

CITY OF CRAIG
COUNCIL AGENDA
FEBRUARY 5, 2015
COUNCIL CHAMBERS 7:00 P.M

ROLL CALL

Mayor Dennis Watson, Hannah Bazinet, Joni Kuntz, Jim See, Don Pierce, Mike Douville,
Jan Storbakken

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 January 15, 2015
- Catholic Community Services 2015 Gaming Permit Application
- 2015 Liquor License Renewals
- Introduction and First Reading of Ordinance 663, Moratorium on Establishment of Retail Marijuana Establishments
- Introduction and First Reading of Ordinance 664, Defining “public place” as to the consumption of marijuana.

HEARING FROM THE PUBLIC

- Open for public comment
- Resolution 15-03, Pool Bond
- Resolution 15-04, Regarding Halibut Bycatch
- Resolution 15-05, Status of Alaska National Wildlife Refuge
- DOWL HKM Presentation on Water/Wastewater Master Plans

REPORTS FROM CITY OFFICIALS

Mayor
Administrator
Treasurer
Aquatic Manager
City Clerk
City Planner
EMS Coordinator
Harbormaster
Library
Police Chief
Public Works
Parks and Rec
Parks and Public Facilities

READING OF CORRESPONDENCE

- APCM December Report
- APCM January Newsletter
- Craig Population Determination
- Southeast Alaska Employment Trends
- CVFD Capital City Weekly Article

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

- Resolution 15-03, Pool Bond
- Resolution 15-04, Regarding Halibut Bycatch
- Resolution 15-05, Status of Alaska National Wildlife Refuge

UNFINISHED BUSINESS

- Craig Courthouse Bid
- Pool Renovations Award of Design Services Contract

NEW BUSINESS

- Pending vacant council seat
- Proposal to Develop Tract 15 Residential Lots
- CAPSIS Nominations

ADJOURNMENT

CITY OF CRAIG
COUNCIL MEETING
THURSDAY JANUARY 15, 2015

ROLL CALL

Mayor Dennis Watson called the meeting to order at 7:00 p.m. and the roll was taken. Present were, Jim See, Jan Storbakken, Don Pierce, Hannah Bazinet and Mike Douville absent was Joni Kuntz.

Staff present: Jon Bolling, City Administrator; Joyce Mason, Treasurer; Lisa Moore, City Clerk Pro-Tem; Chaundell Piburn, EMS Coordinator; Jessica Holloway, Aquatic Center Manager; Brian Templin, City Planner; RJ Ely, Police Chief; Ron McIntosh, Public Works Director; Otis Gibbons, Parks and Public Facilities Manager; Mike Peel, Harbormaster; Victoria Merrit, Parks and Recreation Director; Dave Nelson, Fire Chief.

Audience present: John Moots, Gunther Ehrmann, Dee Ginger, Shona Pierce, Loraine Cordova, Melinda Bass.

CONSENT AGENDA

The consent agenda was presented, it contained:

Council Minutes of November 6, 2014

Council Minutes of November 20, 2014

Council Minutes of December 4, 2014

2015 Gaming Permit Application for HOPE

PIERCE/STORBAKKEN

moved to approve the consent agenda.

HEARING FROM THE PUBLIC

- Resolution 15-01, FY15 Shared Fish Tax
- Resolution 15-02, Capital Improvements Project List
- USACE Presentation on Small Boat Harbor.

Loraine Cordova was present along with Dee Ginger and Shona Pierce to present the new information to the Council concerning the Small Boat Harbor Project.

REPORTS FROM CITY OFFICIALS

Mayor/IFA- Mayor Watson will be attending AML in Juneau. The State is struggling with a three billion dollar deficit, and the IFA will be conserving funds until oil prices and the State budget improve.

Administrator- Jon reported that the ice house has been a large concern for the City as well as the fishing fleet. The work was supposed to be completed already, but has not. Jon cancelled the contract, and met with Seafood Producers Cooperative to combine efforts to get the ice house up and running again. Mike reported that the ice house should be delivering tomorrow in small quantities. One drum and the rake are operational. The evaporator fans to keep the ice bin cold

have frozen up. Jon will be following up with the manufacturer to find out what can be done to repair this problem. Jon also mentioned that the City may want to establish regulations for marijuana use by passing a moratorium on the commercial retail sale until the State enacts regulations regarding the issue. Jon will draft an ordinance for the upcoming council meeting. Mayor Watson mentioned that some tribal lands will be considered non-taxable soon, and Steve Silver is drafting a report.

Treasurer- Final day for the property tax exemption was today. The preliminary schedule for the pool bond has been drafted. March is the tentative month for the bond sale.

Aquatic Manager- Provided a written report.

City Clerk- Absent

City Planner- Provided a written report

EMS Coordinator- Submitted a written report and added that EMS had 270 calls for the 2014 year.

Harbormaster- Provided a written report

Library- Absent

Police Chief- Provided a written report

Public Works- Provided a written report and added the primary focus for the month is the new solid waste system with professional training taking place Tuesday.

Parks and Rec- Provided a written report and added that there are 6-8 volleyball teams, and all activities are going well.

Parks and Public Facilities- Nothing new to report

READING OF CORRESPONDENCE

APCM November Report
APCM December Newsletter
Sitka Roads
Steve Silver Big Thorne Litigation

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

Resolution 15-01, FY15 Shared Fish Tax

PIERCE/BAZINET

moved to approve Resolution 15-01.

MOTION CARRIED UNANIMOUSLY BY ROLL
CALL VOTE

Resolution 15-02, Capital Improvement Projects List

PIERCE/DOUVILLE

moved to approve Resolution 15-02.

Jan would like to see the Public Safety building item moved up the list. Brian mentioned that some space for emergency services vehicle storage is planned within the additional storage for public works. Brian also noted that the CAPSIS nominations are nearly due, and that Brian has grouped these items together in the hopes of a better option for State funding. Chaundell mentioned that her primary goal is to have two heated bays for the ambulances in order to cut down on call time as well as lost inventory.

MOTION CARRIED UNANIMOUSLY BY ROLL
CALL VOTE

UNFINISHED BUSINESS

Appointment of Prince of Wales Watershed Association Representative for City of Craig

Mayor Watson appointed Jan Storbakken the Prince of Wales Watershed Association Representative for the City of Craig with council concurrence.

Craig Court House Bids

Brian provided a copy of the protest memo to the council. The protest is still being reviewed. Tuesday the Court issued a notice of award letter to the City of Klawock even though the notice of protest was not addressed. The council should hear word on the protest by next week. Jim agrees with Mayor Watson that the bid was not complete, and the award of bid should not have happened until the City's protest was addressed.

NEW BUSINESS

Proposed agreement with Alaska Department of Environmental Conservation

PIERCE/DOUVILLE

moved to authorize staff to sign the Cleanup Complete Determination Agreement pertaining to Alaska Department of Environmental Conservation file number 1504.38.001.

MOTION CARRIED UNANIMOUSLY

Approval of FY14 Audit

SEE/PIERCE

moved to accept the City of Craig fiscal year 2014 audit as presented by Christine Harrington, CPA.

MOTION CARRIED UNANIMOUSLY

Burn Pit Report

Jon reported that Ron has put together good alternatives to the problems with public burn pit use. Ron mentioned that there are currently no formal regulations for the burn pit, but public works staff has constructed signs explaining the guidelines for use. Mike mentioned that changing the key may not solve the problem, but a fence around the perimeter may help. Ron has also considered moving the burn pit to the Klawock landfill

as they are permitted to have a burn facility. Ron has also looked at recycling efforts as well as putting an employee at the burn pit for certain hours during the day.

PIERCE/STORBAKKEN moved to allow staff to create a plan from the options as listed and to establish procedures for proper use of the Burn Pit.
MOTION CARRIED UNANIMOUSLY

Fork Lift acquisition

PIERCE/SEE moved to award the purchase of the Caterpillar P6000 fork lift to Independent Lift Truck of Alaska for \$33,600.00
MOTION CARRIED UNANIMOUSLY

Street Broom acquisition

SEE/PIERCE moved to award the purchase of the Laymor Sweepmaster 400 Street Broom from NC machinery for \$49,875.00.
MOTION CARRIED UNANIMOUSLY

Port St. Nicholas Change Order

PIERCE/STORBAKKEN moved to approve Change Order No. 1 deleting work from the project not in the original project scope.
MOTION CARRIED UNANIMOUSLY

Surplus Equipment

Ron provided a list of vehicles for surplus sale for council consideration. Jim asked if the extra tires will be sold also to which RJ explained the extra tires have been sold with the vehicles, but there is extra stock stored near public works.

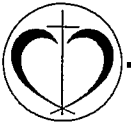
ADJOURNMENT

DOUVILLE/BAZINET: moved to adjourn at 8:28 p.m.
MOTION CARRIED

APPROVED _____

MAYOR DENNIS WATSON

ATTEST _____
KASSI BATEMAN, CITY CLERK



RECEIVED

JAN 12 2015

CITY OF CRAIG
CRAIG, ALASKA

December 30, 2014

TO: City of Craig
FROM: Rick Silaj
Staff Accountant
RE: 2015 Gaming Permit for Catholic Community Services

As part of the application process for obtaining a gaming permit with the State of Alaska, we are required to notify each city/borough in which we may choose to use this permit. Since some of our senior centers or programs do fundraising raffles by using our permit, please consider this as our notification. The permit will be for raffles only and may be used in all communities listed on the attached paperwork. All revenue generated by these fundraising efforts will be dedicated to that particular senior center or program.

If you have any questions, please call me at 463-6164.

Sincerely,

Rick Silaj
Staff Accountant
Catholic Community Service
419 6th Street
Juneau, AK 99801
907-463-6164

STREET ADDRESSES FOR CATHOLIC COMMUNITY SERVICE'S
SENIOR CENTERS AND OTHER PROGRAMS

Angoon Senior Center
800 Xootz Rd.
Angoon, AK 99820

Haines Senior Center
33 Mission St.
Haines, AK 99827

Hydaburg Senior Center
Cedar St.
Hydaburg, AK 99922

Ketchikan Senior Center
& Care Coordination
1016 Water St.
Ketchikan, AK 99901

Skagway Senior Center
6th & Alaska
Skagway, AK 99840

Juneau Senior Center
895 W. 12th St.
Juneau, AK 99801

Great Municipality of Anchorage
Anchorage, AK

Craig/Klawock Senior Center
512 Summit
Klawock, AK 99925

Hoonah Senior Center
610 Douglas Dr.
Hoonah, AK 99829

Kake Senior Center
117 3rd Ave.
Kake, AK 99830

Swan Lake Senior Center
402 Lake St
Sitka, AK 99835

Yakutat Senior Center
562 Mallott Ave.
Yakutat, AK 99689

Bridge Adult Day Program
1803 Glacier Hwy.
Juneau, AK 99801

Wrangell Senior Center
105 Church St.
Wrangell, AK 99929



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Commerce, Community,
and Economic Development

ALCOHOLIC BEVERAGE CONTROL BOARD

Sarah Daulton Oates
2400 Viking Drive
Anchorage, AK 99501
Direct: 907.269.0356
Fax: 907.334.2285

January 29, 2015

City of Craig
ATTN: Kassi Knock
VIA Email: cityclerk@craigak.com

Re: Notice of Liquor License Renewal Applications

Dear Ms. Knock,

We have received a renewal application for each of the following licenses within your jurisdiction:

