sales Tax Audit and IFA.

PARKS AND RECREATION - Victoria Merritt shared that she was presented with a Volunteer of the year award from KRBD Radio Station in Ketchikan. Victoria does a six minute radio show on Fridays and has been doing it for twelve years. Victoria also reported that the Harvest Festival is coming up. The kids will get to go on a hay ride that is pulled by a lawn tractor and the kids all get a pumpkin.

READING OF CORRESPONDENCE – None

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

PIERCE/HEAD: moved to accept Resolution 12-13 supporting the Southeast Alaska Solid Waste Authority's recommendation for participation in a Regional Solid Waste Disposal and Recycling System.

MOTION CARRIED

PIERCE/SEE: moved to accept Resolution 12-14 Supporting efforts to improve cellular telephone service to North Prince of Wales Island.

MOTION CARRIED

NEW BUSINESS

PIERCE/SEE: move to accept the Vehicle for Hire Application from Albert Owens/Rene Rue. During discussion Jim See ask for a clarification on the hours of operation. The application stated twenty four hours but the time stated 6 am to 6 pm. The motion was passed with the stipulation the hours of operation would be defined.

Wanda Rice, Mike Douville and Jim See each read and signed the City of Craig Council oath for the newly elected members.

ADJOURNMENT

HEAD/KUNTZ: moved to adjourn the meeting

The meeting adjourned at 7:30 pm.

APPROVED this 1st day of November, 2012.

MAYOR DENNIS WATSON

ATTEST _____
LISA MOORE CLERK PRO TEM

From the Board of Directors

On behalf of the Community Connections Board of Directors, it is an honor to be a part of this wonderful agency in its celebration of 25 years of service to Southern Southeast Alaska. It has been a remarkable year, from the completion of Opportunity House to our new home on Prince of Wales Island, we have grown to over 260 staff and are on the cusp of a \$10 million dollar operating budget. More importantly, we have not wavered in our commitment to providing individualized customer-guided support that encourages independence, community belonging and quality of life for our customers.

Community Connections could not be where it is today without the remarkable leadership of Bess Clark, our Executive Director and her team; Laurie Thomas; Early Learning Director, Maxwell Mercer; Development Disabilities Director, Abbie Blackshire; Children's Mental Health Director, Lisa Noland; Older Alaskan and Adult Resources and Services Director, and Kim Judge; Business Director. The organization's leadership has surrounded themselves with truly thoughtful, caring, and effective staff that carries on our agency's mission day in and day out. The Board of Directors commends the truly passionate, professional and committed people who choose to support the goals of this organization and carry out the services that are so vital for our communities.

Reaching this significant milestone for Community Connections is cause for both celebration and reflection, but it also marks the time for a call to action. As this agency has continued to grow in size with the number and quality of services we provide and the creation of opportunities for our customers, one thing has become clear; we have run out of space. This year we have selected a new home at 721 Stedman Street, and we are in the midst of a major design and renovation process of this 19,600 sq ft building that we plan on calling home for the next 25 years.

We have launched a capital campaign to raise \$1.2 million dollars, just 25% of the total cost, to support this major project that has been a need for some time. We humbly request that if you or someone close to you has been a recipient of Community Connections services, if your life has been touched and made better by what we do, then take the opportunity to contribute to a most meaningful cause, and forever mark your support of our commitment to the communities we serve.

Congratulations again to the Community Connections organization for a quarter century of remarkable growth, achievement, and dedication to making the communities we live in more enjoyable, enriching, safe, healthy, and diverse.

BOARD OF DIRECTORS

Community Connections

Erin Reeve, President
Kendall Sawa, Vice-President
Jane Vollmer, Secretary
Nick Polasky, Treasurer
Sam Nelson, Member at Large
Joni Kuntz, Member at Large
Julie Dowling, Member at Large

Opportunity, Inc.

Blake Chupka, President
Dr. Richard McGrath, Vice-President
Suzi Williams, Secretary
John Jepson, Treasurer
Mary Gregg, Member at Large
Erin Reeve, Member at Large
Jane Volmer, Member at Large



Celebrating
25 Years

WE ARE OUR NAME – COMMUNITY CONNECTIONS

Ketchikan Office:

201 Deermount St., Ketchikan, Alaska 99901
Tel: (907) 225-7825 Fax: (907) 225-1541

Prince of Wales Office:

1800 CK Highway Suite 241
P.O. Box 420, Craig, Alaska 99921
Tel: (907) 826-3891 Fax: (907) 826-3892

Toll Free: 1-800-478-7825

Childrens' Mental Health Services

Program Director: Abbie Blackshire

Developmental Disabilities

Program Director: Maxwell Mercer

Early Learning Program

Program Director: Laurie Thomas

Older Alaskan and Adult Resource Services

Program Director: Lisa Noland

Administration

Executive Director: Bess Clark

Business Director: Kim Judge

Twenty five years ago, Community Connections was founded by three community members, Jo Anna DeSanto, Marg Clabby and Rebecca Smith, born from a vision that people who needed supports could receive those supports in their own home community. Previously, families were told to move south or put their loved one into institutional care.

Our first office was a closet in the down-town Wells Fargo building. We started with a small grant to provide respite services for a few families in Ketchikan who had children with developmental disabilities and vocational supports for a few adults with developmental disabilities. During the first ten years, Community Connections expanded the array of services to include what is known as Children's Mental Health, Early Learning, Older Alaskans and Adult Resources and Developmental Disabilities services.

Originally on Prince of Wales Island, offices were located in the home of a part time service coordinator with a fax machine and a two drawer file cabinet. As our organization grew in Ketchikan and on Prince of Wales Island, we found space as we could to meet program needs until we were able to purchase our own building at 201 Deermount St.

Ketchikan Indian Community purchased the 201 Deermount St. building this summer and we are renting it back until our new renovated building at 721 Stedman is ready for us to move into next summer. On Prince of Wales, we moved into the new POW Health Care Center in May 2010.

Our logo is a tree reaching out to serve the community in our region. Over the last twenty five years we have achieved tremendous growth in the quality and accessibility of our services. We currently serve nearly 700 people each year. As relationships and connections have grown, our philosophy and values have remained unchanged. The individuals we serve are at the center of everything we do.

Our foremost and most enduring value is individualization. At Community Connections our customers are the architects of their services and guide the plan that supports their participation in home and community life. The level of individualization is unique in both our state and nation.

We have only been able to succeed because of the support of our communities, board members and high quality staff. It is with great pleasure that I thank all of you and look forward to many years to come!

Best regards,

Bess Clark, Executive Director



CHILDREN'S MENTAL HEALTH SERVICES

Provides comprehensive mental health services for children and their families. These services include a broad range of interventions and supports to children and families in the home and community. Available services include psychological assessments, individual, family or group counseling and intensive experiential skill building in group, individual and family settings. Referrals can be made by parents, schools, and other human service agencies.

I heard about the Children's Mental Health Program through Social Services, I had two extremely overwhelming children whose behavior was out of control and to compound things I was pregnant with my third child and a single parent.



My son Caleb is very much a leader. He likes to be hands on and the first to do everything. He likes to go fishing, play baseball, and being outdoors. Trinity and Caleb both have joined band in school. They like to keep busy in activities.

We found Community Connections to be a very comfortable and welcoming place. The staff helped us develop goals and gave us techniques and strategies to help. They have guided us to make our life better.

The boys are more able to participate in the community because they are better behaved now and we don't have to worry about them distracting other people. They can do things by themselves now, they have become more independent.

My children have learned to ask for help when they need it and can pay attention better when you sit and talk to them. They can do their home work by themselves and if they have questions they can come ask now. They are becoming very independent. It's a challenge just keeping up with them.

"They have guided us to make our life better."

If I was talking to another family whose child might benefit from services from the Children's Mental Health Program I might suggest that they think about where I started with my kids and "look at where I am now." The staff at Community Connections doesn't just tell you what to do; they show you and walk through the steps with you.

The most valuable lesson is to realize that your kids are people too. They have their own wants and desires. I am continuing to grow and learn right along with my children.

DEVELOPMENTAL DISABILITIES SERVICES

Are designed to assist people with developmental disabilities and their families to achieve their life goals. Through partnerships with the individuals and families served, a customized plan for services is developed that is aimed at supporting each individual's ability to live, work, and learn to their fullest potential. Services are provided wherever the person chooses to reside, socialize, recreate, or work.



Sometimes a shower makes all the difference. For 28 years, Judy Hastings diligently lifted her daughter, Lizzy Hastings, into a specialized bathing chair in a standard tub in order to bathe. Even with the added assistance of Community Connections staff, this situation eventually became unsafe for both Lizzy and her caregivers. Lizzy's baths and showers became more and more infrequent and although she was given daily bed baths, she missed a daily ritual that was very important to her.

Through the years, many solutions had been explored. Tiny bathrooms, cumbersome

mechanical lifts, and the high cost of equipment and home modifications all created barriers to basic hygiene that most people take for granted. As anyone who lives in Ketchikan knows, it can be difficult if not impossible for someone who uses a wheelchair to get through the door, let alone find a wheelchair accessible bathroom.

“If you can measure accomplishment in smiles, then the joy that radiates from Lizzy...is true success.”

When Lizzy’s father, Ben, heard about a plan in the Developmental Disabilities Program to build a wheelchair accessible apartment building, he became one of the most enthusiastic advocates of the project. He was determined to see Lizzy live in an accessible apartment and as independently as she could.

In the spring of 2010, construction of Opportunity House was completed. On the morning that Community Connections began accepting applications for the eight apartment units, Ben was the first in line to hand in Lizzy’s application. He had been waiting for the office doors to open since 4:00 that morning. Last July, Lizzy moved into her own apartment in Opportunity House. She now has a roll-in shower that she uses daily. Her new apartment has led to good skin health, a wider range of motion.

If you can measure accomplishment in smiles, then the joy that radiates from Lizzy each morning as she gets in the shower is true success.

EARLY LEARNING PROGRAM

Provides services for families of children aged birth to three years with developmental delays or who are “at risk” of developing delays. Services are designed to assist families in supporting their child’s development. Individualized services may include speech, physical and occupational therapy, special-ized instruction and service coordination. Services are comprehensive, responsive to family identified needs, respectful of individual family values, and culturally sensitive. Referrals can be made by anyone.



I loved being pregnant. We wanted a child for a long time; we were married for three years when I found out I was pregnant. I was three months pregnant around my birthday, and got baby things for presents that year. I didn’t have an easy pregnancy, and at 32 weeks I had Renee. I thought I had two more months to prepare – and to find out who my daughter’s doctor was going to be. It all happened very quickly. The medical staff here asked me a bunch

of questions while I was getting shots and IVs, and it was really scary. I was flown to Seattle and my husband, Michael, had to join me later which was really hard.

Renee was on oxygen immediately after her birth. She had to stay in the hospital for 2 months, and was in the NICU for quite a while before being transferred to the ISCU. She had to be tube fed and learn to suck. I was only in hospital for 2 days, and then had to move into an apartment leaving my baby at the hospital.

When Renee was an infant her health was a big issue, she only weighed 4 lbs 10.5 ounces. We couldn’t let her cry because of her heart; it would make her use up too many calories. She lost weight after her birth; it was really difficult.

When we were in Seattle, Swedish Medical Center told us to look for an early intervention program in our town. We called the Early Learning Program because Renee was a preemie and we wanted to make sure she would do well.