Lic. #	Doing Business As	License Type	Licensee	Premises Address
1322	Hill Bar Liquor Store	Package Store	Craig Bar & Liquor Store, Inc.	503 Front Street
1328	Hill Bar	Beverage Dispensary	Craig Bar & Liquor Store, Inc.	503 Front Street
1948	Alaska Commercial Company	Package Store	The North West Company (International), Inc.	1300 Craig Klawock Highway
4253	Zat's Pizza	Restaurant / Eating Place	Zat's Pizza, LLC	420 Port Bagial Blvd
4263	Shelter Cove Lodge	Beverage Dispensary – Tourism	Shelter Cove Enterprises, LLC	703 Hamilton Drive

A local governing body as defined under AS 04.21.080(b)(18) may protest the approval of an application(s) pursuant to AS 04.11.480 by providing the board **and** the applicant with a clear and concise written statement of reasons in support of a protest within 60 days of receipt of this notice. If a protest is filed, the board will not approve the application unless it finds that the protest is arbitrary, capricious, and unreasonable. Instead, in accordance with AS 04.11.510(b), the board will notify the applicant that the application is denied for reasons stated in the protest. The applicant is entitled to an informal conference with either the director or the board and, if not satisfied by the informal conference, is entitled to a formal hearing in accordance with AS 44.62.330-44.62-630. **IF THE APPLICANT REQUESTS A HEARING, THE LOCAL GOVERNING BODY MUST ASSIST IN OR UNDERTAKE THE DEFENSE OF ITS PROTEST.**

Under AS 04.11.420(a), the board may not issue a license or permit for premises in a municipality where a zoning regulation or ordinance prohibits the sale or consumption of alcoholic beverages, unless a variance of the regulation or ordinance has been approved. Under AS 04.11.420(b) municipalities must inform the board of zoning regulations or ordinances which prohibit the sale or consumption of alcoholic beverages. If a municipal zoning regulation or ordinance prohibits the sale or consumption of alcoholic beverages at the proposed premises and no variance of the regulation or ordinance has been approved, please notify our office and provide a certified copy of the regulation or ordinance if you have not previously done so.

Protest under AS 04.11.480 and the prohibition of sale or consumption of alcoholic beverages as required by zoning regulation or ordinance under AS 04.11.420(a) are two separate and distinct subjects. Please bear that in mind when responding to this notice.

AS 04.21.010(d), if applicable, requires the municipality to provide written notice to the appropriate community council(s).

If you wish to protest the application(s) referenced above, please do so in the prescribed manner and within the prescribed time. Please show proof of service upon the applicant. For additional information regarding local governing body protests, please refer to 3 AAC 304.145.

If you have any questions or concerns or require additional information, please feel free to contact me directly.

Sincerely,



Sarah Daulton Oates

Records & Licensing Supervisor

sarah.oates@alaska.gov

(907)269-0356

**CITY OF CRAIG
ORDINANCE NO. 663**

An Ordinance Establishing a Limited Moratorium on the Receipt or Processing of Applications, Permits, or Pending Approvals Pertaining to Marijuana Establishments.

Section 1. Classification. This is a non-code ordinance.

Section 2. Severability If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected thereby.

Section 3. Effective Date. This ordinance shall be effective immediately upon adoption.

Section 4. Action. The Craig City Council finds the following.

WHEREAS, on November 4, 2014, the Alaskan voters approved a ballot measure legalizing the use of marijuana, and, with a State license, the operation of marijuana establishments, defined as cultivation, manufacturing, testing and retail facilities; and

WHEREAS, the initiative, which goes into effect on February 24, 2015, requires the State to begin accepting and processing applications for the registration of marijuana establishments within one year of the effective date of the act; and

WHEREAS, the initiative authorizes local governments to enact legislation concerning the time, place, and manner related to the operation of registered marijuana establishments, or the prohibition of marijuana establishments; and

WHEREAS, it is in the public's best interest that the Craig City Council thoughtfully consider and adopt legislation regulating marijuana establishments within the City of Craig; and

WHEREAS, the purpose of this moratorium is to allow the City of Craig a reasonable period of time to consider and enact legislation concerning the operation of commercial marijuana establishments in the Craig city limits.

NOW, THEREFORE, BE IT ENACTED BY THE CRAIG CITY COUNCIL:

Moratorium. The City of Craig shall accept no development permit application, proposal, or other documentation for a similar purpose, nor act on pending applications, proposals, or documentation for a similar purpose, pertaining to marijuana establishments, including marijuana cultivation, testing, and product manufacturing facilities and marijuana retail stores. The prohibition imposed by this section shall remain in effect until March 31, 2016.

Adopted this _____ day of _____, 2015.

Mayor Dennis Watson

ATTEST _____

Kassi Bateman, City Clerk

**CITY OF CRAIG
MEMORANDUM**

To: Craig City Council
From: Jon Bolling, City Administrator
Date: January 30, 2015
RE: Ordinance No. 663

Attached you will find Ordinance No. 663. The ordinance sets in place a moratorium on the establishment of marijuana cultivation, testing facilities, manufacturing, and retail sales stores until March 31, 2016. The purpose of the proposed moratorium is to allow the city council time to review and assess laws and regulations adopted by the State of Alaska between now and November 24, 2015 regarding marijuana use.

As the council is aware, Alaska voters approved Ballot Measure 2 last November. That ballot measure legalized the production, transport, and sale of marijuana in Alaska. In response to voter approval of the measure, the state's executive branch is facing a deadline of November 24, 2015 to put into place regulations governing the activities approved in Ballot Measure 2. In addition, between now and then, the Alaska Legislature may choose to pass legislation relating to marijuana that impacts the regulations written by the executive branch. All this means that if the State of Alaska uses its full allotted time to write and implement any new laws and rules on this matter, the City of Craig, and other municipalities around Alaska, will at that point decide on what, if anything, they wish to do locally in response to statewide law and regulations. As I have told the council in the past, Ballot Measure 2 gives local government wide latitude to regulate or prohibit marijuana activity, so long as those regulations are not, using the words of the ballot measure, "in conflict" with state statute and regulation.

Should Craig decide to implement rules of its own regulating or prohibiting some of the activities permitted by Ballot Measure 2, and if that decision includes modification of the city's zoning code, then a months-long process will need to occur to put that effort in place. Adoption of Ordinance No. 663 provides the city council and city staff time to respond to the State of Alaska's actions without being subject to statutory deadlines to process applications for commercial production and/or sale of marijuana within the city limits that would likely occur without the moratorium.

Recommendation

Approve Ordinance No. 663 at first reading.

**CITY OF CRAIG
ORDINANCE NO. 664**

**AMENDING SECTION 09.90 OF THE CRAIG MUNICIPAL CODE TO PROHIBIT
THE CONSUMPTION OF MARIJUANA IN A PUBLIC PLACE, AND ESTABLISHING
A PENALTY FOR VIOLATION**

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

Section 1. Classification. This ordinance is of a general and permanent nature and the code sections adopted hereby shall become a part of the code of the City of Craig, Alaska.

Section 2. Severability. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected thereby.

Section 3. Effective Date. This ordinance shall be effective immediately upon adoption.

Section 4. Action. The Craig City Council finds the following:

WHEREAS, Ballot Measure 2 – An Act to Tax and Regulate the Production, Sale and Use of Marijuana, and codified as Alaska Statutes 17.38, provides for the legalization of marijuana, was passed by the voters in the recent state election and certified on November 28, 2014 by the State of Alaska, Division of Elections; and

WHEREAS, newly enacted AS 17.38.040 states “Public consumption banned, penalty. It is unlawful to consume marijuana in public. A person who violates this section is guilty of a violation punishable by a fine of up to \$100”; and

WHEREAS, the statute does not define “public”; and

WHEREAS, the statute does not discuss or mandate any enforcement mechanism; and

WHEREAS, proponents of the effort to legalize marijuana referred to itself as the “Campaign to Regulate Marijuana Like Alcohol”; and

WHEREAS, Craig Municipal Code section 5.05 bans the consumption of alcohol in a public, unlicensed place; and

WHEREAS, the effective date of the state marijuana statute is February 24, 2015; This ordinance adds a new section to the Craig Municipal Code, Section 09.90.040, as follows:

09.90.040 Consuming marijuana in a public place.

- A. It is unlawful for any person to knowingly consume marijuana when the person is:
 - 1. On, in or upon any public place, except as permitted by ordinance, regulation, statute or permit; or
 - 2. Outdoors on property adjacent to a public place, and without consent of the owner or person in control thereof.

- B. For purposes of this section, the definitions of the words and phrases below shall apply:
 - 1. *Consume* shall have the meaning, in all conjugate forms, of “consumption” set forth in AS 17.38.900.
 - 2. *Marijuana* shall have the meaning set forth in AS 17.38.900.
 - 3. *Public place* means a place to which the public or a substantial group of persons has access and includes, but is not limited to, streets, highways, sidewalks, alleys, transportation facilities, parking areas, convention centers, sports arenas, schools, places of business or amusement, shopping centers, malls, parks, playgrounds, jails, and hallways, lobbies, doorways and other portions of apartment houses and hotels not constituting rooms or apartments designed for actual residence.

C. Violation of this section is a minor offense punishable by a civil fine of \$100.

APPROVED this ____ day of _____, 2015.

Mayor Dennis Watson

ATTEST _____
Kassi Bateman, City Clerk

**CITY OF CRAIG
MEMORANDUM**

To: Craig City Council
From: Jon Bolling, City Administrator
Date: January 30, 2015
RE: Ordinance No. 664

Attached you will find Ordinance No. 664. The ordinance defines a public place for the purposes of the personal consumption of marijuana in Craig.

As the council is aware, Alaska voters approved Ballot Measure 2 last November. That ballot measure legalized the possession, commercial production, transport, and sale of marijuana in Alaska. In addition, the measure also prohibits consumption of marijuana in public places, but does not define the term public place.

The attached ordinance, drawing largely from text used in an ordinance adopted recently by the Municipality of Anchorage, defines public place. Establishing a definition will allow Craig Police Department officers the practical definition needed to enforce a ban on public consumption of marijuana, and inform marijuana users of places to avoid when consuming the substance.

The effective date of Ballot Measure 2 is February 24, 2015. As with proposed Ordinance No. 663, the council should consider putting in place measures to predictably implement the ballot measure at the local level.

Recommendation

Approve Ordinance No. 664 at first reading.

City of Craig Memorandum

To: City Mayor & City Council

From: Joyce Mason, Treasurer

Date: January 28, 2015

RE: Pool Bonds

Resolution 15-03 was prepared by the city's legal counsel to authorize the sale of the pool bonds. This resolution gives the Alaska Bond bank the authority to sale the bonds for the city. The bold introduction states the city will sell \$2,000,000 and the original proposition states \$3,000,000. This is acceptable as the proposition is only an estimate.

Section 1 is the definitions used in the document, section 2 explains what the city is selling the bonds form, section 3 states the city's obligation and from what revenue the payments will be made from, section 4 states the maturities and interest rate to be paid. Section 5 states the city will pay the interest and principal to the registered owners of the bonds. Section 6, 7 and 8 discuss how the funds pay off the bonds and if the bonds can be redeemed. Section 9 is an example of the bonds that will be sold. Section 10 states the bonds are in the City's name, section 11 states they will be in the city's name and section 12 states the city is responsible to replace mutilated, destroyed, stolen or lost bonds. Section 13 states the where the sale proceeds will be deposited, section 14 details the loan agreement. Section 16 outlines which city officers have authority to carry out the resolution. Section 17 through 20 are miscellaneous provisions.

This resolution is a legal contract for the city and I have summarized it for you. If you have any questions please contact me.

I

Recommendation: Adopt resolution 15-03, authorizing and providing for the issuance and sale of a General Obligation Bond in the amount not exceed \$2,000,000.

Introduced by: _____
Date: _____
Action: _____
Vote: _____

**CITY OF CRAIG, ALASKA
RESOLUTION NO. 15-03**

A RESOLUTION OF THE CITY OF CRAIG, ALASKA, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND OF THE CITY OF CRAIG IN AN AMOUNT NOT TO EXCEED \$2,000,000 TO PAY THE COSTS OF CAPITAL IMPROVEMENTS FOR THE CITY OF CRAIG MUNICIPAL SWIMMING POOL, FIXING CERTAIN DETAILS OF SUCH BOND, AND PLEDGING THE FULL FAITH AND CREDIT OF THE CITY TO THE PAYMENT THEREOF

WHEREAS, pursuant to Ordinance No. 661 of the City of Craig, Alaska (the "City"), passed and approved on August 21, 2014, the following question, referred to at the election held on October 7, 2014 as Proposition No. 1 ("Proposition 1"), was passed and approved:

PROPOSITION NO. 1

CITY OF CRAIG MUNICIPAL SWIMMING POOL

GENERAL OBLIGATION BOND - NOT TO EXCEED \$3,000,000

Shall the City of Craig, Alaska, incur debt and issue general obligation bonds in an amount not to exceed \$3,000,000 for the purpose of providing funds to design, repair, equip and construct capital improvements for the City of Craig Municipal Swimming Pool and pay all costs incidental thereto?

If approved, the bonds will be payable from ad valorem taxes that may be levied without limit as to rate or amount upon real property within the City of Craig. The City of Craig anticipates payment of a portion of the debt service for the bonds from revenues from the swimming pool, sales tax and other revenues. Bonds would mature over a period not to exceed 25 years. This ballot is to be voted upon by all registered voters residing within the city limits of the City.

WHEREAS, Section 29.47.410 of the Alaska Statutes provides that the Council by ordinance or resolution may provide for the form and manner of sale of bonds; and

WHEREAS, it is necessary and in the best interests of the City and its residents that the City proceed to design, repair, equip, and construct capital improvements as set forth in Proposition 1 (the "Project"), and issue the general obligation bond referred to in Proposition 1 in the principal amount not to exceed Two Million Dollars (\$2,000,000) to pay costs of the Project.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CRAIG, ALASKA, THAT:

SECTION 1. Definitions. The following terms shall have the following meanings in this Resolution:

- (a) "Administrator" means the City Administrator of the City.
- (b) "Bond" or "Bonds" means the City of Craig, Alaska, General Obligation Bond, 2015, the issuance and sale of which is authorized herein as the evidence of the indebtedness referred to in Proposition 1.
- (c) "Bond Bank" means the Alaska Municipal Bond Bank.
- (d) "Bond Register" means the registration books maintained by the Registrar, which include the names and addresses of the owners or nominees of the Registered Owners of the Bond.
- (e) "City" means the City of Craig, Alaska, a municipal corporation of the State of Alaska, organized as a first-class city pursuant to Title 29 of the Alaska Statutes.
- (f) "City Treasurer" means the City Treasurer of the City of Craig
- (g) "Code" means the Internal Revenue Code of 1986, as amended from time to time, together with all regulations applicable thereto.
- (h) "Continuing Disclosure Undertaking" means the undertaking in Section 18 of this Resolution.
- (i) "Cost" or "Costs" means the cost of planning, designing, acquiring property for, site preparation, constructing, acquiring, renovating, installing, and equipping the Project, including interest on the Bond during the period of planning, designing, acquiring property for, site preparation, constructing, acquiring, renovating, installing, and equipping the Project, the cost whether incurred by the City or by another of field surveys and advance planning undertaken in connection with the Project properly allocable to the Project, the cost of acquisition of any land or interest therein required as the site or sites of the Project or for use in connection therewith, the cost of any indemnity and surety bonds and premiums on insurance incurred in connection with the Project prior to or during construction thereof, all related direct administrative and inspection expenses whether incurred by the City or by another in connection with the Project prior to or during construction thereof, and allocable portions of direct costs of the City, legal fees, costs of issuance of the Bond by the City, including financing charges and fees, and expenses of bond counsel, financial advisors, and consultants in connection therewith, the cost of any bond insurance premium, the cost of audits, the cost of all machinery, apparatus, and equipment, cost of engineering, architectural services, designs, plans, specifications, and surveys, estimates of cost, the reimbursement of all moneys advanced from whatever source for the payment of

any item or items of cost of the Project, and all other expenses necessary or incidental to determining the feasibility or practicability of the Project, and such other expenses not specified herein as may be necessary or incident to the acquisition and development of the Project, the financing thereof, and the putting of the same in use and operation.

- (j) "Council" means the City Council of the City, as the general legislative authority of the City, as the same shall be duly and regularly constituted from time to time.
- (k) "Loan Agreement" means the Loan Agreement between the City and the Bond Bank.
- (l) "Project" has the meaning set forth in the Recitals to this Resolution.
- (m) "Proposition 1" has the meaning set forth in the Recitals to this Resolution.
- (n) "Registered Owner" means the person named as the registered owner of a Bond in the Bond Register.
- (o) "Registrar" means the Administrator of the City or any successor that the City may appoint by resolution.
- (p) "Resolution" means this Resolution of the City.

SECTION 2. Authorization of Bond, Purpose of Issuance, and Designation. For the purpose of providing the funds to pay the Costs of the Project, to provide for original issue discount or premium, if any, and to pay all costs incidental thereto and to the issuance of the Bond, the City hereby authorizes and determines to issue and sell the Bond in the aggregate principal amount of not to exceed Two Million Dollars (\$2,000,000). The Bond shall be designated "City of Craig, Alaska, General Obligation Bond, 2015" or such other additional designation as may be made by the Administrator or by the Council by resolution.

The City has ascertained and hereby determines that each and every matter and thing as to which provision is made in this Resolution is necessary in order to carry out and effectuate the purpose of the City in accordance with the Constitution and the statutes of the State of Alaska, and to incur the indebtedness and issue the Bond as referred to in Proposition 1.

SECTION 3. Obligation of Bond. The Bond shall be a direct and general obligation of the City, and the full faith and credit of the City are hereby pledged to the payment of the principal of and interest on the Bond. The City anticipates payment of a portion of the debt service for the Bond from revenues on the swimming pool and sales tax revenues, as approved by the electorate on October 6, 1992. To the extent not paid from these sources, the City hereby irrevocably pledges and covenants that it will levy and collect taxes upon all taxable property within the City without limitation as to rate or amount, in amounts sufficient, together with other funds legally available therefor, to pay the principal of and interest on the Bond as the same becomes due and payable.

SECTION 4. Date, Maturities, Interest Rates, and Other Details of Bond. The Bond shall be dated as of the date of delivery, shall be in the denomination of \$5,000 or any integral multiple thereof, or such other date and denominations as may be determined by the Administrator, and shall be numbered separately in such manner and with any additional designation as the Registrar deems necessary for purposes of identification. The Bond shall mature on such dates and may be redeemed in such manner as shall be established by the Administrator or by the Council by resolution.

The Bond shall bear interest from its date payable on such dates as may be fixed and determined by the Administrator at the time of execution of the Loan Agreement under Section 15.

Subject to Section 2 hereof, the Administrator is authorized to fix and determine the rate of interest on each principal installment of the Bond, provided that (i) no rate of interest on a principal installment shall exceed the rate of interest on the corresponding maturity of the bonds of the Bond Bank issued to provide funds to purchase the Bond; (ii) the true interest cost of the Bond shall not exceed four and one-half percent (4.5%); and (iii) the Bond shall mature on or before March 1, 2040.

SECTION 5. Payment of Principal and Interest. Both principal of and interest on the Bond shall be payable in lawful money of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. For so long as all outstanding Bond is registered in the name of the Bond Bank, payments of principal and interest thereon shall be made as provided in the Loan Agreement. In the event that the Bond is no longer owned by the Bond Bank, payments of principal and interest on the Bond will be made by check or draft, mailed by first class mail to the Registered Owners of the Bond at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the payment date, provided that the final installment of principal and interest on the Bond will be payable at the principal office of the Registrar upon surrender of the Bond.

SECTION 6. Defeasance. In the event money and/or non-callable direct obligations of, or obligations the timely payment of principal of and interest on which are unconditionally guaranteed by, the United States of America, maturing at such times and bearing interest to be earned thereon in amounts sufficient to redeem and retire any or all of the Bond in accordance with their terms are set aside in a special trust account to effect such redemption or retirement and such moneys and the principal of and interest on such obligations are irrevocably set aside and pledge for such purpose, then no further payments need be made to pay or secure the payment of the principal of and interest on such Bond and such Bond shall be deemed not to be outstanding.

SECTION 7. Redemption. The Bond is subject to optional redemption by the City; the times when such Bond is subject to optional redemption, the terms upon which such Bond may be redeemed, and the redemption price or prices for such Bond, shall be determined by the City Mayor or Administrator at the time of execution of the Loan Agreement. For so long as the Bond is held by the Bond Bank, redemption shall be in accordance with the provisions of the Loan Agreement.

SECTION 8. Selection of Bonds for Redemption; Notice of Redemption.

(a) Selection of Bonds for Redemption. When the Bond Bank is the Registered Owner of the Bond, the selection of principal installments of the Bond to be redeemed shall be made as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the Bond, the selection of principal installments to be redeemed shall be made as provided in this subsection (a). If the City redeems at any one time fewer than all of the principal installments having the same maturity date, the particular installments of such maturity to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of principal installments of a denomination greater than \$5,000, the City shall treat such principal installments as representing such number of separate principal installments each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such principal installments by \$5,000. In the event that only a portion of the principal amount of the Bond is redeemed, upon surrender of such Bond at the office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like series and maturity and interest rate in any of the denominations authorized herein.

(b) Notice of Redemption. When the Bond Bank is the Registered Owner of the Bond, notice of any intended redemption of Bond shall be given as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the Bond, notice of any intended redemption of Bond shall be made as provided in this subsection (b). Notice of redemption shall be mailed not less than 30 nor more than 45 days prior to the date fixed for redemption by first class mail to the Registered Owners of the Bond to be redeemed at their addresses as they appear on the Bond Register on the day the notice is mailed. Notice of redemption shall be deemed to have been given when the notice is mailed as herein provided, whether or not it is actually received by the Registered Owners. All notices of redemption shall be dated and shall state: (1) the redemption date; (2) the redemption price; (3) if fewer than all outstanding principal installments of the Bond are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bond to be redeemed; (4) that on the redemption date the redemption price will become due and payable upon each such principal installment or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (5) the place where such Bond is to be surrendered for payment of the redemption price, which place of payment shall be the office of the Registrar.