The Early Learning Program provides a great way to keep track of Renee’s learning and development. It’s a chance for Renee to play while learning. The Early Learning Program is fun. The assessments take some time, but it’s great to watch Renee do them, she is very smart.

“You will benefit as a parent, but most of all it will help your child grow and develop.”

Today Renee is very independent. She loves to learn; Renee keeps trying until she gets things right. I’ve learned to be patient. I’ve



learned to not force her to do something, because it doesn't work. We have to encourage her instead. As a parent I have to figure out how to get Renee to respect me, love me, and listen to me. I have to show her that respect, love and kindness back. It's been quite the learning experience.

We have been working on Renee's communication skills and one morning Renee woke up and said, "Mama, mama, mama." I answered, "What, Renee." She said, "I you." I love you! That was my proudest moment.

If you are worried and think your child might be struggling, you should contact the Early Learning Program at Community Connections. You will benefit as a parent, but most of all it will help your child grow and develop. In Renee's case it's helping her to catch up. She was struggling, and now she's doing so much. In God all things are possible. He put the Early Learning Program in our lives to help Renee and that's what the Program has done. Everyone should check it out.

O.A.R.S. OLDER ALASKAN & ADULT RESOURCE SERVICES

Provides services for adults and seniors who require assistance to remain at home or in their community of choice. Individualized plans are designed to meet goals for living with dignity. Services may include respite care, chore services; care coordination, transportation and personal care services.

My name is Anne Lucas and I have resided in Ketchikan for over 50 years. I would like

to express our gratitude to an agency that made a huge positive difference in our lives. Community Connections did more than improve the quality of life for us –



They enabled us to have quality in our lives.

After my daughter was divorced in 2007, we were able to buy a home, alter it for accessibility, and provide a place for all of us. Three months later, her Multiple Sclerosis progressed to the point that her care needed to increase threefold. We also needed to obtain medical supplies and equipment to provide for her care at home. We were reeling from many losses – the break-up of a marriage, the loss of a family home, the loss of my lifestyle as a retired teacher, and Heidi's progressive loss of physical functionality. It was a frightening and emotional time for all of us.

"We are only one of many who greatly benefit from their services."

Heidi is on a Medicaid waiver that gives her the choice to stay at home instead of going to an institution. We all agreed that home was the best place and, true to their

mission, Community Connections assisted us in meeting our goals to live with dignity in our home. This was not easy because the Medicaid regulations are complex and require enormous effort for compliance. The staff members at Community Connections have been steadfast in their support. Even in the bleakest of times, they led the way with compassion and empathy.

We soon realized that our family is not lost – just changed. We have a new home and family structure that is precious and provides love instead of loneliness, joy instead of grief, and support instead of helplessness. Heidi, Emily and I are stronger because of this experience – we have more empathy and respect for others, and our faith in God is unwavering. As a "senior" member of society, my grand-daughter, Emily, dragged me into the 21st century. I can text message with the best of them! The job I had to take to pay for expenses has been an experience of growth and joy for me. Heidi is surrounded with people who love and respect her. We see her patience, courage, and fortitude as she continues her journey through this life on earth.

Community Connections provides an invaluable service to the citizens of Ketchikan and surrounding communities. We are only one of many who greatly benefit from their services.

1985

- Serves 26 individuals needing supported employment and vocational assessments
- Employs 2 part-time staff
- Budget: \$57,000

1988

- Serves 28 children and adults with developmental disabilities
- Provides employment supports and respite services
- Budget: \$140,000

1991

- Serves 62 children and adults
- Adds Children’s Mental Health Services (AYI)
- Budget: \$430,000

1992

- Adds Early Learning Services (ELP) and begins providing services for infants and toddlers.
- Budget: \$950,000



1994

- Serves 89 children and adults
- Expands services to seniors and adults with physical disabilities (O.A.R.S. Older Alaskan and Adult Resource Services)
- Budget: \$1.2 million

1999

- Employs 85 staff
- Child and Family Counseling services are added
- The Early Learning Program provides pediatric speech therapy service for school age children
- Budget: \$1.6 million

2000

- Serves 192 children and adults
- Opens an office in Craig
- Budget: \$2.5 million

2005

- Serves 305 children and adults
- Employs 125 staff
- Purchase office building at 201 Deermount St.
- Budget: \$4.5 million



2007

- Children's Mental Health expands to Prince of Wales Island
- First *Artability* show takes place at the Mainstay Gallery
- Budget: \$6.2 million

2008

- Opportunity Inc. formed in anticipation of the construction of Opportunity House
- Budget: \$6.5 million

2009

- Early Learning leads the formation of Ketchikan's Early Childhood Leadership Team; a Best Beginnings Partnership
- Budget: \$7.4 million

2010

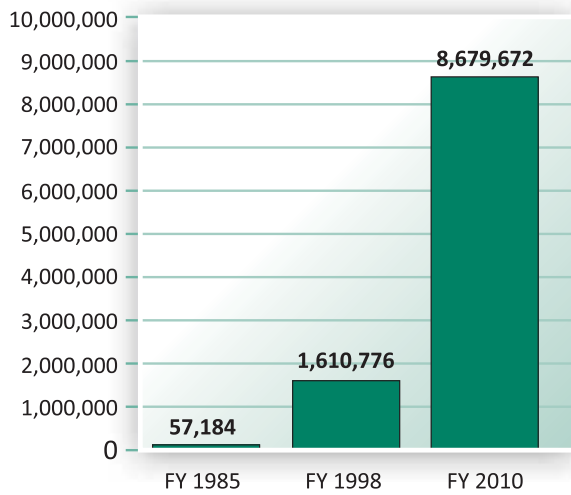
- Serves 615 children and adults
- Employs 250 staff
- Grand openings of Opportunity House in Ketchikan and new offices for Community Connections in Craig
- Budget: \$8.7 million



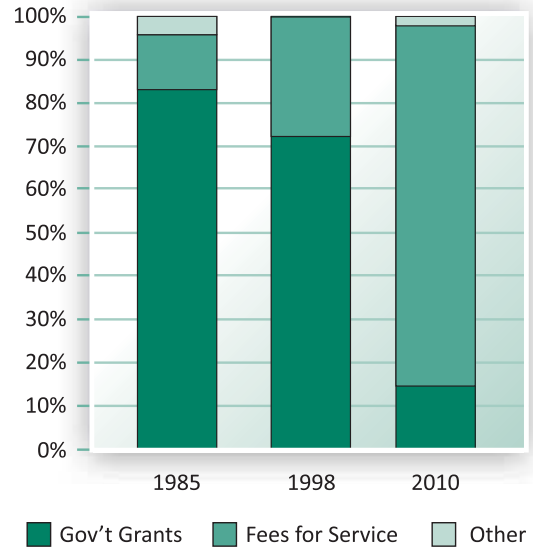


FINANCIALS

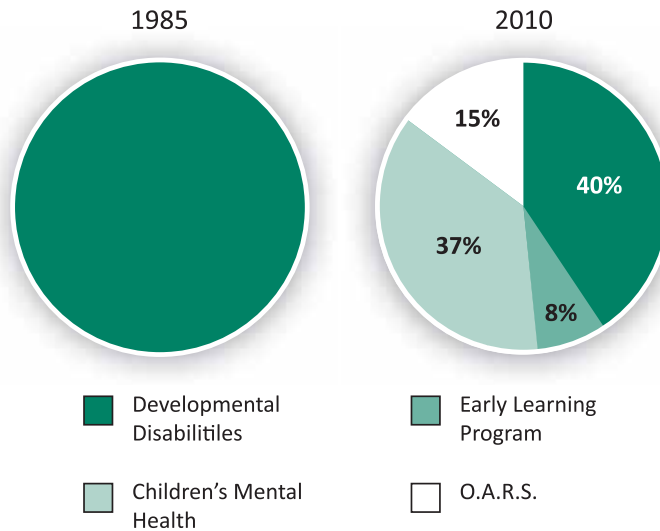
Revenue by Year



Revenues by Funding Source



Program Makeup



Thank You

Our leadership team spent several weeks compiling a list of businesses and individuals who have contributed time and resources to Community Connections over the past twenty-five years. Through this process we soon realized that there would not be enough paper to adequately thank the numerous donors, volunteers, employers and individuals who have been a part of our success.

To all of you across the state and in all of the communities we serve throughout Southern Southeast Alaska, please accept this heartfelt expression of gratitude from all of us to all of you. It takes the participation *of* a community to support participation *in* a community.

Thanks for everything!

Bess Clark, Executive Director

Kim Judge, Business Director

Laurie Thomas, Early Learning Director

Max Mercer, Developmental Disabilities Director

Lisa Noland, Older Alaskan & Resource Services Director

Abbie Blackshire, Children's Mental Health Director



KETCHIKAN OFFICE
201 Deermount St., Ketchikan, Alaska 99901

PRINCE OF WALES OFFICE
1800 CK Highway Suite 241
P.O. Box 420, Craig, Alaska 99921



City of Craig
Statement of Revenue and Expenditures
For the Three Months Ending September 30, 2012

Enterprise Fund By Department	Year to Date	Budget	% Budget
Sewer Department			
Sewer Fees	68,205	262,000	26.03%
Personnel Expenses	24,829	95,150	26.09%
Personnel Benefits Expenses	9,673	48,219	20.06%
Contract Expenses	962	5,000	19.24%
Personnel Misc. Expenses	114	325	35.08%
Material & Supplies Expenses	1,553	4,000	38.83%
Utilities Expenses	7,041	42,400	16.61%
Maintenance Expenses	629	2,000	31.45%
Misc. Expenses	953	10,606	8.99%
Debt Expenses	105,418	59,998	175.70%
Sewer Expenses	151,172	267,698	56.47%
Net Revenue over Expenses	(82,967)	(5,698)	
Water Department			
Water Sales	75,888	268,500	28.26%
Personnel Expenses	29,740	97,260	30.58%
Personnel Benefits Expenses	11,505	49,931	23.04%
Contract Expenses	1,599	7,000	22.84%
Personnel Misc. Expenses	370	1,190	31.09%
Material & Supplies Expenses	3,756	41,000	9.16%
Utilities Expenses	9,385	51,100	18.37%
Maintenance Expenses	785	5,000	15.70%
Misc. Expenses	4,707	17,000	27.69%
Debt Service	7,403	0	0.00%
Water Expenses	69,250	269,481	25.70%
Net Revenue over Expenses	6,638	(981)	
Garbage Department			
Garbage Fees	83,241	338,000	24.63%
Personnel Expenses	12,836	48,824	26.29%
Personnel Benefits Expenses	5,002	34,361	14.56%
Contract Expenses	47,279	230,000	20.56%
Personnel Misc. Expenses	8	0	
Material & Supplies Expenses	434	2,200	19.73%
Fuel Expenses	1,308	4,000	32.70%
Maintenance Expenses	138	2,000	6.90%
Misc. Expenses	704	6,400	11.00%
Equipment Expenses	0	2,000	0.00%
Garbage Expenses	67,709	329,785	20.53%
Net Revenue over Expenses	15,532	8,215	

City of Craig
Statement of Revenue and Expenditures
For the Three Months Ending September 30, 2012

Enterprise Fund By Department	Year to Date	Budget	% Budget
Harbor Department			
Harbor Moorage	44,903	164,000	27.38%
Boat Haul out	4,690	25,000	18.76%
Other Harbor Services	43,684	51,750	84.41%
Total Revenue	93,277	240,750	
Personnel Expenses	27,777	112,951	24.59%
Personnel Benefits Expenses	19,347	80,834	23.93%
Contract Expenses	1,938	0	0.00%
Personnel Misc. Expenses	250	5,700	4.39%
Material & Supplies Expenses	5,431	15,482	35.08%
Utilities Expenses	8,349	34,875	23.94%
Maintenance Expenses	1,414	2,000	70.70%
Misc. Expenses	15,150	21,775	69.58%
Capital Expenses	11,514	17,670	65.16%
Harbor Expenses	91,170	291,287	31.30%
Net Revenue over Expenses	2,107	(50,537)	
JTB Industrial Park Department			
JTB Industrial Park Leases	29,072	261,500	11.12%
Ice House sales	23,871	50,000	47.74%
Boat Storage & Other	5,737	32,500	17.65%
Total Revenue	58,680	344,000	
Personnel Expenses	11,522	32,409	35.55%
Personnel Benefits Expenses	4,631	12,946	35.77%
Contract Expenses	0	0	
Material & Supplies Expenses	171	5,061	3.38%
Utilities Expenses	9,193	30,000	30.64%
Maintenance Expenses	0	5,996	0.00%
Misc. Expenses	1,425	52,900	2.69%
Debt Service	22,500	162,570	13.84%
JTB Industrial Park Expenses	49,442	301,882	16.38%
Net Revenue over Expenses	9,238	42,118	
Ward Cove Cannery Department			
Cannery Revenue	3,840	6,500	59.08%
Transfer from Endowment Fund		0	
Contract Expenses		2,000	
Material & Supplies Expenses		0	
Utilities Expenses	1,174	2,100	55.90%
Maintenance Expenses		1,900	
Misc. Expenses	45	500	
Debt Service	0	2,000	0.00%
Cannery Expenses	1,219	8,500	14.34%
Net Revenue over Expenses	2,621	(2,000)	
Total Revenue over Expenses	(46,831)	(8,883)	

City of Craig
Statement of Revenue and Expenditures
For the Three Months Ending September 30, 2012

Enterprise Fund	YTD Actual	YTD Budget	% Budget
<u>Revenue</u>			
Sewer Fees	68,205	262,000	26%
Water Sales	75,888	268,500	28%
Garbage Fees	83,241	338,000	25%
Harbor Services	93,277	240,750	39%
JTB Industrial Services	58,680	344,000	17%
Cannery Revenue	3,840	6,500	59%
Total Revenue	383,131	1,459,750	26%
<u>Expenses</u>			
Sewer Expenses	151,172	267,698	56%
Water Expenses	69,250	269,481	26%
Garbage Expenses	67,709	329,785	21%
Harbor Expenses	91,170	291,287	31%
JTB Industrial Park Expenses	49,442	301,882	16%
Cannery Expenses	1,219	8,500	14%
Total Expenses	429,962	1,468,633	
Net Revenue Over Expenses	(46,831)	(8,883)	
Transfer from General Fund	46,831	8,882	
Change in Net Assets	0	-1	

City of Craig
Statement of Revenue and Expenditures
For the Three Months Ending September 30, 2012

General Fund	YTD Actual	YTD Budget	% Budget
Revenues			
Property tax	515,724	524,000	98%
Sales Tax	383,149	1,452,000	26%
Liquor Sales Tax	28,222	120,000	24%
<i>Total Local Taxes</i>	<i>927,095</i>	<i>2,096,000</i>	
PILT State Funding	260,487	225,000	116%
State Revenue Sharing	221,713	221,052	100%
Liquor Revenue Sharing	4,000	10,000	40%
Fish Tax - DEC	0	150,000	0%
Shared Fish Tax	0	6,000	0%
National Forest Receipts		10,000	0%
<i>Total State Revenue</i>	<i>486,200</i>	<i>622,052</i>	
EMS Service Fees	16,234	35,000	46%
Aquatic Center	13,238	65,000	20%
Recreation Programs	3,024	13,000	23%
Library Fees	73	0	0%
Property Leases	10,125	65,000	16%
Equipment Sales	0	1,000	0%
Waste Material Fees	2,470	0	
Taxi Permits	0	50	0%
Building & Access Permits	7,887	2,000	394%
<i>Total Local Fees & Leases</i>	<i>53,051</i>	<i>181,050</i>	
Police Fines	3,744	10,000	37%
State Jail Contract	98,476	377,760	26%
State Trooper Dispatch	0	11,000	0%
Klawock Dispatch	12,621	50,000	25%
DMV Commission	15,261	60,000	25%
Forest Service Dispatch	0	10,000	0%
<i>Total Public Safety Revenue</i>	<i>130,102</i>	<i>518,760</i>	
Interest Income	1,621	5,500	29%
Other Misc. Income	4,110	5,000	82%
Donations	300	500	60%
<i>Total Other Revenue</i>	<i>6,031</i>	<i>11,000</i>	
Total Revenue	1,602,479	3,428,862	43%
Expenditures			
Administration	160,187	731,056	22%
Aquatic Center	124,729	576,012	22%
Council	7,533	81,055	9%
EMS	29,897	133,957	22%
Fire	7,402	34,214	22%
Library	28,009	88,174	32%
Planning	22,642	90,535	25%
Police	205,329	919,000	22%
Public Facilities & Parks	53,034	213,726	25%
Public Works	49,207	208,003	24%
Recreation	23,657	99,826	24%
Total General Fund Expenditures	711,626	3,175,558	22%
Excess Revenue Over Expenditures	890,853	253,304	
Transfer Funds:			
Transfer to Enterprise Funds	(46,831)	(8,882)	
Transfer to School Fund		(250,000)	
Transfer from Endowment		120,000	
PERS Unfunded Liability		-55,422	
Pt. St Nick Hatchery		-35,000	
Transfer to Equipment Reserves		(24,000)	
Total Transfers	(46,831)	-253,304	
Net Change in Assets	844,022	0	

City of Craig
Statement of Revenue and Expenditures
For the Three Months Ending September 30, 2012

	<u>Year to Date</u>	<u>Budget</u>	<u>% Budget</u>
<u>Administration</u>			
Personnel Expenses	72,541	315,845	22.97%
Personnel Benefits Expenses	40,104	202,643	19.79%
Contract Expenses	24,607	122,050	20.16%
Personnel Misc. Expenses	3,227	13,100	24.63%
Material & Supplies Expenses	8,882	12,260	72.45%
Utilities Expenses	3,349	16,250	20.61%
Maintenance Expenses	1,045	2,500	41.80%
Misc. Expenses	4,275	39,408	10.85%
Capital Expenses	2,157	7,000	
Total Expenditures	160,187	731,056	21.91%
<u>Aquatic Center</u>			
Personnel Expenses	45,804	168,716	27.15%
Personnel Benefits Expenses	21,604	89,230	24.21%
Contract Expenses	1,735	3,500	49.57%
Personnel Misc. Expenses	3,546	2,500	141.84%
Material & Supplies Expenses	10,903	20,100	54.24%
Utilities Expenses	20,635	120,200	17.17%
Maintenance Expenses	12,588	12,000	104.90%
Misc. Expenses	1,445	18,775	7.70%
Debt Expense	6,469	140,991	4.59%
Total Expenditures	124,729	576,012	21.65%
<u>Council</u>			
Personnel Expenses	1,260	14,700	8.57%
Personnel Benefits Expenses	6,172	55,505	11.12%
Contract Expenses	5	2,500	0.20%
Personnel Misc. Expenses	0	7,650	0.00%
Material & Supplies Expenses	0	150	0.00%
Utilities Expenses	0	0	
Maintenance Expenses	0	0	
Misc. Expenses	96	550	17.45%
Capital Expenses	0	0	
Total Expenditures	7,533	81,055	9.29%

City of Craig
Statement of Revenue and Expenditures
For the Three Months Ending September 30, 2012

EMS

Personnel Expenses	10,765	36,000	29.90%
Personnel Benefits Expenses	9,616	41,103	23.39%
Contract Expenses	2,477	11,060	0.00
Personnel Misc. Expenses	769	5,500	0.00
Material & Supplies Expenses	4,055	16,050	25.26%
Utilities Expenses	773	3,444	22.44%
Maintenance Expenses	356	7,000	
Misc. Expenses	321	5,050	6.36%
Capital Expenses	765	8,750	0.00
Total Expenses	29,897	133,957	22.32%

Total Expenditures

Fire Department

Personnel Expenses	0	0	
Personnel Benefits Expenses	453	5,264	8.61%
Contract Expenses	2,250	9,000	25.00%
Personnel Misc. Expenses	150	3,500	
Material & Supplies Expenses	3,014	1,250	241.12%
Utilities Expenses	657	5,200	12.63%
Maintenance Expenses	56	2,000	2.80%
Misc. Expenses	822	2,800	29.36%
Capital Expenses	0	5,200	
Total Expenditures	7,402	34,214	21.63%

Library

Personnel Expenses	14,463	49,641	29.14%
Personnel Benefits Expenses	8,854	12,248	72.29%
Contract Expenses	0	2,900	0.00%
Personnel Misc. Expenses	0	1,235	0.00%
Material & Supplies Expenses	3,324	11,350	29.29%
Utilities Expenses	1,241	6,800	18.25%
Maintenance Expenses	25	1,000	
Misc. Expenses	102	1,500	6.80%
Capital Expenses	0	1,500	
Total Expenditures	28,009	88,174	31.77%

City of Craig
Statement of Revenue and Expenditures
For the Three Months Ending September 30, 2012

Planning

Personnel Expenses	12,866	43,282	29.73%
Personnel Benefits Expenses	9,448	41,003	23.04%
Contract Expenses	0	2,000	
Personnel Misc. Expenses	250	500	50.00%
Material & Supplies Expenses	31	2,050	1.51%
Utilities Expenses	0	0	
Maintenance Expenses	0	0	
Misc. Expenses	47	1,700	2.76%
Capital Expenses	0	0	
Total Expenditures	22,642	90,535	25.01%

16 Police

Personnel Expenses	121,976	499,364	24.43%
Personnel Benefits Expenses	60,217	318,306	18.92%
Contract Expenses	536	1,000	53.60%
Personnel Misc. Expenses	350	1,000	35.00%
Material & Supplies Expenses	9,307	32,830	28.35%
Utilities Expenses	7,292	34,600	21.08%
Maintenance Expenses	1,935	6,000	32.25%
Misc. Expenses	2,792	22,900	12.19%
Capital Expenses	924	3,000	0.00%
Total Expenditures	205,329	919,000	22.34%

Public Facilities & Parks

Personnel Expenses	30,004	110,580	28.64%
Personnel Benefits Expenses	11,952	50,346	13.11%
Contract Expenses	1,469	7,200	39.80%
Personnel Misc. Expenses	0	0	0.00%
Material & Supplies Expenses	1,526	6,800	33.38%
Utilities Expenses	3,027	15,300	18.52%
Maintenance Expenses	3,805	9,500	29.06%
Misc. Expenses	1,251	7,000	7.69%
Capital Expenses	0	7,000	78.60%
Total Expenditures	53,034	213,726	24.81%

City of Craig
Statement of Revenue and Expenditures
For the Three Months Ending September 30, 2012

15 Public Works

Personnel Expenses	27,167	94,868	29%
Personnel Benefits Expenses	7,134	54,410	13%
Contract Expenses	199	500	40%
Personnel Misc. Expenses	1,769	1,175	151%
Material & Supplies Expenses	3,004	9,000	33%
Utilities Expenses	5,796	31,300	19%
Maintenance Expenses	1,947	6,700	29%
Misc. Expenses	619	8,050	8%
Capital Expenses	1,572	2,000	79%
Total Expenditures	49,207	208,003	23.66%