Official notice of redemption having been given as aforesaid, principal installments or portions of principal installments of the Bond to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date, such principal installments or portions of principal installments shall cease to bear interest. Upon surrender of such Bond for redemption in accordance with said notice, such Bond shall be paid at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as provided herein for the payment of interest. Upon surrender of any Bond for partial redemption, there shall be prepared for the Registered Owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. A Bond which has been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

SECTION 9. Form of Bond. The Bond shall be in substantially the following form, with such variations, omissions, and insertions as may be required or permitted by this Resolution:

UNITED STATES OF AMERICA
STATE OF ALASKA

CITY OF CRAIG, ALASKA
(A Municipal Corporation of the State of Alaska)

NO. _____ \$ _____

GENERAL OBLIGATION BOND, 2015

REGISTERED OWNER: Alaska Municipal Bond Bank

PRINCIPAL AMOUNT: _____

The City of Craig, Alaska (the "City"), a municipal corporation of the State of Alaska, hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or its registered assigns, the principal amount indicated above in the following installments on _____ of each of the following years, and to pay interest on such installments from the date hereof, payable on _____ 1, 2015 and semiannually thereafter on the first days of _____ and _____ of each year, at the rates per annum as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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For so long as this Bond is owned by the Alaska Municipal Bond Bank (the "Bank"), payment of principal and interest shall be made as provided in the Loan Agreement between the Bank and the City (the "Loan Agreement"). In the event that this Bond is no longer owned by the Bank, payment of principal of and interest on this Bond will be made by check or draft, mailed by first class mail to the registered owner at the address appearing on the Bond Register of the City on the 15th day of the month preceding the payment date, provided that the final installment of principal and interest on this Bond will be payable at the office of the City Administrator (the "Registrar") upon surrender of this Bond. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months. Both principal of and interest on this Bond are payable in lawful money of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

This Bond is the General Obligation Bond, 2015 of the City of Craig, Alaska, of like tenor and effect except as to interest rate, serial number, and maturity,

aggregating \$ _____ in principal amount, and constituting bonds authorized for the purpose of paying the cost of the capital improvements in the City, with the question of their issuance for such purposes approved and ratified by a majority vote of the qualified voters of the City on October 7, 2014 and is issued under Resolution No. 15-03 of the City entitled:

A RESOLUTION OF THE CITY OF CRAIG, ALASKA, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF A GENERAL OBLIGATION BOND OF THE CITY OF CRAIG IN AN AMOUNT NOT TO EXCEED \$2,000,000 TO PAY THE COSTS OF CAPITAL IMPROVEMENTS FOR THE CITY OF CRAIG MUNICIPAL SWIMMING POOL, FIXING CERTAIN DETAILS OF SUCH BOND, AND PLEDGING THE FULL FAITH AND CREDIT OF THE CITY TO THE PAYMENT THEREOF

(herein called the "Resolution").

Installments of principal on this Bond due on and after _____, 20____, shall be subject to prepayment on and after _____, 20____, at the option of the City (subject to any applicable provisions of the Loan Agreement), in such principal amounts and from such maturity, at a prepayment price equal to the principal amount to be prepaid, plus accrued interest to the date of the prepayment.

This Bond is transferable as provided in the Resolution, (i) only upon the Bond Register of the City; and (ii) upon surrender of this Bond together with a written instrument of transfer duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, and thereupon a new fully registered Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange therefor as provided in the Resolution and upon the payment of charges, if any, as therein prescribed. The City may treat and consider the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

This Bond is a general obligation of the City of Craig, Alaska, and the full faith and credit of the City is pledged for the payment of the principal of and interest on the Bond as the same shall become due.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, or things required by the constitution or statutes of the State of Alaska to exist, to have happened, or to have been performed precedent to or in the issuance of this Bond, exist, have happened, and have been performed, and that the series of Bonds of which this is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by said constitution or statutes.

IN WITNESS WHEREOF, THE CITY OF CRAIG, ALASKA, has caused this Bond to be signed in its name and on its behalf by its Mayor and its corporate seal to be hereunto impressed or otherwise reproduced and attested by its Clerk, all as of the ____ day of _____, 2015.

Dennis Watson, Mayor

ATTEST:

Kassi Bateman, City Clerk

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ (Please print the Name and Address, including the Zip Code of the Transferee, and the federal taxpayer identification or social security number) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration and transfer thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed

By: _____

By: _____

SECTION 10. Execution. The Bond shall be executed in the name of the City by the Mayor, and its corporate seal shall be impressed or otherwise reproduced thereon and attested by manual or facsimile signature of the City Clerk. The execution of a Bond on behalf of the City by persons that at the time of the execution are duly authorized to hold the proper offices shall be valid and sufficient for all purposes, although any such person shall have ceased to hold office at the time of delivery of the Bond or shall not have held office on the date of the Bond.

SECTION 11. Registration.

(a) The Bond shall be issued only in registered form as to both principal and interest. The City designates the Administrator as Registrar for the Bond. The Registrar shall keep, or cause to be kept, the Bond Register at the principal office of the City.

(b) The City, in its discretion, may deem and treat the Registered Owner of the Bond as the absolute owner thereof for all purposes, and neither the City nor the Registrar shall be

affected by any notice to the contrary. Payment of the Bond shall be made only as described in Section 5, but such registration may be transferred as herein provided. All such payments made as described in Section 5 shall be valid and shall satisfy and discharge the liability of the City upon the Bond to the extent of the amount or amounts so paid.

(c) The Bond shall be transferred only upon the Bond Register kept by the Registrar. Upon surrender for transfer or exchange of any Bond at the office of the Registrar, with a written instrument of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Registered Owner or its duly authorized attorney, the City shall execute and the Registrar shall deliver an equal aggregate principal amount of Bonds of the same maturity of any authorized denominations, subject to such reasonable regulations as the Registrar may prescribe and upon payment sufficient to reimburse it for any tax, fee, or other governmental charge required to be paid in connection with such transfer or exchange. All Bonds surrendered for transfer or exchange shall be canceled by the Registrar. The Registrar shall not be required to transfer or exchange any Bond after the Bond has been called for redemption.

(d) The City covenants that, until the Bond has been surrendered and canceled, it will maintain a system for recording the ownership of the Bond that complies with the provisions of Section 149 of the Code.

SECTION 12. Mutilated, Destroyed, Stolen, or Lost Bonds. Upon surrender to the Registrar of a mutilated Bond, the City shall execute and deliver a new Bond of like maturity and principal amount. Upon filing with the Registrar of evidence satisfactory to the City that a Bond has been destroyed, stolen, or lost and of the ownership thereof, and upon furnishing the City with identification satisfactory to it, the City shall execute and deliver a new Bond of like maturity and principal amount. The person requesting the authentication and delivery of a new Bond pursuant to this section shall comply with such other reasonable regulations as the City may prescribe and pay such expenses as the City may incur in connection therewith. Any Bond issued pursuant to this section in substitution for a Bond alleged to be destroyed, stolen, or lost shall constitute original additional contractual obligations on the part of the City, whether or not the Bond alleged to be destroyed, stolen, or lost be at any time enforceable by anyone.

SECTION 13. Disposition of the Sale Proceeds of the Bond. The sale proceeds of the Bond shall be deposited in the "2015 General Obligation Bond Fund" which is hereby created, to be used for the purpose of paying the Costs of the Project.

SECTION 14. Tax Covenants. The City covenants to comply with any and all applicable requirements set forth in the Code in effect from time to time to the extent that such compliance shall be necessary for the exclusion of the interest on the Bond from gross income for federal income tax purposes. The City covenants that it will make no use of the proceeds of the Bond which will cause the Bond to be an "arbitrage bond" subject to federal income taxation by reason of Section 148 of the Code. The City covenants that it will not take or permit any action that would cause the Bond to be a "private activity bond" as defined in Section 141 of the Code.

SECTION 15. Sale of the Bond; Loan Agreement.

(a) The Bond shall be sold at a negotiated sale. The Administrator is hereby authorized to negotiate the sale of not to exceed Two Million Dollars (\$2,000,000) in aggregate principal amount of the Bond to the Bond Bank, on terms and conditions consistent with this Resolution and with the Loan Agreement. The Mayor and the Administrator are each hereby authorized to execute and deliver the Loan Agreement and such other documents as may be necessary to effectuate issuance of the Bond on behalf of the City.

(b) The authority granted to the Mayor and the Administrator by this section shall expire in 120 days from the date of approval of this Resolution. If the terms of the Bond have not been approved by the Mayor or Administrator in accordance with the delegated authority of this section by said date, the Bond shall be sold in the manner provided in the following paragraph of this section.

(c) The Administrator is hereby authorized to solicit an offer for the purchase of the Bond from a qualified and selected purchaser in such manner as they deem appropriate, and thereafter to negotiate a contract for the purchase of the Bond which is in the best interest of the City, said contract to be approved by the Council by resolution.

SECTION 16. Authority of Officers. The Mayor, the Administrator, City Treasurer, and the City Clerk are, and each of them hereby is, authorized and directed to do and perform all things and determine all matters not determined by this Resolution, or to be determined by a subsequent ordinance or resolution, to the end that the City may carry out its obligations under the Bond and this Resolution.

SECTION 17. Miscellaneous. The Bond is not and shall not be in any way a debt or liability of the State of Alaska or of any political subdivision thereof, except the City, and does not and shall not create or constitute an indebtedness or obligation, either legal, moral, or otherwise, of said state or of any political subdivision thereof, except the City.

SECTION 18. Continuing Disclosure. The City acknowledges that now or in the future the City may be an "obligated person" under Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). In accordance with the Rule, and as the Bond Bank may require, the City will undertake to provide certain annual financial information and operating data as set forth in the Loan Agreement.

SECTION 19. Severability. If any one or more of the provisions of this Resolution shall be declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this Resolution and shall in no way affect the validity of the other provisions of this Resolution or of the Bond.

SECTION 20. Effective date. This Resolution shall take effect immediately.

**ADOPTED BY THE COUNCIL OF THE CITY OF CRAIG ON THIS 5th DAY OF
FEBRUARY 2015.**

CITY OF CRAIG, ALASKA

Dennis Watson, Mayor

ATTEST:

Kassi Bateman, City Clerk

(CITY SEAL)

Yes: _____

No: _____

Absent: _____

**CITY OF CRAIG
RESOLUTION 15-04**

REQUESTING THE NORTH PACIFIC FISHERIES MANAGEMENT COUNCIL TAKE PROMPT ACTION TO REDUCE THE QUANTITY OF HALIBUT BY-CATCH IN THE GULF OF ALASKA AND BERING SEA TRAWL FISHERIES BY SETTING NEW LIMITS IN THE GULF OF ALASKA TRAWL FISHERIES, AND LOWERING THE EXISTING LIMITS IN THE GULF OF ALASKA AND BERING SEA POLLOCK FISHERIES TO AT LEAST ONE-HALF OF THE CURRENT LIMITS

WHEREAS, the halibut fishery is of utmost importance to Alaska's subsistence, sport and commercial fishermen; and

WHEREAS, coastal communities in Alaska depend for sustenance, recreation and livelihood on Alaska's halibut resource, and

WHEREAS the abundance of North Pacific halibut has declined significantly over the past two decades; and,

WHEREAS, to conserve halibut stocks the commercial catch limits for halibut in the Gulf of Alaska and Bering Sea have been reduced by 70% over the past decade; and,

WHEREAS, the daily halibut catch available to charter clients in the Gulf of Alaska has been reduced by over 50% in some areas; and

WHEREAS halibut by-catch limits for trawl fisheries operating in the Gulf of Alaska have been reduced by only 15% over the same time period; and

WHEREAS observer coverage of Gulf of Alaska trawler trawl catch fell 50% between 2013 and 2014; and,

WHEREAS halibut by-catch limits for trawl fisheries operating in the Bering Sea have not been significantly reduced; and,

WHEREAS, trawl by-catch of halibut in the Central Bering Sea is now more than 10 times the catch allocated to historic halibut harvesters of the area.