Recreation

Personnel Expenses	11,067	35,303	31.35%
Personnel Benefits Expenses	6,086	27,172	22.40%
Contract Expenses	248	3,500	0.00
Personnel Misc. Expenses	0	0	0.00
Material & Supplies Expenses	3,611	2,400	150.46%
Utilities Expenses	2,393	23,900	10.01%
Maintenance Expenses	3	800	0.00
Misc. Expenses	249	3,100	0.00
Capital Expenses	0	3,651	0.00
Total Expenditures	23,657	99,826	23.70%

CITY OF CRAIG MEMORANDUM

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: October 26, 2012
RE: Planning Department Staff Report

1. Homeland Security Grant Funding. The city was awarded \$78,400 in grant funds for the 2012 grant cycle. The grant covers a backup generator at the high school, radio communication equipment, equipment for the fire department and training funds. Joyce and I will be going to Juneau on November 29th to participate in grant kickoff meetings.
2. US Army Corps of Engineers Planning Meeting. The US Army Corps of Engineers planning/project management team will be in Craig November 6 – 8 to meet with city staff and work on the scope of their study. Team members will arrive on Island Air the afternoon of November 6th and we will be meeting from 8:30 – 5:00 in the Craig City Council Chambers on the 7th. We will meet at 8:30 on the morning of the 8th but should be wrapped up by noon.
3. Prince of Wales Voc-Tech Center. The design for the new technical center continues. The committee will review the 95% design at a meeting in Klawock on November 5th. After this review the architect will begin preparation of the final bid design and bid documents so that the project can go out to bid. The current building design is smaller than originally planned due to budget constraints. Karen Cleary continues to work on the curriculum and governance structure of the center for the committee to review. I have current design drawings and budget documents available if any council member is interested. Updated drawings and project information are also available on the website www.powvoctec.org. In addition to designs, the website also has the results of the island needs assessment for vocational/technical training. The results are interesting and worth a look.

**CITY OF CRAIG
MEMORANDUM**



Date: October 25th, 2012
To: Honorable Dennis Watson, Craig City Council
Fr: RJ Ely, Police Chief
Re: Staff Report

RJ Ely

ACTIVITY

Activity for most of October, 2012. Dispatch Center took the following amount of calls for service:

Craig	689
Klawock	243
AST	7

DEPARTMENT OF MOTOR VEHICLES

Month of October had high increase in written tests, driving tests and overall DMV transactions. Very busy month. Drop off service is being used on regular basis.

DISPATCHER(S)

Traci McIntire has completed training and has been signed off. She has covered a few extra shifts, when another dispatcher became ill.

Elizabeth Turner is almost completed with her training and should be signed off soon.

OFFICER(S)

Roberto Medina has been promoted to Sergeant, settling in and taking on more responsibility. He just completed 40 hours of training and is now the Departments Breath Test Supervisor for the DataMaster DMT.

Ofc. Hoyt Stepp just completed training, New Motor Vehicle Accident Reporting System that as of January 1st, 2013 will be required by law. Ofc. Stepp will not only training Craig Officers, but Klawock Officers, AST and VPSO's in this new form / template.

OTHER

I'm now working with other agencies within Craig, as well Klawock in finalizing the switch over from Wideband to Narrowband compliance. Fund has been secured to assist with replacing outdated radios from Public Works, which were not narrowband compliance. I've started writing new code plugs, for all makes / models of radios and my goal is by December 1st, to have Craig completely in compliance with all FCC Requirements. January 1st, 2013 is the deadline to become in compliance.

With additional equipment obtained by Craig EMS, I will soon have the availability to reprogram pagers. This will eliminate equipment having to be shipped to Anchorage, for a simple fix.

For the month of October, Jail mandates were very high. Jail full, max capacity for nearly the entire month. Officers case load / investigations are higher than normal; compared to this time last year.

Library Report for October 2012

Patron Visits through 10/25: 1,131

Computer Users Logged In: 393

Program Attendees: 101

Reference Questions: 582 (we've started keeping track for the state)

Circulations: 2,080

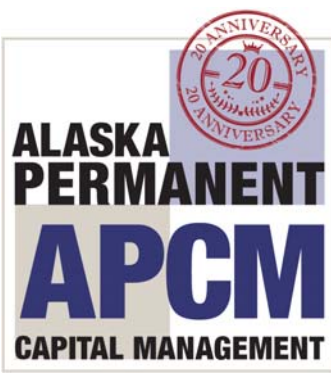
1. The library received confirmation from program director Colin Rea that we would be receiving the 2012 Michael Pritikin Rural Library Award. The award carries with it the shipment of nearly 1,200 new books and galleys with a retail value of \$15,000. The accompanying press release was picked up by AP and has gone out all over the country. There was a write-up in the Ketchikan, Anchorage, and Seattle newspapers, on KRBD and KUAC, and I have received emails from friends in the Lower 48 who have seen it in their hometown newspapers from Rawlins, Wyoming to San Angelo, Texas to Tampa, Florida!
2. The library JUST RECEIVED three (3) new desktop computers FREE OF CHARGE from the AlaskaOWL Project! With a bit of telephone assistance from Karen Cleary, I got them up and networked. We also have a new printer! Alex Pock (at the State Library) is purchasing seven (7) laptops along with a security cabinet for the library. I'm really excited that we'll have a computer learning lab here and I can start teaching classes.
3. The Craig Child Care Center along with the Child Care Center in Thorne Bay, connected through the Video Conferencing equipment with AEYC in Ketchikan for a child care class that is vital to the providers' certification. The held it on a Wednesday evening, and everything worked just as it should have. Matt up in Fairbanks was there to watch the conference and make sure it went without a hitch. This is the first of many uses of the equipment for training purposes.
4. The Assembly of God Church used the AlaskaOWL network (internet-web streaming) for a webinar/training for their outreach and Sunday School Group. It went well, and everyone was happy with the result. I had some patron comments about how cool the whole set up seemed to be and if we would be hosting other types of things like that.
5. Barbara Arnold was med evacuated out on 10/16, and there is no word on when she will return to the island. In her absence, several volunteers have come forward to cover lunch hours, and that's been helpful. Other than that, I have been working solo trying to do everything and prepare for being gone in November. I will be out of the country from October 27th until November 13th (back on the 14th). During that time, Karen Lawton and Hayley Anderson will be taking over duties at the library. They both have my email (because our phones won't work), so they will be able to keep in touch with me that way. They have all the telephone numbers for tech support for the AlaskaOWL.
6. Our e-Rate for 2013 is complete and was approved. This will cover 90% of our internet and telephone costs for the library.
7. I was invited to apply for an ALA Award for the Pltchapalooza and Week of Literary Mayhem program we hosted in August. The award carries a \$5,000 prize for the library. Individuals at the State Library think we're a shoe-in.
8. We had 33 at the Toddler-Preschool Storytime party this morning (10/26).
9. Upcoming Video Conferences include one for teachers and educators (and parents) on 11/1 called The Educator's Toolkit – it's all about the Alaska Digital Pipeline Resources for students and the public. We're also hosting a VC on 11/9 during Toddler/Preschool Storytime with writer Valerie Marsh who will get the kids creating art and telling stories.

**Craig Aquatic Center
Monthly Report**

For the Month of: September

Prepared by: Wise

Revenue		Number of People		Monthly Amount	
		2011	2012	2011	2012
Cash	Walk Ins	793	500	\$1,698.50	\$1,054.00
Passes	Walk Ins	0	556	\$0.00	\$0.00
Swim Pass	10 Day	22	19	\$490.00	\$515.00
	3 Month	0	0	\$0.00	\$0.00
	6 Month	0	0	\$0.00	\$0.00
	1 Year	0	1	\$0.00	\$420.00
	payments	0	0	\$0.00	\$0.00
Fitness	Fitness Room	323	243	\$918.00	\$491.00
	Aerobics Walkins	18	1	\$132.00	\$3.00
	Aerobics Pass	2	0	\$50.00	\$0.00
Special Programs	Craig School	353	177	\$0.00	\$0.00
Rental	Pool Rental	0	0	\$0.00	\$0.00
	Locker Rental	4	2	\$200.00	\$11.00
Misc. Revenue		57	21	\$63.00	\$23.00
Swim Team		363	227		
Lessons (Private/Out of Town School)		0	0	\$0.00	\$0.00
Donations		0	0	\$0.00	\$0.00
Total		1935	1747	\$3,553.50	\$2,517.00



QUARTERLY PERSPECTIVES

ECONOMY & FINANCIAL MARKETS

Climbing the wall of worry?

The equity markets have been on a roll. U.S. stocks gained +6.4% in the third quarter (Q3) and are up +16.4% YTD. The broader EAFE index of non-US international stock markets did slightly better, up +6.9% in Q3 but only +10.1% YTD. Meanwhile bond yields in the U.S. seem stuck in a narrow trading range around 1.6% on the 10 year Treasury.

The announcement that the ECB would make unlimited purchases of troubled sovereign debt on the secondary market to reduce yields (with some fiscal strings attached) was greeted with a sigh of relief in Europe. Many believe this takes the “tail risk” of a really bad event off the table. Combine that with progress on the ESM (the permanent euro bailout fund) and the likelihood of a European banking union and you have the makings of an equity rally. That’s especially true given the depressed valuations in Europe.

The Federal Reserve joined the party by announcing a QE3 bond buying program with no definite end date. They also said that the economy remains weak, that inflation is well contained (it’s up +1.7% YoY) and offered to keep short rates close to zero through 2015. They expect the “wealth effect” from a rising stock market to save the day. Tell that to savers who are stuck with rock bottom interest rates when rolling their CDs.

The question is how long can these easy monetary machinations continue to substitute for sound fiscal policies? No sooner had the ECB eased than we started to hear about Greece and Spain crawfishing on austerity measures. This seems too happen over and over again. Wash. Rinse. Repeat.

Even in the U.S. you have to wonder if the Fed is just enabling the politicians to avoid making tough decisions with respect to the fiscal cliff. QE1. QE2. QE3. Wash. Rinse. Repeat.

All this money printing has gold soaring to recent highs near \$1,800 an ounce and commodities perking up despite slow economic growth.

These facts — including general economic malaise, election year uncertainty, and the rapid rise in equity prices (in the face of a potential stall in earnings) — led us to reduce exposure to U.S. equities in September. We still like them longer term but think we will get a better opportunity to buy over the next several months at lower prices. It’s a tweak, not a signal that stocks are overvalued in the long run, especially compared to bonds.

Muddle along, nothing to see here.

Global economic growth remains subpar. In the U.S., continuing good news on the housing front is helping but other headwinds have kept growth in the 2% neighborhood and unemployment above 8%. Our fiscal cliff challenges are well known. Businesses remain wary and confidence is low. The most widespread drought since 1956 hasn’t helped. In an environment with lots of unused capacity in the labor and product markets it’s hard to see inflation kicking up, although we are in uncharted waters with respect to monetary policy.

The eurozone is in recession. The unemployment rate is 11.4%, the highest on record. It’s at depression levels in Spain (25.1%) and Greece (23.1%). Recently we have seen more riots in the streets. Policymakers have several bazookas including a \$625 billion bailout fund and an ECB that says it will do “whatever it takes” to save the euro. How this all ends is anyone’s guess.

Asia is slowing. China has moved from a consistent 10% growth to 7% and that may be the norm going forward. We still don’t believe the hard landing stories out there. The Shanghai stock market is down this year and trading around the 2,000 mark, it has not closed below that level since January 2009.

Japan has been described as a bug looking for a windshield. Poor demographics (population there has actually started to decline) combined with the largest

(Continued on page 2)



October 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 September 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. Please note that while we did purchase a few incremental US Treasury securities, they have shorter maturities inside of five years.

At month-end, the market value of the account was \$8,589,475. Based upon the composition of the portfolio, the expected annual income, excluding dividends on equities, is \$88,770.

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 "Bert Wagnon".

Bert Wagnon
Senior Vice President

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

Evan D. Rose
President and CEO

cc via email: Mr. Jon Bolling, City Administrator

CITY OF CRAIG

Account Statement - Quarter Ending September 30, 2012



ACCOUNT ACTIVITY

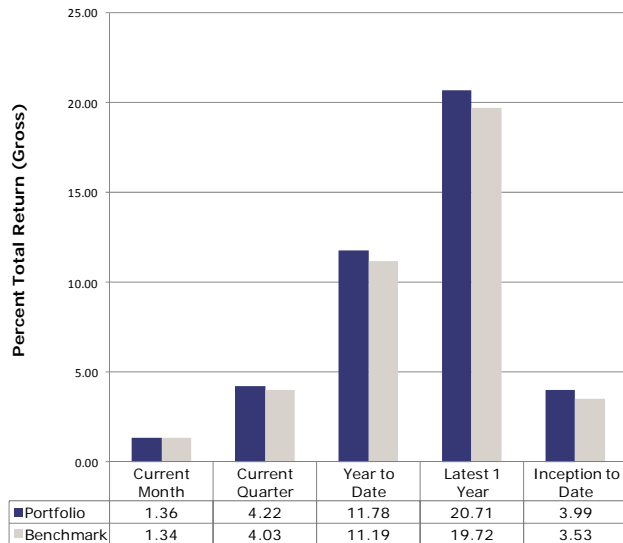
Portfolio Value on 06-30-12	8,250,597
Contributions	0
Withdrawals	-9,011
Change in Market Value	278,969
Interest	22,448
Dividends	46,472
<hr/>	
Portfolio Value on 09-30-12	8,589,475

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

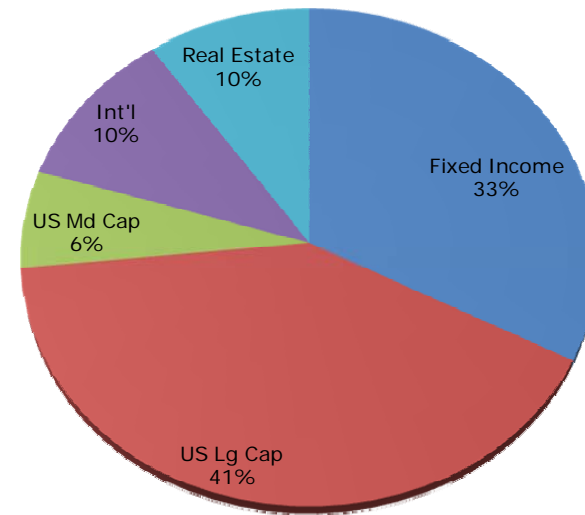
INVESTMENT PERFORMANCE

Current Account Benchmark:
Equity Blend



Performance for Periods One Year and Greater are Annualized

PORTFOLIO COMPOSITION



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

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
200,000	US TREASURY NOTES 0.125% Due 09-30-13	99.93	199,867	99.93	199,868	2.33	250	1	0.19
300,000	US TREASURY NOTES 0.250% Due 11-30-13	100.00	300,012	100.05	300,153	3.49	750	252	0.21
40,000	US TREASURY NOTES 1.250% Due 10-31-15	98.51	39,405	102.80	41,122	0.48	500	209	0.34
150,000	US TREASURY NOTES 0.625% Due 08-31-17	99.79	149,684	100.06	150,094	1.75	937	80	0.61
100,000	US TREASURY NOTES 3.750% Due 11-15-18	106.48	106,480	117.37	117,375	1.37	3,750	1,416	0.83
100,000	US TREASURY NOTES 3.500% Due 05-15-20	104.04	104,039	117.09	117,086	1.36	3,500	1,322	1.15
	Accrued Interest				3,281	0.04			
			899,487		928,979	10.82		3,281	
AGENCIES									
50,000	FHLB US GOVT AGENCY 5.250% Due 06-18-14	100.80	50,401	108.59	54,297	0.63	2,625	751	0.23
100,000	FHLMC 3.750% Due 03-27-19	101.41	101,410	116.18	116,176	1.35	3,750	42	1.16
	Accrued Interest				793	0.01			
			151,811		171,266	1.99		793	
FNMA & FHLMC									
30,369	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	104.56	31,754	106.43	32,321	0.38	1,215	101	1.60
	Accrued Interest				101	0.00			
			31,754		32,422	0.38		101	
ASSET-BACKED SECURITIES									
100,000	GE CAPITAL CREDIT CARD MASTER NOTE 3.800% Due 11-15-17	107.25	107,250	106.88	106,876	1.24	3,800	169	0.55
	Accrued Interest				169	0.00			
			107,250		107,045	1.25		169	
COMMERCIAL MORTGAGE-BACKED SECURITIES									
93,955	WACHOVIA BK COML MTG TR 4.925% Due 08-01-41	95.78	89,991	102.55	96,351	1.12	4,627	386	1.60
72,632	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51	100.55	73,029	99.94	72,591	0.85	3,947	329	4.65
	Accrued Interest				715	0.01			
			163,020		169,657	1.98		715	

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

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
CORPORATE BONDS									
50,000	TOYOTA MOTOR CREDIT 1.375% Due 08-12-13	101.03	50,513	100.93	50,466	0.59	687	94	0.30
100,000	CATERPILLAR FINANCIAL 6.125% Due 02-17-14	100.12	100,125	107.71	107,711	1.25	6,125	749	0.51
100,000	JP MORGAN CHASE & CO 4.750% Due 03-01-15	97.18	97,176	108.74	108,740	1.27	4,750	396	1.08
100,000	HSBC FINANCE CORP 5.500% Due 01-19-16	100.21	100,206	110.56	110,556	1.29	5,500	1,100	2.17
50,000	BRITISH COLUMBIA PROV OF 2.100% Due 05-18-16	99.98	49,990	105.47	52,735	0.61	1,050	388	0.58
50,000	BANK AMER CORP 5.625% Due 10-14-16	107.18	53,592	112.60	56,298	0.66	2,812	1,305	2.34
50,000	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	117.91	58,955	118.58	59,289	0.69	2,812	1,297	0.93
50,000	STATOIL ASA 3.125% Due 08-17-17	107.07	53,533	109.57	54,785	0.64	1,562	191	1.11
100,000	UNITED PARCEL SERVICE 5.500% Due 01-15-18	121.23	121,230	121.59	121,593	1.42	5,500	1,161	1.27
100,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	99,572	120.76	120,758	1.41	5,750	958	1.67
75,000	UNITED HEALTH GROUP INC 6.000% Due 02-15-18	121.46	91,093	122.82	92,113	1.07	4,500	575	1.56
75,000	GENERAL ELECTRIC CAP CORP. 5.625% Due 05-01-18	88.27	66,205	117.93	88,447	1.03	4,219	1,758	2.20
100,000	GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19	116.51	116,514	124.02	124,019	1.44	7,500	958	3.29
100,000	VERIZON COMMUNICATIONS 6.350% Due 04-01-19	125.02	125,020	128.21	128,215	1.49	6,350	3,175	1.74
	Accrued Interest				14,104	0.16			
			1,183,726		1,289,830	15.02		14,104	
DOMESTIC LARGE CAP EQUITY FUNDS/ETF									
24,316	SPDR S&P 500 ETF TRUST	137.16	3,335,272	143.97	3,500,775	40.76	NA		
DOMESTIC MID CAP EQUITY FUNDS/ETF									
5,496	ISHARES S&P MIDCAP 400	69.71	383,101	98.68	542,345	6.31	NA		
INTERNATIONAL FUNDS/ETF									
27,627	VANGUARD MSCI EAFE ETF	37.73	1,042,293	32.88	908,376	10.58	NA		
REAL ESTATE									
12,857	VANGUARD REIT ETF	56.44	725,700	64.97	835,308	9.72	NA		

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
CITY OF CRAIG
September 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>
CASH AND EQUIVALENTS									
	CASH RECEIVABLE		125		125	0.00	NA		
	DIVIDEND ACCRUAL		20,687		20,687	0.24			
	FEDERATED GOVERNMENT OBLIGATION		<u>82,661</u>		<u>82,661</u>	<u>0.96</u>			
			103,473		103,473	1.20			
TOTAL PORTFOLIO			8,126,886		8,589,475	100	88,770	19,162	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
CITY OF CRAIG
From 09-01-12 To 09-30-12

Trade Date	Settle Date	Security	Quantity	Trade Amount
PURCHASES				
U.S. TREASURY				
09-21-12	09-24-12	US TREASURY NOTES 0.625% Due 08-31-17	150,000	149,683.59
09-27-12	09-28-12	US TREASURY NOTES 0.125% Due 09-30-13	200,000	199,867.19
				349,550.78
				349,550.78
DIVIDEND				
DOMESTIC LARGE CAP EQUITY FUNDS/ETF				
09-21-12	10-31-12	SPDR S&P 500 ETF TRUST		18,953.11
DOMESTIC MID CAP EQUITY FUNDS/ETF				
09-25-12	10-01-12	ISHARES S&P MIDCAP 400		1,733.64
INTERNATIONAL FUNDS/ETF				
09-28-12	09-28-12	VANGUARD MSCI EAFE ETF		19,035.00
REAL ESTATE				
09-28-12	09-28-12	VANGUARD REIT ETF		6,749.93
				46,471.68
INTEREST				
AGENCIES				
09-27-12	09-27-12	FHLMC 3.750% Due 03-27-19		1,875.00
ASSET-BACKED SECURITIES				
09-15-12	09-15-12	GE CAPITAL CREDIT CARD MASTER NOTE 3.800% Due 11-15-17		316.67

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
CITY OF CRAIG
From 09-01-12 To 09-30-12

Trade Date	Settle Date	Security	Quantity	Trade Amount
CASH AND EQUIVALENTS				
09-04-12	09-04-12	FEDERATED GOVERNMENT OBLIGATION		1.28
COMMERCIAL MORTGAGE-BACKED SECURITIES				
09-01-12	09-09-12	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51		332.93
09-01-12	09-14-12	WACHOVIA BK COML MTG TR 4.925% Due 08-01-41		391.23
				724.16
CORPORATE BONDS				
09-01-12	09-01-12	JP MORGAN CHASE & CO 4.750% Due 03-01-15		2,375.00
FNMA & FHLMC				
09-01-12	09-14-12	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26		105.55
U.S. TREASURY				
09-30-12	10-01-12	US TREASURY NOTES 0.125% Due 09-30-13		125.00
				5,522.66
PRINCIPAL PAYDOWNS				
COMMERCIAL MORTGAGE-BACKED SECURITIES				
09-01-12	09-09-12	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51	890.40	890.40

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
CITY OF CRAIG
From 09-01-12 To 09-30-12

Trade Date	Settle Date	Security	Quantity	Trade Amount
09-01-12	09-14-12	WACHOVIA BK COML MTG TR 4.925% Due 08-01-41	1,371.02	1,371.02
				2,261.42
FNMA & FHLMC				
09-01-12	09-14-12	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	1,295.42	1,295.42
				3,556.84