NOW, THEREFORE BE IT RESOLVED that the City of Craig requests immediate action by the North Pacific Fishery Management Council to reduce halibut by-catch in the Gulf of Alaska and Bering Sea trawl fisheries by not less than 50%; and,

BE IT FURTHER RESOLVED that the City of Craig requests immediate action by the North Pacific Fishery Management Council to increase observer coverage on Gulf of Alaska trawlers to 100% and to maintain observer coverage on Bering Sea trawlers at 100%.

BE IT FURTHER RESOLVED that copies of this resolution shall be sent to all members of the North Pacific Fishery Management Council, the Honorable Bill Walker, Governor of Alaska, members of the Alaska Senate and House, the Alaska Congressional Delegation and regional Tribal entities within the State of Alaska.

Adopted this 5th day of February, 2015.

Mayor Dennis Watson

ATTEST _____
Kassi Bateman, City Clerk

**CITY OF CRAIG
MEMORANDUM**

To: Craig City Council
From: Jon Bolling, City Administrator
Date: January 29, 2015
RE: Resolution 15-04

Attached you will find Resolution 15-04.

The resolution calls for reducing the by-catch of halibut in the Bering Sea and Gulf of Alaska trawl fisheries. The by-catch in these federally managed fisheries is substantial and is believed to have significant impacts on commercial halibut stocks here in Southeast Alaska, as well as in other parts of the state.

The North Pacific Fisheries Management Council, the federal body that oversees commercial groundfish fisheries under the Magnuson-Stevens Act, is looking at options for reducing bycatch of halibut. The attached resolution is intended to encourage them to settle on a method to reduce by-catch for the benefit of other users in the state. Mayor Watson and city staff will distribute the resolution, if approved by the council, to other communities in Southeast Alaska to build support for this effort.

Recommendation

Adopt Resolution 15-04.

**CITY OF CRAIG
RESOLUTION 15-05**

SUPPORTING EFFORTS TO KEEP THE COASTAL PLAIN OF THE ARCTIC NATIONAL WILDLIFE REFUGE FREE FROM WILDNERNESS AND FURTHER CONSERVATION DESIGNATIONS, AND OPEN THE COASTAL PLAIN FOR PETROLEUM EXPLORATION AND PRODUCTION

WHEREAS, in 1980 Congress enacted the Alaska National Interest Lands Conservation Act (ANILCA) transferring approximately 105 million acres of public lands into various conservation units; and

WHEREAS, 105 million acres of land is more land than contained in the State of California; and

WHEREAS, if the land contained in conservation units developed in ANILCA were a State, it would be the third largest State in the United States; and

WHEREAS, with passage of ANILCA Congress explicitly stated in section 101(d) that the “Act provides sufficient protection for the national interest in the scenic, natural, cultural and environmental values on the public lands in Alaska” and that the need for additional conservation areas has been obviated; and

WHEREAS, ANILCA also prohibited further studies of the Federal lands in Alaska for “the single purpose of considering the establishment of a conservation system unit, national recreation area, national conservation area, or for related or similar purpose shall be conducted unless authorized by this Act or further Act of Congress.”; and

WHEREAS, in ANILCA the Congress specifically set aside the 1.5 million acres of the Coastal Plain of the Arctic National Wildlife Refuge in Section 1002 of ANILCA and reserved ultimate decisions about its future management to Congress; and

WHEREAS, the Coastal Plain of the Arctic National Wildlife Refuge is estimated to contain between 5.7 and 16.0 billion barrels, with a mean recoverable estimate of 10.3 billion barrels; and

WHEREAS, the oil resources estimated to be recoverable from the Coastal Plain represent potential State and Federal Revenues in the hundreds of billions of dollars over the life of production and a resource of significant national interest; and

WHEREAS, the village of Kaktovik lies within the Coastal Plain and there are significant lands within the Coastal Plain that belong to the village of Kaktovik and Arctic Slope Regional Corporation and are of vital interest to the native residents; and

WHEREAS, the Coastal Plain lies within the boundaries of the State of Alaska and North Slope Borough and is of special significance to the residents of the Borough and the State; and

WHEREAS, a minimal number, estimated to be 250 recreationists a year, visit the Coastal Plain of the Arctic National Wildlife Refuge in any given year;¹ and

WHEREAS, the Comprehensive Conservation Plan (CCP) for the Arctic National Wildlife Refuge proposes to manage the entire Arctic National Wildlife Refuge, including the Coastal Plain, as wilderness; and

WHEREAS, the wilderness designation would create practical limits to oil and gas development, general economic development and potential limits to vital subsistence activities; and

WHEREAS, the previous decision of the Department of the Interior in 1987 took into consideration the studies of the only prior Comprehensive Conservation Plan and involved far more data gathering than the current CCP, including studies by USGS, BLM, and other services within the department, was a full recommendation to explore for oil and gas and that any impact to the area would be minimal and could be mitigated; and

WHEREAS, oil and gas exploration and development of the coastal plain of the refuge and adjacent land could result in major discoveries that would reduce our nation's dependency on oil produced by hostile foreign nations, help balance the nation's trade deficit, and significantly increase the nation's security.

NOW, THEREFORE, BE IT RESOLVED BY THE CRAIG CITY COUNCIL that the City of Craig strongly opposes the US Fish and Wildlife Services Comprehensive Conservation Plan and Environmental Impact Statement and any recommendation by President Obama based on that Plan; and

BE IT FURTHER RESOLVED that the City of Craig vehemently opposes any attempt by the Obama administration to alter or change the management or status of the Coastal Plain of the Arctic National Wildlife Refuge; and

BE IT FURTHER RESOLVED that the City of Craig strongly encourages all members of Congress to reject any proposal that is based on the Comprehensive Conservation Plan or accompanying Environmental Impact Statement; and

BE IT FURTHER RESOLVED that the City of Craig strongly encourages all members of Congress to reject any proposal that does not explicitly and without delay, open the Coastal Plain to oil and gas development so that the local residents, Alaskans and Americans realize the vast economic and financial benefits of the immediate development of the Coastal Plain.

¹ Page H-27 of ANWR Revised CCP

Copies of this resolution shall be sent to the Honorable Barack Obama, President of the United States; the Honorable Joseph R. Biden, Jr., Vice-President of the United States and President of the U.S. Senate; the Honorable Sally Jewell, United States Secretary of the Interior; the Honorable John Boehner, Speaker of the U.S. House of Representatives; the Honorable Nancy Pelosi, Minority Leader of the U.S. House of Representatives; the Honorable Mitch McConnell, Majority Leader of the U.S. Senate; the Honorable Harry Reid, Minority Leader of the U.S. Senate; the Honorable Lisa Murkowski, Chair of the Energy and Natural Resources Committee of the U.S. Senate; the Honorable Dan Sullivan, U.S. Senator and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress; and all other members of the 114th United States Congress.

ADOPTED BY THE CRAIG CITY COUNCIL THIS FIFTH DAY OF FEBRUARY, 2015.

Mayor Dennis Watson

Kassi Bateman, City Clerk

**CITY OF CRAIG
MEMORANDUM**

To: Craig City Council
From: Jon Bolling, City Administrator
Date: January 30, 2015
RE: Resolution 15-05

Mayor Watson asked that I prepare a resolution regarding potential changes to the status of the coastal plain of the Arctic National Wildlife Refuge. That resolution is attached.

President Obama recently announced his administration's intent to apply further conservation designations to the coastal plain of ANWR that would permanently prohibit the possibility of oil and gas exploration there. If successful, this effort will prevent the State of Alaska from generating revenues for oil and gas production there.

ANWR totals about 19 million acres. Of that, about 8 million acres are already designated as wilderness. The coastal plain on ANWR, the area at issue here and also known as the "1002 area", totals approximately 1.5 million acres. The attached map shows the proximity of ANWR and the coastal plain of ANWR to other parts of Alaska.

State officials have hoped for years for industry to get access to the coastal plain of ANWR. That access, combined with the three miles of submerged lands in the Beaufort Sea adjacent to the coastal plain that are owned by the State of Alaska, would provide employment and subsequently revenues to the State of Alaska for years to come, most of which would rely on much of the existing oil and gas infrastructure in the adjacent development at Deadhorse and Prudhoe Bay, including the Trans Alaska Oil Pipeline.

The Alaska Congressional Delegation strongly opposes the Obama Administration's efforts to apply wilderness and other conservation designations to the coastal plain of ANWR. The attached resolution would support the delegation's efforts to prevent the designation, and the de-facto management of the area as wilderness even without further conservation designations.

Recommendation

Adopt Resolution 15-05.

Daniel S. Sullivan

Commissioner

550 W. 7th Ave., Ste 1400
Anchorage, AK 99501

907-269-8431



Public Information Center

550 W. 7th Ave., Ste. 1260
Anchorage, AK 99501

www.dnr.alaska.gov

907-269-8400

Fact Sheet: Alaska's ANILCA 1002(e) Exploration Plan and Special Use Permit Application for the ANWR 1002 Area

- The State of Alaska's Alaska National Interest Lands Conservation Act (ANILCA) Section 1002(e) Exploration Plan and Special Use Permit Application seeks an authorization from the U.S. Department of the Interior to conduct a low-impact, three-dimensional (3-D) seismic survey in the coastal plain, of the Arctic National Wildlife Refuge (ANWR), known as the 1002 Area.
- Section 1002(a) of ANILCA directs the Secretary of the Interior on how to manage the 1002 Area. The statute lists three purposes: (1) assessing the 1002 Area's fish and wildlife resources, (2) analyzing options for oil and gas development, and (3) authorizing exploratory activities that avoid significant impacts to the Refuge's resources.
- As part of authorizing exploratory activities, Section 1002(e) of ANILCA allows any person to submit an exploration plan that meets the criteria laid out in the statute.
- These exploration plans must include specific kinds of information:
 - A description and schedule for the exploration.
 - Information about the equipment, facilities, crew and resources that will be used.
 - The specific areas that will be explored.
 - A statement of the effects and impacts that exploration may have on fish, wildlife, and the environment.
- When one of these plans is submitted, ANILCA Section 1002(e) mandates that the Secretary take very specific actions:
 - The exploration plan must be published in the Federal Register and made available for public review.
 - A hearing must be held within Alaska to gather public input on the plan.
 - Plans that are consistent with ANILCA and its regulations must be approved in 120 days.
- The State's Exploration Plan meets the four statutory criteria laid out above, as well as all of the applicable regulatory requirements. The State's Exploration Plan builds on the comprehensive "Oil and Gas Resource Evaluation & Exploration Proposal for the Arctic National Wildlife Refuge 1002 Area" that was submitted to the Department of the Interior by Governor Parnell in May.