PURCHASED ACCRUED INTEREST

U.S. TREASURY

09-21-12	09-24-12	US TREASURY NOTES 0.625% Due 08-31-17		62.15
09-27-12	09-28-12	US TREASURY NOTES 0.125% Due 09-30-13		123.63
				185.78
				185.78

SALES, MATURITIES, AND CALLS

DOMESTIC LARGE CAP EQUITY FUNDS/ETF

09-04-12	09-07-12	SPDR S&P 500 ETF TRUST	2,417.0000	338,950.31
				338,950.31

WITHDRAW

CASH AND EQUIVALENTS

09-27-12	09-27-12	FEDERATED GOVERNMENT OBLIGATION		2,119.06
09-28-12	09-28-12	FEDERATED GOVERNMENT OBLIGATION		90.00

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
CITY OF CRAIG
From 09-01-12 To 09-30-12

Trade Date	Settle Date	Security	Quantity	Trade Amount
09-28-12	09-28-12	FEDERATED GOVERNMENT OBLIGATION		80.00
09-28-12	09-28-12	FEDERATED GOVERNMENT OBLIGATION		150.00
				2,439.06
				2,439.06

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
CITY OF CRAIG
From 09-01-12 Through 09-30-12

Date	Quantity	Security	Avg. Cost Basis	Proceeds	Gain Or Loss
09-01-12	890.40	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51	895.27	890.40	-4.87
09-01-12	1,371.02	WACHOVIA BK COML MTG TR 4.925% Due 08-01-41	1,313.18	1,371.02	57.84
09-01-12	1,295.42	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	1,354.52	1,295.42	-59.10
09-04-12	2,417.0000	SPDR S&P 500 ETF TRUST	331,524.57	338,950.31	7,425.74
TOTAL GAINS					7,483.58
TOTAL LOSSES					-63.97
			335,087.54	342,507.15	7,419.61

Alaska Permanent Capital Management Co.

CASH LEDGER***CITY OF CRAIG****From 09-01-12 To 09-30-12*

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
DIVIDEND ACCRUAL					
09-01-12			Beginning Balance		0.00
09-21-12	10-31-12	dp	Dividend	SPDR S&P 500 ETF TRUST	18,953.11
09-25-12	10-01-12	dp	Dividend	ISHARES S&P MIDCAP 400	1,733.64
09-30-12			Ending Balance		20,686.75
FEDERATED GOVERNMENT OBLIGATION					
09-01-12			Beginning Balance		61,147.26
09-01-12	09-01-12	dp	Interest	JP MORGAN CHASE & CO 4.750% Due 03-01-15	2,375.00
09-01-12	09-09-12	dp	Interest	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51	332.93
09-01-12	09-09-12	dp	Paydown	FRN - BANC AMER COML MTG TR 2007-5 5.434% Due 02-10-51	890.40
09-01-12	09-14-12	dp	Interest	WACHOVIA BK COML MTG TR 4.925% Due 08-01-41	391.23
09-01-12	09-14-12	dp	Paydown	WACHOVIA BK COML MTG TR 4.925% Due 08-01-41	1,371.02
09-01-12	09-14-12	dp	Interest	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	105.55
09-01-12	09-14-12	dp	Paydown	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	1,295.42
09-04-12	09-07-12	dp	Sale	SPDR S&P 500 ETF TRUST	338,950.31
09-04-12	09-04-12	dp	Interest	FEDERATED GOVERNMENT OBLIGATION	1.28

Alaska Permanent Capital Management Co.

CASH LEDGER

CITY OF CRAIG

From 09-01-12 To 09-30-12

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
09-15-12	09-15-12	dp	Interest	GE CAPITAL CREDIT CARD MASTER NOTE 3.800% Due 11-15-17	316.67
09-21-12	09-24-12	wd	Purchase	US TREASURY NOTES 0.625% Due 08-31-17	-149,683.59
09-21-12	09-24-12	wd	Accrued Interest	US TREASURY NOTES 0.625% Due 08-31-17	-62.15
09-27-12	09-28-12	wd	Purchase	US TREASURY NOTES 0.125% Due 09-30-13	-199,867.19
09-27-12	09-28-12	wd	Accrued Interest	US TREASURY NOTES 0.125% Due 09-30-13	-123.63
09-27-12	09-27-12	dp	Interest	FHLMC 3.750% Due 03-27-19	1,875.00
09-27-12	09-27-12	wd	Withdrawal	from Portfolio	-2,119.06
09-28-12	09-28-12	dp	Dividend	VANGUARD MSCI EAFE ETF	19,035.00
09-28-12	09-28-12	dp	Dividend	VANGUARD REIT ETF	6,749.93
09-28-12	09-28-12	wd	Withdrawal	from Portfolio	-90.00
09-28-12	09-28-12	wd	Withdrawal	from Portfolio	-80.00
09-28-12	09-28-12	wd	Withdrawal	from Portfolio	-150.00
09-30-12			Ending Balance		82,661.38
CASH RECEIVABLE					
09-01-12			Beginning Balance		0.00
09-30-12	10-01-12	dp	Interest	US TREASURY NOTES 0.125% Due 09-30-13	125.00
09-30-12			Ending Balance		125.00

ECONOMY & FINANCIAL MARKETS

(Continued from page 1)

debt burden in the world suggest a slow economy at best. ISI forecasts 1% growth in 2013.

Other than that Mrs. Lincoln, how was the play?

So the economic outlook remains challenging. What does this mean for the markets?

Generally, the equity and bond markets reflect these difficult times. That is they are “priced into” the markets – that’s why risky stock markets are trading at lower valuations and safe haven bond prices are at record highs – interest rates at record lows. It’s because investors are worried.

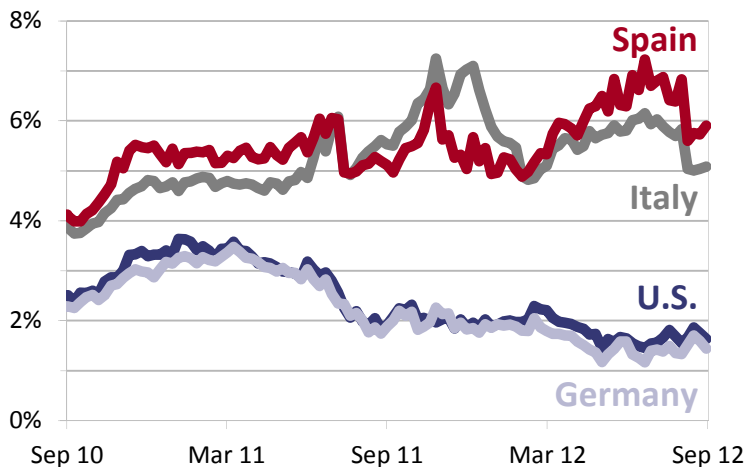
Contrary to what many investors might think, there isn’t a great correlation between economic growth and stock market returns. (Notice that the stock market has been strong recently while the economic recovery has been one of the slowest and weakest ever.) We believe that valuation is very important. In

other words discounted cash flows, P/E ratios, earnings and dividend yields vs. bond yields, etc. really influence our decision making.

Frankly we don’t see many asset classes that are jumping out as dramatically over or under valued. There aren’t many “fat pitches.” We do believe that emerging market equities are attractive and that bonds are unattractive. But both observations hold for the long term as short term trends and a very easy Federal Reserve may keep rates lower longer than we expect.

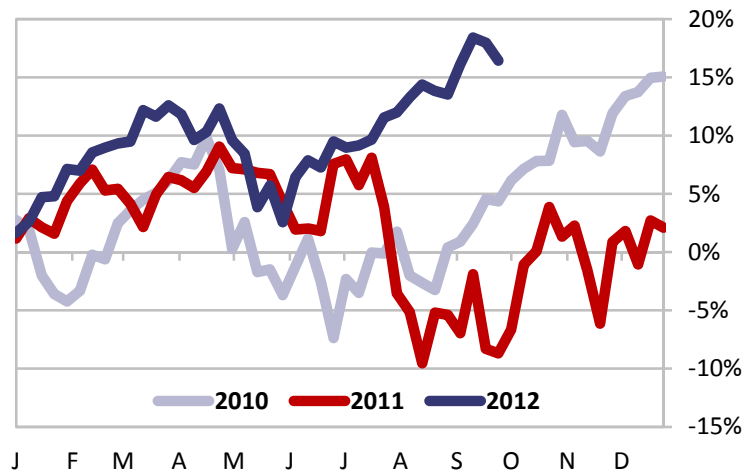
Jeff Pantages, CFA
Chief Investment Officer

10 Year Global Treasury Note Yields



Bloomberg

S&P 500 Index Total Return

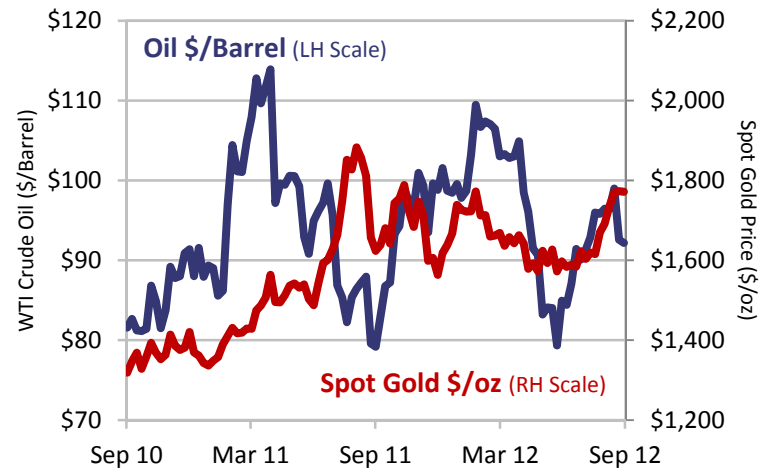


Bloomberg

Bloomberg Consensus Forecasts

Data as of 10/2/2012	2011	2012	2013	2014
Real GDP (% YoY)	1.80	2.20	2.05	2.60
CPI Inflation (% YoY)	3.17	2.00	2.00	2.30
Unemployment (%)	9.0	8.2	7.9	7.4
Fed Funds (%)	0.25	0.25	0.25	-
10-Yr Note (%)	1.88	1.79	2.45	-

Oil and Gold Roller Coaster



Bloomberg

PORTFOLIO STRATEGY

What in the world is EAFE?

EAFE stands for Europe, Australasia, and Far East. It is a stock market index of developed international equity markets outside the U.S. It consists of around 900 stocks of the largest companies in the world.

APCM uses a Vanguard ETF (VEA) that replicates EAFE to get exposure to these international stock markets. The expense ratio is 0.12% and compares favorably to the 1.37% average expense ratio for international equity funds. (That's a BIG difference!)

Ten largest holdings and % of total net assets²

Royal Dutch Shell PLC	2.2%
Nestle SA	2.0
BHP Billiton Ltd	1.7
HSBC Holdings PLC	1.6
Vodafone Group PLC	1.4
Novartis AG	1.3
BP PLC	1.3
Roche Holding AG	1.3
GlaxoSmithKline PLC	1.2
Toyota Motor Corp	1.2
Top ten as % of total net assets	15.2%

The two tables highlight key aspects of the investment. The ten largest countries account for almost 90% of the portfolio. The ten largest stocks in the portfolio are household names and account for 15.2% of assets. Royal Dutch Shell (Netherlands) is the largest at

2.2% of the portfolio, with food giant Nestle (Switzerland) in second place and mining company BHP Billiton (Australia) in third.

Ten largest countries as % of common stock

United Kingdom	23.3%
Japan	21.9
France	9.2
Switzerland	8.5
Australia	8.3
Germany	8.0
Sweden	3.1
Hong Kong	3.0
Spain	2.7
Netherlands	2.5

Remember, indices measure broad exposure to an asset class and weight individual stock exposure according to some rule. In the case of EAFE that is by market capitalization (stock price X number of shares outstanding). Indices are also fully invested – they hold no cash – and charge no fees.

There are other international indices including the FTSE (“footsie”) which is the result of a joint venture between the Financial Times and the London Stock Exchange. As we go to press Vanguard has announced that they are changing benchmarks for a number of funds (including VEA) which will require some trading. We’ll have more on this next month.

Mutual fund managers trail their benchmarks once again!

Every quarter S&P publishes data on the performance of mutual fund managers compared to various passive indices of U.S. stocks and bonds. The numbers through June 30, 2012 prove once again how hard it is to beat benchmarks. The table to the right shows the percent of funds outperformed by their benchmark.

Transactions costs and high fees are part of the reason for the underperformance. APCM buys low cost index funds that match the performance of the index. That means on average these investments BEAT the average manager and end up in the second quartile of performance year after year.

Index funds do not provide average performance; they do better than the average manager. APCM favors index funds because of this and their consistent track record, broad diversification, and low fees.

Percentage of U.S. Funds Outperformed by Their Benchmarks

Category Index	1 Year	3 Year	5 Year
Large Cap Funds <i>S&P 500</i>	85.5%	85.2%	65.4%
Mid Cap Funds <i>S&P 400</i>	70.8%	85.6%	81.6%
Small Cap Funds <i>S&P 600</i>	91.0%	83.9%	77.7%
Domestic Equity Funds <i>S&P 1500</i>	89.8%	73.2%	67.7%
Govt. Long Funds <i>Barclays Long Govt.</i>	95.6%	96.5%	93.6%
Govt. Int. Funds <i>Barclays Int. Govt.</i>	55.0%	58.5%	65.2%
Govt. Short Funds <i>Barclays 1-3 Year Govt.</i>	41.5%	41.9%	62.2%
High Yield Funds <i>Barclays High Yield</i>	83.1%	90.5%	94.8%



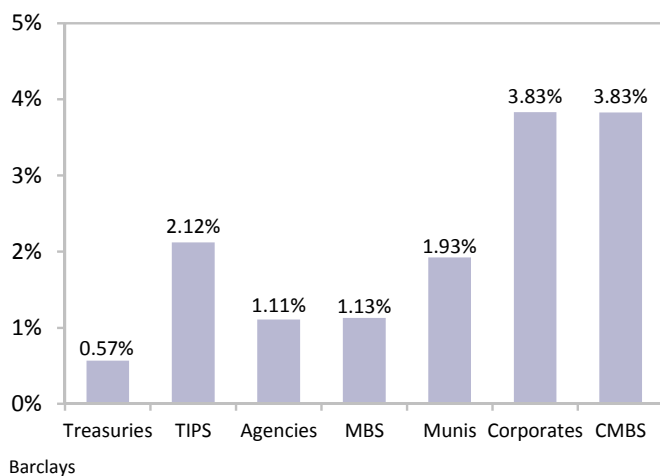
Bill Lierman, CFA
Portfolio Manager

■ The Treasury market continued to be volatile throughout the quarter. This should continue until uncertainty with the U.S. elections, fiscal cliff, and Europe is cleared up. The curve steepened slightly as the two year note declined 7 basis points (bps) and the yield on the ten year bond increased 5 bps ending the quarter at 1.63%.

■ TIPS provided a +2.12% return for the quarter. Real yields decreased across all parts of the

curve and now are negative out to the year 2032. Higher energy prices and concern of continued monetary easing pushed up inflation expectations across the curve.

Q3 2012 Bond Total Return



■ The Federal Reserve decided to purchase additional mortgage backed securities (QE3), to the tune of \$40B per month without a predetermined end-date. The current coupon Fannie Mae mortgage ended the month at 1.84% after reaching a low of 1.69%.

■ Corporations are taking advantage of low yields by issuing record amounts of debt. According to Bloomberg, worldwide corporate issuance was approximately \$950B for the quarter and \$2.9T for the year. In July, IBM was able to issue \$1B 10yr bonds with a coupon of 1.875%.

■ CMBS was the winner for the quarter returning +3.32% excess return (vs. Treasuries). There has been little issuance along with strong demand and loan data has continued to improve throughout the year.

■ Municipal investors earned +1.93% for the quarter. J.P. Morgan calculated that there has been 43 straight weeks of inflows into municipal bond funds totaling approximately \$40B of new funding.

■ Another major outpouring of central bank liquidity and reassuring promises from the Fed and ECB lifted equities in a low volume rally during Q3 (24% lower than September 2011). Domestic equities were up +6.4% in Q3 trailing their international counterparts. YTD the S&P 500 is up +16.4%. Strong U.S. performance has led to more expensive valuations on a P/E basis (forward P/E 13x) but stocks remain more attractive than bonds.

■ International equities are playing catch up. Developed markets outperformed the U.S., rallying +6.9%. The ECB's declaration to do "whatever it takes to preserve the euro," coupled with its plans to begin a bond buying program have reduced the risks of a euro-zone collapse. European equities were up +8.8%. Headwinds remain as the crisis lingers and Europe's recession weighs on corporate profits.

■ Emerging markets outperformed as China announced stimulus equivalent to 2% of GDP to combat concerns of slowing growth. Emerging Asia posted dollar returns of +8.9% while Latin American markets lagged with a return of +4.7%.

■ Commodities increased +9.7% on the back of strength in the energy, metals, and agriculture sectors. Gasoline, silver, and wheat were all up over +20.0%. Easy monetary policy pushed gold up +10.0%.

■ Investors are now looking forward to earnings season, which starts with Alcoa reporting at the close on October 9th. Consensus earnings estimates imply -1% YoY growth resulting in the first quarter of negative YoY growth since the crisis.

Total Return (%) as of September 30, 2012

	Q3 2012	1 Year	3 Years	5 Years
Domestic Equities				
Large Cap S&P 500	6.4	30.2	13.2	1.1
Mid Cap S&P 400	5.4	28.5	14.3	3.8
Small Cap S&P 600	5.4	33.4	15.1	3.3
International Equities				
Developed MSCI EAFE	6.9	13.8	2.1	-5.2
Emerging MSCI Emerging Markets	7.7	16.9	5.6	-1.3
Other				
Commercial Property S&P U.S. REIT	0.1	32.6	20.5	2.0
Commodities DJ-UBS Commodity	9.7	6.0	5.3	-3.0
Fixed Income				
Total Bond Market Barclays Aggregate	1.6	5.2	6.2	6.5
1-3 Yr U.S. Treasury/Agency Barclays 1-3 Gov	0.3	0.7	1.5	2.9
Int'l Treasury Barclays Global Tsy ex-US	4.6	5.8	3.8	6.6

Returns are annualized for periods greater than one year



Brandy Niclai, CFA
Portfolio Manager



RECEIVED

OCT 22 2012

CITY OF CRAIG
CRAIG, ALASKA

Dear City of Craig,

The Thorne Bay High School basketball team is wishing for new dark jerseys. The jerseys that we currently own are about 8 years old and the numbers on the jerseys are starting to wear off from use. All teams for all sports in our district have to fundraise for all travel costs. Since we have to fundraise for our sports travel, it is hard for us to fundraise for new jerseys because we use all the profits to pay off our travel costs. The basketball team would highly appreciate it if you would help us buy some new uniforms. We are also asking other businesses on Prince of Wales Island to help us with funding. If you choose to help us the Thorne Bay team would make posters or banners of our sponsors and display them inside the gym. The uniforms we would like to purchase cost up to 3000 dollars for 38 jerseys. We would appreciate any donations you decide to donate.

Donations can be sent to:

Thorne Bay School
P.O. Box 19005
Thorne Bay, AK 99919

Thank you for your time,

Thorne Bay High School Boys and Girls Basketball Team

Status Report

City of Craig

October 25, 2012

Submitted by

Steve Silver

Robertson, Monagle, and Eastaugh

Congressional Recess and Lame Duck Session

Congress recessed in early October with plans to return on Nov. 12 in what is promising to be a long and detailed lame duck/post-election session. Among its tasks will be to determine whether to attempt to pass a federal budget for fiscal year 2013 which began on October 1. At this point Congress has not passed any of the 12 funding bills which make up the federal budget. What Congress has done is pass a 6 month Continuing Resolution which will expire on in March 2013. So, if the Congress takes no action in the lame duck session, the federal budget will continue at the 2012 levels.

At this point, the House of Representatives appears intent to leave the Continuing Resolution in place and to wait until next year for more important federal action. The Senate seems just as determined to deal with the 2013 federal budget in the lame duck session. So, it is anybody's guess how this will turn out in November. Even the length of the session is up in the air. Some observers think the session will be long and drag on long into December. Others think that the session will be short with a rapid adjournment to await the new Congress.

However, one thing that that Congress will have to deal with is the so called "fiscal cliff" which is scheduled to occur on Jan. 2, 2012. This is the massive sequestration process agreed to as part of the raising of the debt limit earlier this year. This sequestration will provide for massive federal cuts in defense and other discretionary spending. The defenders of the defense budget are determined to avoid these cuts which are described as potentially hollowing out the defense department. Just as passionate are the defenders of the social spending side who are determined to avoid massive cuts to social spending.

The outcome of this remains very unclear but it is likely that the Congress will take some action in the lame duck session. Most observers think that the Congress will act to avoid the January deadline and wait for the President and new Congress to be sworn in by agreeing to push that deadline back by 60-90 days to at least the end of March. I will provide more information on this and other general Congressional matters as soon as it becomes available.

Niblack Road Legislation

Earlier this year, the Alaska Congressional Delegation introduced companion bills authorizing a road from the Niblack Mine to the Prince of Wales road system. These bills are:

The Niblack Mining Area Road Authorization Act, H.R.6227 introduced by Congressman Young and S.3330. Copies of the bills are attached to this Status Report. The plan had been to hold a hearing prior to this pre-election recess to allow consideration of the bill in the lame duck session. No hearing could be scheduled because of issues and disagreements among the Senate Energy and Natural Resources Committee over other bills which also might be part of that hearing. However, there may still be an effort to pass a package of bills including the Sealaska land bill and it is possible that if this effort is successful, the Niblack Road bill could be included in that package. I am working closely with the Alaska Congressional Delegation to provide a path for passage of the bill this year. If that effort is unsuccessful, the process will begin early next year. The entire Alaska Congressional Delegation supports this bill. There is a commitment to attempt to bring this bill out of committee.

Early in 2013. That will mean a hearing, hopefully in the first quarter of the year, and then rapid passage in both House and Senate Committees. Following that, I will seek swift action to pass the bill so it can be signed into law. I will provide more information on the bill's consideration as soon as it becomes available.

Sea Otter Harvest Issue and Progress

Some progress has been made on the issue of changing federal regulatory impact on sea otter harvest. As the Council will recall, sea otters are a protected marine mammal species under the Marine Mammal Protection Act. However, Alaska Natives are allowed harvest marine mammals for subsistence and or use in creating Native handicrafts. The harvest of sea otters is primarily for use in creating Native handicrafts. There has been considerable problems with the U.S. Fish and Wildlife Service, which manages sea otters under the MMPA on the issue what alteration must be made before a sea otter pelt can be sold as a Native handicraft.