- The State's Exploration Plan calls for a three-year seismic program, beginning in the northwest portion of the 1002 Area and moving through to the southeast. These activities are tentatively planned to occur from 2014 to 2017.
- The 3-D seismic data allows for very precise imaging of subsurface geology to be taken and is essential to understanding probable quantities and characteristics of oil and gas.
- 3-D seismic data is vastly superior to 2-D seismic data in terms of imaging capabilities. The only data that is currently available for the 1002 Area was created by a 2-D seismic survey shot in the mid-1980s, and is now almost 30 years old.
- To conduct the survey, special tracked vehicles would travel across the frozen tundra. Some vehicles would lay receiver nodes and cables on the ground, and other vehicles would provide vibration sources.
- The sound waves created by the vibration sources reflect off of geologic features underground and are collected by the receivers. The patterns of these waves can then be interpreted by scientists to image the subsurface geology.
- The State can gather this data with very little impact to the tundra or to fish and wildlife in the 1002 Area. These minimal impacts are due to Alaska's high environmental standards, winter-only exploration, and the use of new technologies that limit surface impacts.
- These surveys would occur exclusively in winter to reduce impacts to the environment and subsistence activities. Operations would likely occur from mid-December to May of the following year during each of the three years.
- Over the past 40 years, land-based exploration techniques in the Arctic have advanced to a point where seismic exploration can occur with a minimal footprint and negligible disturbance to wildlife populations. These kinds of 3-D surveys are safely and responsibly conducted all the time in sensitive Arctic regions, including the state lands adjacent to ANWR.
- The State continues to assert that it is impossible for the Department of Interior to study the impacts of developing the 1002 Area's resource potential as required by ANILCA without definitive knowledge of the resource base that would be provided by this 3-D seismic data.

Daniel S. Sullivan

Commissioner

550 W. 7th Ave., Ste 1400

Anchorage, AK 99501

907-269-8431



Public Information Center

550 W. 7th Ave., Ste. 1260

Anchorage, AK 99501

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ANWR Coastal Plain Background

Key facts:

- The coastal plain of the Arctic National Wildlife Refuge – referred to as the 1002 Area – encompasses 1.5 million acres. It includes important wildlife, fish, and subsistence resources, as well as enormous hydrocarbon potential that could rival the Prudhoe Bay oil field.
- The 1002 Area constitutes less than 8 percent of ANWR’s 19.8 million acres. The Mollie Beattie Wilderness Area comprises 41 percent of the refuge.
- The Arctic Slope Regional Corporation and Kaktovik Inupiat Corporation own 92,000 subsurface and surface acres within the coastal plain.
- Section 1002 of the Alaska National Interest Lands Act (ANILCA) reads:
“PURPOSE – The purpose of this section is to provide for a comprehensive and continuing inventory and assessment of the fish and wildlife resources of the coastal plain of the Arctic National Wildlife Refuge; an analysis of the impacts of oil and gas exploration development, and production, and to authorize exploratory activity within the coastal plain in a manner that avoids significant adverse effects on the fish and wildlife and other resources.
- The most recent federal hydrocarbon assessment of the 1002 Area, adjacent state lands and Alaska Native in-holdings, was published in 1998 by the U.S. Geological Survey. The assessment included a mean estimate of 10.4 billion barrels of technically recoverable oil on these lands. The lion’s share of the resources was believed to occur on federal lands within the 1002 Area, which were assessed at 7.7 billion barrels of technically recoverable oil.
- By comparison, the Prudhoe Bay field was originally estimated to hold 9.6 billion barrels of technically recoverable oil. To date, production from Prudhoe Bay has exceeded 12 billion barrels of oil and the remaining recoverable oil from Prudhoe and other North Slope oil fields is estimated at 6 billion barrels of oil. Roughly half of the 6 billion barrels is oil yet to be discovered.
- The scientific data that has been used to estimate the coastal plain’s hydrocarbon potential is nearly 30 years old. Additional data collection will require new seismic studies and/or drilling. The original 1002 Area seismic data is based on two-dimensional technology. Current three-dimensional technology that is now available will provide a much clearer assessment of the 1002 Area’s oil and gas resources.

- Over the past 20 years, 11 Alaska legislatures have passed bills and resolutions supporting the opening of the 1002 Area to oil and gas leasing and development. The most recent was Senate Joint Resolution 3, passed by the Legislature in April 2013.

Timeline:

- Despite opposition from the State of Alaska and U.S. Geological Survey, the Department of Interior created the 8.9-million-acre Arctic National Wildlife Range in 1960.
- The Alaska National Interest Lands Conservation Act of 1980 (ANILCA) established the Arctic National Wildlife Refuge, which included the range and more than 9 million acres of additional lands.
- In the winters of 1983-84 and 1984-85, a group of 22 oil companies joined to conduct 2-D seismic, gravity and shallow geology surveys of the 1002 Area, acquiring roughly 1,450 line-miles of data from the coastal plain and adjacent lands. Individual companies also conducted surface geology studies in the summer months, accessing the 1002 Area by helicopter.
- Separately, Chevron and other companies conducted a geophysical survey of the Kaktovik Alaska Native village corporation selection lands. They subsequently drilled the “KIC-1” well in 1985, the only exploration well ever drilled within the 1002 Area. Results of the survey and well have been kept confidential and are unavailable for public resource assessments.
- On the basis of the 2-D seismic data, which industry provided to the Department of Interior, the Secretary of Interior issued its 1987 Coastal Plain Resource Assessment 1002(h), which recommended oil and gas development on the coastal plain.
- Despite repeated efforts to pass legislation to open the 1002 Area, Congress has never done so.
- In 2010, the Department of Interior published the Draft ANWR Comprehensive Conservation Plan/Environmental Impact Statement (CCP/EIS). Its alternatives did not include any oil and gas exploration and development scenarios but did include additional potential wilderness designations and potential wild and scenic river designations in the 1002 Area.

**CITY OF CRAIG
MEMORANDUM**

To: Mayor and City Council

From: Brian Templin, City Planner

Date: January 29, 2015

RE: Final Draft Review and Presentation – Water and Wastewater Master Plans

The city has been working with DOWL HKM on updated water and wastewater master plans. These updated plans will guide repairs, maintenance and expansion of the system for the next 20-25 years.

DOWL HKM has submitted final drafts of the master plans and will make a short presentation to the council at the February 5, 2015 meeting. This is the council's opportunity to ask questions and recommend any changes to the master plans before we accept the final copies.

This project is being funded through a legislative grant to the city. Copies of the draft plans are attached for the council's convenience.

Recommendation: Review the attached draft master plans and discuss at the February 5th council meeting.

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Jon Bolling, City Administrator
Date: January 29, 2015
RE: February Staff Report

1. Court Ruling on Statewide School Funding Formula

A Ketchikan Superior Court judge recently finalized his ruling and order in this case, in which he found mostly in favor of the Ketchikan Gateway Borough's claim that the state requirement of local governments to fund their school districts at a minimal level is unconstitutional. On Wednesday, January 28, the State of Alaska Department of Law announced its intention to appeal the ruling to the state's Supreme Court. The state also will apparently ask for a stay of the Superior Court's ruling until the Alaska Supreme Court can hear the appeal and issue its own ruling. If the request for a stay is granted, the funding obligations of municipalities to their school districts will remain unchanged for the time being.

2. Craig Ice House Project

The ice house has made ice now for about a week. A temporary laborer hired to complete most of the remaining work reports that the reinstalled evaporator fan, which chills the ice storage bin, should be up and running by February 1.

The ice conveyor system, which delivers ice from the storage bin to boats, remains incomplete. However, Harbor Department staff, with help from Seafood Producers Cooperative, has identified the remaining auger and trough components needed to fully install and operate the new delivery system, and has those parts on order. With the lead time required for these parts I expect the delivery system to be complete and operational before May 1. In the meantime we can deliver ice to boats at lower tidal stages.

The original project contractor ordered a replacement evaporator fan, per our instructions, but we discovered upon its arrival that the unit the contractor ordered is far too big to fit into the ice house. I am in touch with the supplier, who has asked that we ship the unit back to Seattle. I asked the same supplier for a quote on a new evaporator unit, which I now have. We will consider replacing the evaporator this fall, after the busy summer season.

I should note here that Seafood Producers Cooperative has been very helpful to us in working our way through this project after the agreement with the original contractor ended abruptly. In addition, Silver Bay Seafoods agreed to restart their own ice plant if necessary, and provided some assistance from their refrigeration staff while we weighed options on how best to finish the project.

3. Capital Projects List Follow Up

I spoke with Ms. Bess Clark at Community Connections after the council reviewed the 2015 capital projects list, to ask about staffing levels at the organization. Bess said that Community Connections has not laid off any employees. She added that they have

reorganized their staffing, which led to at least one POW position being transferred to Ketchikan.

Bess also stated that their wilderness program director left because she wanted to conduct wilderness programs full time, year round, which CC does not now offer, in part because the year round program lost money, but also because their clients are becoming younger and younger, and a significant number are too young to participate in the wilderness program. Bess went on to say that the Community Connection POW office has 13 unfilled positions, most of which are full time positions for rehabilitative services. Bess said that the positions are unfilled because she cannot find qualified employees to do the work required.

4. POWCAC Meeting

The Prince of Wales Community Advisory Council met in Hydaburg on January 27. Among the items discussed were the following.

- A. Report from POW Wellness Coalition. Ms. Andrea Skaflestad from PeaceHealth briefed the group about a random sample survey that the coalition will conduct on POW. She asked that folks be aware of the coming survey and work with the surveyor to complete the series of questions the coalition wants answered regarding issues of health and substance abuse on POW.
- B. Report from Sealaska. Several board members and staff from Sealaska were on hand to talk about the recently passed Sealaska lands legislation. The company provided a one page briefing paper (copy attached) and a map of lands included in the legislation.
- C. POW Borough Charter. POWCAC discussed the draft borough charter and agreed to consider approval of the document at its March meeting. There is still some disagreement among the group over the allocation of borough assembly seats. We will try to work this out at the next meeting, and hopefully approve the draft charter.
- D. Pesticides Use along POW Roads. POWCAC approved a resolution generally opposing the use of pesticides along POW roadways. The resolution now goes to the individual communities for approval.
- E. Neck Lake Road. US Forest Service staff discussed their scoping-level plans to make improvements to the Neck Lake Road into Whale Pass, and to the North POW Road from the Neck Lake junction to El Capitan. There is as yet no funding for subsequent road construction.
- F. The membership discussed the pending expansion of marijuana use and retail sales now that the electorate has approved Ballot Measure 2.
- G. Next meeting. POWCAC meets again March 31 in Thorne Bay.

5. Travel Schedule

February 16-19: To Juneau to attend Alaska Municipal League meeting.
March: To Juneau for SE Conference Mid-Winter meeting (tentative).

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



Sealaska Corporation
Land Entitlement Bill Summary and
Land Access and Use Policy Overview
January 23, 2015

Land Entitlement Bill Overview

Sealaska Land Entitlement Finalization and Jobs Protection Act was enacted into law on December 19, 2014. This bill generally provides for the following:

- Completes conveyance of final entitlement of 70,075 acres through 3 categories of lands: Large Economic Development Parcels; Small Economic Parcels; and Historic and Cemetery Sites.
- Large Economic Development Parcels - 68,486 acres and 9 large sites; primarily for timber program; includes both old growth and young growth timber.
- Small Economic Development Parcels – 1,099 acres and 9 small sites; small number of sites after public input; for alternative economic opportunities, depending on input from locally affected communities; 2 energy potential sites.
- Historic and Cemetery Sites – 490 acres and 76 sites; must consult with locally affected Tribe(s); must apply for site through ANCSA Sec. 14(h)(1) process; MOUs with Tribes.

New Lands (Conveyed by the land bill)

Federal law conveyed the new lands to Sealaska. This law contains unprecedented conditions for public access. Sealaska listened to community concerns and agreed to these provisions that exist nowhere else on private land. The key components of this law are:

- Lands shall remain open and available to subsistence uses
- Lands are open for noncommercial recreational hunting and fishing and other recreational uses by the public
- Sealaska assumes no liability
- Reasonable restrictions can be placed on public use to ensure safety, minimize conflict with commercial uses, protect cultural resources, conduct scientific research or provide environmental protection
- Sealaska will post the property

Original Lands (before passage of the land bill)

Non-commercial use on native lands is increasing. Unfortunately, abuses are also on the rise. To address these issues, all Sealaska Corporation land access and use policies are currently under review. We are concerned that private Native lands are being treated as public lands. Sealaska welcomes input from local communities and shareholders as we move through the review process. We are exploring options for co-managed and cooperative management. Our intention is to reach out to key stakeholders during this process. Sealaska intends to craft policy that will allow flexibility based on individual community needs.



Finance Department Staff Report

To: Mayor and City Council

From: Joyce Mason, Treasurer

Date: January 27, 2015

The six months of fiscal year 2015 revenue and expenditures report is attached.

The general fund revenues are above the budgeted amount. The fish tax is \$114,000 greater than the budgeted amount, the PILT payment is \$86,600 greater than budgeted amount, and liquor tax is substantially higher.

The general fund expenditures should be at the 50% level or below which the majority of the departments are.

The Enterprise utility funds revenue is lagging behind the projected amount. The water consumption is down from a year ago so the revenue has decreased. The expenses are within the budget.

The funds for the equipment acquisition fund has been transfer from the general fund. The public works vehicles(\$12000), police vehicle(\$15,149), and the boiler rebuild(\$48,690) has been paid for from this fund.

Please review the attached pages and if you have any questions or concerns please contact me by email at finance@craigak.com or stop by my office.



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Please review the attached pages and if you have any questions or concerns please contact me by email at finance@craigak.com or stop by my office.

City of Craig
Statement of Revenue and Expenditures
For the Six Months Ending December 31, 2014

General Fund	YTD Actual	YTD Budget	% Budget
Revenues			
Property tax	600,296	604,000	99%
Sales Tax	1,210,914	1,553,000	78%
Liquor Sales Tax	94,848	120,000	79%
<i>Total Local Taxes</i>	<i>1,906,058</i>	<i>2,277,000</i>	
PILT State Funding	306,644	220,000	139%
State Revenue Sharing	153,064	152,154	101%
Liquor Revenue Sharing	0	10,000	0%
Fish Tax - DEC	314,704	200,000	157%
Shared Fish Tax	0	7,000	0%
National Forest Receipts	0	0	
<i>Total State Revenue</i>	<i>774,412</i>	<i>589,154</i>	
EMS Service Fees	26,718	55,000	49%
Aquatic Center	44,289	72,000	62%
Recreation Programs	7,380	10,000	74%
Library Fees	439	1,000	0%
Seniors Card Fees	490	1,000	
Property Leases	35,621	60,000	59%
Equipment Sales	0	1,000	0%
Waste Material Fees	0	0	
Taxi Permits	0	50	0%
Building & Access Permits	1,720	8,000	22%
<i>Total Local Fees & Leases</i>	<i>116,657</i>	<i>208,050</i>	
Police Fines	8,288	7,000	118%
State Jail Contract	201,703	377,760	53%
State Trooper Dispatch	5,000	10,000	50%
Klawock Dispatch	26,779	50,000	54%
DMV Commission	33,023	57,000	58%
Forest Service Dispatch	3,000	3,000	
<i>Total Public Safety Revenue</i>	<i>277,793</i>	<i>504,760</i>	
Interest Income	444	4,500	10%
Donations	0	500	0%
Misc. Income	859	5,000	
<i>Total Other Revenue</i>	<i>1,303</i>	<i>10,000</i>	
Total Revenue	3,076,223	3,588,964	86%
Expenditures			
Administration	392,508	756,085	52%
Aquatic Center	212,089	559,664	38%
Council	43,302	77,590	56%
EMS	83,676	179,884	47%
Facilities & Parks	117,792	211,303	56%
Fire	7,970	22,588	35%
Library	57,248	124,828	46%
Planning	43,152	80,420	54%
PS Hatchery	125	35,000	0%
Police	455,979	942,893	48%
Public Works	120,854	270,405	45%
Recreation	46,491	98,040	47%
Total General Fund Expenditures	1,581,186	3,358,700	47%
Excess Revenue Over Expenditures	1,495,037	230,264	
Transfer Funds:			
Transfer to/from Enterprise Funds	96,677	14956	
Transfer to School Fund	0	(350000)	
Transfer from Endowment	0	120000	
PERS Unfunded Liability	0	0	
Transfer to Equipment Reserves		(15220)	
Total Transfers	96,677	(230264)	
Net Change in Assets	1,591,714	0	

City of Craig
Statement of Revenue and Expenditures
For the Six Months Ending December 31, 2014

	<u>Year to Date</u>	<u>Budget</u>	<u>% Budget</u>
<u>Administration</u>			
Personnel Expenses	150,080	305,555	49.12%
Personnel Benefits Expenses	80,073	190,702	41.99%
Contract Expenses	113,722	169,300	67.17%
Personnel Misc. Expenses	5,252	26,120	20.11%
Material & Supplies Expenses	9,570	11,450	83.58%
Utilities Expenses	7,560	16,900	44.73%
Maintenance Expenses	1,052	3,808	27.63%
Misc. Expenses	24,623	30,250	81.40%
Capital Expenses	576	2,000	28.80%
Total Expenditures	<u>392,508</u>	<u>756,085</u>	<u>51.91%</u>
<u>Aquatic Center</u>			
Personnel Expenses	70,523	153,244	46.02%
Personnel Benefits Expenses	37,605	95,245	39.48%
Contract Expenses	1,904	4,000	47.60%
Personnel Misc. Expenses	3,644	7,900	46.13%
Material & Supplies	12,908	22,800	56.61%
Utilities Expenses	72,881	134,700	54.11%
Maintenance Expenses	5,758	10,500	54.84%
Misc. Expenses	4,566	7,365	62.00%
Debt Expense	2,300	123,910	1.86%
Total Expenditures	<u>212,089</u>	<u>559,664</u>	<u>37.90%</u>
<u>Council</u>			
Personnel Expenses	7,069	14,700	48.09%
Personnel Benefits Expenses	30,350	51,600	58.82%
Contract Expenses	745	2,500	29.80%
Personnel Misc. Expenses	5,045	7,925	63.66%
Material & Supplies Expenses	51	150	34.00%
Utilities Expenses	0	0	
Maintenance Expenses	0	0	
Misc. Expenses	42	715	5.87%
Capital Expenses	0	0	
Total Expenditures	<u>43,302</u>	<u>77,590</u>	<u>55.81%</u>
<u>EMS</u>			
Personnel Expenses	43,121	92,640	46.55%
Personnel Benefits Expenses	21,779	51,834	42.02%
Contract Expenses	2,311	3,700	62.46%
Personnel Misc. Expenses	1,157	3,250	35.60%
Material & Supplies	7,498	15,900	47.16%
Utilities Expenses	2,621	6,300	41.60%
Maintenance Expenses	192	3,000	6.40%
Misc. Expenses	1,704	3,260	52.27%
Capital Expenses	3,293	0	0.00%
Total Expenditures	<u>83,676</u>	<u>179,884</u>	<u>46.52%</u>

City of Craig
Statement of Revenue and Expenditures
For the Six Months Ending December 31, 2014

Facilities & Parks

Personnel Expenses	56,684	110,831	51.14%
Personnel Benefits Expenses	31,853	52,139	61.09%
Contract Expenses	2,902	7,200	40.31%
Personnel Misc. Expenses	0	0	0.00%
Material & Supplies Expenses	4,434	7,800	56.85%
Utilities Expenses	8,559	12,700	67.39%
Maintenance Expenses	9,174	5,000	183.48%
Misc. Expenses	4,186	10,133	41.31%
Capital Expenses	0	5,500	0.00%
Total Expenditures	117,792	211,303	55.75%

Fire Department

Personnel Expenses	0	0	
Personnel Benefits Expenses	428	4,788	8.94%
Contract Expenses	2,100	4,500	46.67%
Personnel Misc. Expenses	375	2,100	
Material & Supplies Expenses	488	1,400	34.86%
Utilities Expenses	2,560	3,800	67.37%
Maintenance Expenses	25	2,000	1.25%
Misc. Expenses	1,994	4,000	49.85%
Capital Expenses	0	0	
Total Expenditures	7,970	22,588	35.28%

Library

Personnel Expenses	38,592	62,620	61.63%
Personnel Benefits Expenses	7,293	42,260	17.26%
Contract Expenses	326	0	
Personnel Misc. Expenses	-47	235	-20.00%
Material & Supplies Expenses	7,243	9,150	79.16%
Utilities Expenses	2,835	8,760	32.36%
Maintenance Expenses	700	1,000	70.00%
Misc. Expenses	306	803	38.11%
Capital Expenses	0	0	
Total Expenditures	57,248	124,828	45.86%

Planning

Personnel Expenses	25,484	43,776	58.21%
Personnel Benefits Expenses	15,855	35,174	45.08%
Contract Expenses	322	0	
Personnel Misc. Expenses	313	500	62.60%
	297	550	
Material & Supplies Expenses			54.00%
Utilities Expenses		0	
Maintenance Expenses		0	
Misc. Expenses	270	420	64.29%
Capital Expenses	611	0	
Total Expenditures	43,152	80,420	53.66%

City of Craig
Statement of Revenue and Expenditures
For the Six Months Ending December 31, 2014

PSN Hatchery

Contract Expenses		35,000	0.00%
Personnel Misc. Expenses			
Material & Supplies Expenses	50		
Utilities Expenses	75	0	
Maintenance Expenses		0	
Misc. Expenses			
Capital Expenses			
Total Expenditures	125	35,000	0.36%

16 Police

Personnel Expenses	255,248	518,194	49.26%
Personnel Benefits Expenses	143,012	339,094	42.17%
Contract Expenses	2,694	1,000	269.40%
Personnel Misc. Expenses	3,600	2,000	180.00%
Material & Supplies Expenses	29,083	39,300	74.00%
Utilities Expenses	10,078	24,500	41.13%
Maintenance Expenses	1,923	1,000	192.30%
Misc. Expenses	10,341	16,805	61.54%
Capital Expenses	0	1,000	0.00%
Total Expenditures	455,979	942,893	48.36%

15 Public Works

Personnel Expenses	52,230	125,431	42%
Personnel Benefits Expenses	32,918	81,409	40%
Contract Expenses	415	500	83%
Personnel Misc. Expenses	0	1,675	0%
Material & Supplies Expenses	10,453	18,740	56%
Utilities Expenses	8,477	18,600	46%
Maintenance Expenses	9,431	17,000	55%
Misc. Expenses	3,034	5,050	60%
Capital Expenses	3,896	2,000	195%
Total Expenditures	120,854	270,405	44.69%

Recreation

Personnel Expenses	19,297	43,224	44.64%
Personnel Benefits Expenses	16,911	29,905	56.55%
Contract Expenses	1,382	2,500	0.00%
Personnel Misc. Expenses	0	0	0.00%
Material & Supplies Expenses	1,381	1,000	138.10%
Utilities Expenses	5,628	17,000	33.11%
Maintenance Expenses	0	1,000	0.00%
Misc. Expenses	1,892	3,411	0.00%
Capital Expenses	0	0	0.00%
Total Expenditures	46,491	98,040	47.42%