I have worked with City Administrator Jon Bolling and others to convince the USFWS to change its definition of "significantly altered" to be more flexible and to encourage more take of sea otters for use in creating native handicrafts. On October 10-12, the USFWS held a workshop with stakeholders which led to a new definition of "significantly altered" which may solve some of the problem.

That definition is attached and apparently will increase the interest in Native hunters to take Sea Otters for use in creating handicrafts. The AFN convention apparently considered this language and voted in favor of the language. I am seeking more information on this late breaking news and will provide more information as soon as it is available.

Sealaska Bill Nears Passage in the Senate

Senator Murkowski continues work on the Sealaska bill with a goal of passing the bill in the Senate before the end of the year.. That bill is now close to completion in the Senate and a separate version has passed the House and is pending in the Senate. The outlines of the bill are still uncertain, but the Senate bill will likely contain about 155,000 acres of habitat conservation areas which some groups in Southeast Alaska support. Sen. Murkowski has pledged to make the bill available for public review before passage. The House bill does not contain the habitat conservation areas. I will provide more information on this issue as soon as it becomes available.

Federal Litigation on the Roadless Issue

The City of Craig is a key member of the unified Southeast Alaska group which has joined with the State to challenge the application of the Roadless Rule to the Tongass National Forest. I am representing that group on the litigation to overturn the application of the Roadless Rule to the Tongass. When I last reported on the case in July we had just filed opposition to the Federal Government's Motion to Dismiss. The Government's argument was that there was a six year statute of limitations that was jurisdictional and applied irrespective of the fact that the Tongass was exempt from the Roadless Rule during the six year period. We argued that because the Tongass was exempt, no cause of action had "accrued," as that term is used in the statute of limitations, and that the State's cause of action had "equitably tolled." We are still waiting for the Court to rule on the Motion.

Once the Court rules on the Motion to Dismiss, the State has 45 days to submit its Motion for Summary Judgment and we have 10 days after that to submit our brief in support of the State. We have been working with State Assistant Attorney General, Tom Lenhart, on both briefs. In so doing we have identified which arguments are best made by the State and which are best made by us.

I will provide more information as it becomes available.

H.R.6227 -- Niblack Mining Area Road Authorization Act (Introduced in House - IH)

HR 6227 IH

112th CONGRESS 2d Session

H. R. 6227

To authorize the establishment of a Niblack mining area road corridor in the State of Alaska, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

July 26, 2012

Mr. YOUNG of Alaska introduced the following bill; which was referred to the Committee on Natural Resources

A BILL

To authorize the establishment of a Niblack mining area road corridor in the State of Alaska, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the `Niblack Mining Area Road Authorization Act'.

SEC. 2. NIBLACK MINING AREA ROAD CORRIDOR.

(a) Establishment- Notwithstanding any prohibition against road construction in inventoried roadless areas under the Roadless Area Conservation Rule established under part 294 of title 36, Code of Federal Regulations (and successor regulations), not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture, acting through the Chief of the Forest Service, shall establish a road corridor that follows 1 of the 2 routes identified as `Niblack Route 1' or `Niblack Route 2' on the map entitled `Road to Niblack Mine', numbered 1, and dated June 21, 2012, to connect the Prince of Wales Island road system in the State of Alaska to the area of the Niblack patented mineral claims on the southeast side of Prince of Wales Island.

(b) Requirements- A road corridor established under subsection (a) shall--

(1) minimize the economic costs of the road corridor by using, to the maximum extent practicable, the road network in existence on the date of the establishment;

(2) minimize effects of the road corridor on surface resources;

(3) prevent unnecessary or unreasonable surface disturbance; and

(4) comply with all applicable laws (including regulations).

(c) Cooperating Agencies- The State of Alaska and the Prince of Wales Community Advisory Council may participate as cooperating agencies during the preparation of any environmental impact statement prepared with respect to the road corridor under subsection (a).

(d) Federal Permits- It is the intent of Congress that any Federal permit required for construction of the road corridor established under subsection (a) be issued or denied by the date that is not later than 1 year after the date of application for the permit.

**CITY OF CRAIG
MEMORANDUM**

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: October 26, 2012
RE: Resolution 12-15, Recognizing John Patterson's Tenure as Craig Councilman and Mayor

Recently John Patterson passed away. John served on the Craig City Council from June 1978 until October 1978 when he was elected mayor. John served as mayor of Craig from October 1978 to October 1979.

During John's tenure as mayor the city was in the process of working on several projects and programs that still have an impact today. Improved ferry service, coastal management, the new municipal building, the tidelands conveyance and the transition to the non-profit Craig Cable TV. John was also the mayor during a storm in November 1978 that resulted in a state disaster declaration.

The attached resolution recognizes and honors John Patterson for his service on the Craig City Council and as the mayor of Craig.

**CITY OF CRAIG
RESOLUTION 12-15**

**RECOGNIZING JOHN PATTERSON FOR HIS SERVICE AS COUNCILMAN AND
MAYOR OF THE CITY OF CRAIG JUNE 15, 1978 TO OCTOBER 4, 1979**

WHEREAS, after faithful service to his country in the United States Air Force in Korea, Mr. John Patterson earned a forestry degree from Michigan State University; and,

WHEREAS, Mr. Patterson subsequently moved to Alaska, where he lived for forty years; and,

WHEREAS, Mr. Patterson was appointed to the Craig City Council June 15, 1978 and;

WHEREAS, Mr. Patterson was elected mayor of the City of Craig on October 5, 1978; and

WHEREAS, Mr. Patterson served as the Mayor of the City of Craig from October 5, 1978 to October 4, 1979; and

WHEREAS, during his terms as councilman and mayor of the City of Craig, Mr. Patterson was appointed to the city finance committee; oversaw completion of tideland conveyance and platting; emphasized the importance of year round ferry service to Prince of Wales Island as part of the 1978 Southeast Transportation Study; oversaw the completion of the new municipal building; oversaw final deliberations on the newly created coastal management program plan; and helped transition television service in Craig to the non-profit Craig Cable TV, to ensure continuing service in Craig; and

WHEREAS, Mayor Patterson supervised the city response to and recovery from the November 1978 storm that resulted in a state declared disaster; and

WHEREAS, Mr. Patterson served the City of Craig and its residents well and honorably.

NOW THEREFORE, BE IT RESOLVED, the City of Craig hereby recognizes John Patterson for his service as councilman and mayor from June 15, 1978 to October 4, 1979.

APPROVED _____, 2012.

Dennis Watson, Mayor

ATTEST _____
Lisa Moore, City Clerk Pro-Tem

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Jon Bolling, City Administrator
Date: October 26, 2012
RE: Resolution 12-16

Attached you will find City of Craig Resolution 12-16. The resolution adopts Prince of Wales Community Advisory Council Resolution 12-03.

The POWCAC resolution expresses support for an annual operating appropriation each year from the State of Alaska to the IFA. IFA requested support for the proposed operational payment.

As the council will recall, POWCAC resolutions become effective only after they are approved by a majority of governing bodies of the participating communities. Craig is one of the participating POWCAC communities.

POWCAC members are scheduled to consider adoption of the resolution at its October 29, 2012 meeting.

Recommendation

Adopt Resolution 12-16.

**CITY OF CRAIG
RESOLUTION 12-16**

**ADOPTING PRINCE OF WALES COMMUNITY ADVISORY COUNCIL
RESOLUTION 12-03, SUPPORTING AN ANNUAL OPERATIONAL
SUBSIDY TO THE INTER-ISLAND FERRY AUTHORITY**

WHEREAS, the Prince of Wales Community Advisory Council is made up of representatives from each community of Prince of Wales Island; and,

WHEREAS, the Prince of Wales Community Advisory Council acts on behalf of Prince of Wales communities on issues that include transportation; and,

WHEREAS, the Prince of Wales Community Advisory Council adopted its Resolution 12-03 on October 30, 2012; and,

WHEREAS, said resolution supports an annual operational appropriation from the State of Alaska to IFA; and,

WHEREAS, POWCAC resolutions must be adopted by the ruling bodies of a majority of its members.

NOW, THEREFORE, BE IT RESOLVED that the City of Craig hereby adopts POWCAC Resolution 12-03, a copy of which is attached.

Adopted this 1st day of November, 2012.

Mayor Dennis Watson

ATTEST _____
Lisa Moore, City Clerk Pro-Tem

**PRINCE OF WALES COMMUNITY ADVISORY COUNCIL
RESOLUTION No. 12-03**

**A JOINT RESOLUTION BY AND BETWEEN THE COMMUNITIES OF THE
PRINCE OF WALES COMMUNITY ADVISORY COUNCIL (POWCAC)
SUPPORTING AN ANNUAL OPERATIONAL SUBSIDY THE INTER-ISLAND
FERRY AUTHORITY**

WHEREAS, the Prince of Wales Community Advisory Council acts in an advisory capacity for participating communities on Prince of Wales (POW) Island; and,

WHEREAS, the Inter-Island Ferry Authority (IFA) provides daily ferry service to Prince of Wales Island, and has done so since 2002; and,

WHEREAS, the IFA is a publicly-owned and operated port authority as authorized under Title 29 of Alaska Statutes; and,

WHEREAS, IFA service is of critical importance to Prince of Wales Island; and,

WHEREAS, fuel costs to operate the IFA's ferries have increased six fold since 2002; and,

WHEREAS, the authority has reached the point where it cannot continue to increase the fuel surcharge and still meet its mission of providing the reliable, necessary, and affordable service to the traveling public for this region of southeast Alaska; and,

WHEREAS, the past decade of service shows that IFA can meet the island's public transportation needs; and,

WHEREAS, without the IFA, Prince of Wales Island would likely not have the very good freight, passenger, and vehicle service it has today; and,

WHEREAS, the benefits of IFA service include: year-round, 7 days a week passenger/vehicle ferry service between POW and Ketchikan; all weather access to goods and services not available on island (particularly the advanced medical services available in Ketchikan, Sitka, Anchorage and Seattle); transport of seafood and goods produced on POW to get off island and to market; access to POW's many visitor attractions; employment of 30 Alaskans; and generation of \$1.24 million in annual payroll.

WHEREAS, since its inception, the IFA has carried more than 500,000 passengers and more than 120,000 vehicles; and,

WHEREAS, the IFA, through revenues from ticket sales, meets about 75 percent of its operating costs from ticket sales; and,

WHEREAS, the IFA's proven record of reliable public transportations, and its extraordinary efforts to go as far as it has to meet its operational costs from the fare box, merits an ongoing operational appropriation from the State of Alaska during this time of high fuel costs.

NOW, THEREFORE, BE IT RESOLVED that the Prince of Wales Community Advisory Council supports an annual operational subsidy from the State of Alaska to the IFA.

BE IT FURTHER RESOLVED that POWCAC acknowledges and appreciates past support from the State of Alaska for the IFA, including the FY 2013 \$500,000 appropriation for capital improvements to the Hollis terminal, the \$1.3 million appropriation in the Capital Budget for defeasance of IFA's bonded debt, and several prior operational appropriations to IFA.

Passed and approved by the Prince of Wales Community Advisory Council this 29th day of October, 2012.

POWCAC Chair

Date

Adopted by the governing bodies of the following POWCAC members:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.