City of Craig
Statement of Revenue and Expenditures
For the Six Months Ending December 31, 2014

Enterprise Fund By Department	Year to Date	Budget	% Budget
Sewer Department			
Sewer Fees	144,577	314,000	46.04%
Personnel Expenses	39,327	91,745	42.87%
Personnel Benefits Expenses	20,094	49,174	40.86%
Contract Expenses	4,022	6,700	60.03%
Personnel Misc. Expenses	50	1,725	2.90%
Material & Supplies Expenses	4,589	13,900	33.01%
Utilities Expenses	15,302	39,700	38.54%
Maintenance Expenses	3,928	33,500	11.73%
Misc. Expenses	7,040	6,806	103.44%
Debt Expenses	59,996	73,496	81.63%
Sewer Expenses	154,348	316,746	48.73%
Net Revenue over Expenses	(9,771)	(2,746)	
Water Department			
Water Sales	157,519	330,000	47.73%
Personnel Expenses	63,788	115,513	55.22%
Personnel Benefits Expenses	30,509	57,699	52.88%
Contract Expenses	5,573	6,500	85.74%
Personnel Misc. Expenses	735	2,190	33.56%
Material & Supplies Expenses	20,704	43,700	47.38%
Utilities Expenses	23,797	59,800	39.79%
Maintenance Expenses	17,698	9,200	192.37%
Misc. Expenses	4,532	7,585	59.75%
Debt Service	11,183	26,337	42.46%
Water Expenses	178,519	328,524	54.34%
Net Revenue over Expenses	(21,000)	1,476	
Garbage Department			
Garbage Fees	166,557	330,000	50.47%
Personnel Expenses	29,796	49,007	60.80%
Personnel Benefits Expenses	16,282	35,397	46.00%
Contract Expenses	117,865	226,500	52.04%
Personnel Misc. Expenses	2,166	1,500	144.40%
Material & Supplies Expenses	3,755	10,700	35.09%
Fuel Expenses	0	0	0.00%
Maintenance Expenses	1,580	2,500	63.20%
Misc. Expenses	2,064	3,235	63.80%
Equipment Expenses	0	0	
Garbage Expenses	173,508	328,839	52.76%
Net Revenue over Expenses	(6,951)	1,161	

City of Craig
Statement of Revenue and Expenditures
For the Six Months Ending December 31, 2014

Harbor Department			
Harbor Moorage	137,307	165,000	83.22%
Boat Haul out	9,477	28,000	33.85%
Other Harbor Services	29,929	50,500	59.27%
Total Revenue	176,713	243,500	72.57%
Personnel Expenses	50,436	115,813	43.55%
Personnel Benefits Expenses	34,759	72,100	48.21%
Contract Expenses	365	23,485	1.55%
Personnel Misc. Expenses	1,724	2,895	59.55%
Material & Supplies Expenses	8,965	19,455	46.08%
Utilities Expenses	10,818	29,100	37.18%
Maintenance Expenses	17,221	26,604	64.73%
Misc. Expenses	27,079	24,475	110.64%
Capital Expenses	550	2,650	20.75%
Harbor Expenses	151,917	316,577	47.99%
Net Revenue over Expenses	24,796	(73,077)	-33.93%
JTB Industrial Park Department			
JTB Industrial Park Leases	200,602	249,956	80.25%
Ice House sales	60,023	65,000	92.34%
Boat Storage & Other	12,466	39,000	31.96%
Total Revenue	273,091	353,956	77.15%
Personnel Expenses	24,637	51,137	48.18%
Personnel Benefits Expenses	14,198	27,696	51.26%
Contract Expenses	300	0	
Material & Supplies Expenses	1,138	8,923	12.75%
Utilities Expenses	20,282	55,000	2.07%
Maintenance Expenses	75,553	5,000	405.64%
Misc. Expenses	9,794	11,564	653.35%
Debt Service	15,316	103,534	9.46%
JTB Industrial Park Expenses	161,218	262,854	61.33%
Net Revenue over Expenses	111,873	91,102	122.80%
Ward Cove Cannery Department			
Cannery Revenue	1,275	6,500	19.62%
Transfer from Endowment Fund		0	
Personnel Expenses	0	0	
Personnel Benefits Expenses	0	0	
Contract Expenses	870	2,000	43.50%
Material & Supplies Expenses	0	300	0.00%
Utilities Expenses	1,447	2,100	68.90%
Maintenance Expenses	1,222	2,725	44.84%
Misc. Expenses	6	335	1.79%
Debt Service & Equipment	0	2,000	0.00%
Cannery Expenses	3,545	9,460	37.47%
Net Revenue over Expenses	(2,270)	(2,960)	76.69%
Total Fund Revenue over Expenses	96,677	14,956	646.41%

City of Craig
Statement of Revenue and Expenditures
For the Six Months Ending December 31, 2014

Enterprise Fund	YTD Actual	YTD Budget	% Budget
<u>Revenue</u>			
Sewer Fees	144,577	314,000	46%
Water Sales	157,519	330,000	48%
Garbage Fees	166,557	330,000	50%
Harbor Services	176,713	243,500	73%
JTB Industrial Services	273,091	353,956	77%
Cannery Revenue	1,275	6,500	20%
Total Revenue	919,732	1,577,956	58%
<u>Expenses</u>			
Sewer Expenses	154,348	316,746	49%
Water Expenses	178,519	328,524	54%
Garbage Expenses	173,508	328,839	53%
Harbor Expenses	151,917	316,577	48%
JTB Industrial Park Expenses	161,218	262,854	61%
Cannery Expenses	3,545	9,460	37%
Total Fund Expenses	823,055	1,563,000	
Net Revenue Over Expenses	96,677	14,956	
Transfer from General Fund	(96,677)	0	
Change in Net Assets	0	14,956	

City Of Craig

Memorandum

To: Mayor Watson and the Craig City Council

From: Jessica Holloway, Aquatic Center Manager

Date: January 29, 2015

RE: January monthly report

This month Craig Wave Runners hosted a swim meet. All of our swimmers along with some of Ketchikan's swimmers competed. Other than it being a long couple of days there were few mishaps. It was reported that the computer that they use for time keeping crashed and had to be fixed and that a lane line broke. Wave Runners have also started to do lessons during their time in the pool for up and comers to the swim team

We have also started do SISD school lessons on Fridays. This will continue until the end of the school year. Craig Middle school continues to use the lap pool on Tuesdays and Thursdays for P.E. PACE has also started to use the pool for a half hour on Tuesdays.

Aqua Aerobics have been going really well. There is continued interest every week.

Be Safe,

Jessica Holloway

Please feel free to call or e mail with any questions or concerns. pool@craigak.com or 826-2794

CITY OF CRAIG MEMORANDUM

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: January 6, 2015
RE: Planning Department Staff Report – February 2015

1. Pool Improvements. There is an action item on the agenda for the 2/5/15 meeting regarding award of design, bidding and construction management services to Jensen Yorba Lott Inc. Joyce is continuing to work on the bond issue. We have approximately \$60,000 remaining in the grant that was used for the condition assessment that will be used to start the design process.
2. Promech Air Lease. Promech has moved out of the floatplane terminal and we have a signed six month access permit with Taquan Air for the space.
3. Capital Projects. It's that time of year again for capital projects. CAPSIS requests are nearly complete for our projects and there is a memo included in the packet for the 2/5/15 meeting regarding the projects that we are submitting. Unfortunately the capital budget outlook is not positive this year due to severe budget cutting at the state level due to oil prices. I have not seen requests from the congressional delegation for projects yet this year but will work on those as the delegation requests this year.
4. Planning Commission Opening. After 7 ½ years on the Craig Planning Commission Commissioner Bill Russell has stepped down. January 29th will be his last meeting on the commission. I have begun advertising for local residents interested in being on the commission and have one letter of interest already. I will take letters of interest until February 10th and will work with the mayor to make an appointment after the 10th. Likely the appointment will be in front of the council for review mid-February or early March. If you see Bill Russell around please take a moment to thank him for his time and dedication to the planning commission.
5. 2014 Building Permits. We issued 24 new permits and 1 permit renewal in 2014. This is slightly less than the previous year so construction is not at a high level, but is remaining steady. The building permits issued last year include two new single family homes and one new duplex. I expect to see more new construction permits in 2015 as purchasers of city residential lots get ready to start construction.

JANUARY 29, 2015

TRAINING

- We have conducted 9 full hours of training with our first responder volunteers
- We have conducted 1 community CPR class.
- We are helping with a City Wide Safety training day and preparing for classes
- We are planning a spring EMT 1 class for the island.

CALL VOLUME

- 911 call volume is slower in January, 9 calls
- Community service calls are higher, We have had up to 3 community service calls per week this winter. These are calls like “intoxicated person found outside, we also go to more home assist calls for “oxygen tank” not working.

PERSONNEL

- We are currently looking for a person to assist administratively for both EMS & The Peace Health Coalition.
- We are going to start recruiting for the summer season next month. We will have a post card in each box holders box.

GRANT FUNDING

- We have applied to the state to the Code Blue Grant
 - We applied for a new Ambulance, Sprinter type (125,000)
 - We also asked for replacement pieces for our airway trainers (1,200)
 - We asked for new vacuum mattresses (2,000)

PHYSICIAN SPONSOR

- We are currently working with Dr. Vaught to bring on new treatment protocols, with that all our paperwork is being updated with the state.
- We are working on new inventory for new medication we will be using.
- We are working on making it easier for Dr. Vaught to look at our run sheets through the state website.
- We are working with one of Dr. Ballard’s co-workers, which will be assisting with QA/QI . This is required by the state as well as most granting agencies. We currently conduct run reviews and review our procedures, but this is an element that an outsider can help with and will greatly improve our patient outcomes, our protocols and our overall performance. We are hopeful that Dr. Ballard will take a more Active role in being our physician sponsor.



CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Michael Peel, Harbormaster
Date: January 29, 2015
RE: January/February Staff Report

Harbor Department:

1. The Harbor Department is working hard to maintain North & South Cove as well as City Dock during this winter season. We've been hard at work dealing with some broken water pedestals and electrical box issues but we're making excellent progress in addressing these issues. We will be using any decent day's weather wise to replace old planking on North & South Cove and City Dock.

2. In January harbor staff has worked on pumping out the breakwater. Due to large amounts of rain harbor staff has been working very hard to stay on top of keeping the breakwater pumped out. The Harbor Department is starting the process of getting in touch with individuals renting space on the breakwater to move nets/gear in hopes of allowing us to deal with drainage issues. Staff has continued with replacing the broken lights and ballasts in North Cove to improve lighting conditions during this winter season. Our next goal is to address these same issues in South Cove as soon as possible.

3. With the help of temporary city employee Christopher Brown the Ice House is up and running and making ice.

Craig Public Library Report To City Council January 2015



Submitted by: Amy K. Marshall, Library Director

Numbers are reflective of 1/1/2015 – 1/28/2015

Patron Visits:	1,3,01
Circulations:	2,239
Computer Use:	387
Program Attendance:	158
Reference Questions:	189

The library started the Hot Reads for Cold Nights Reading Program. We have over 50 adults and children signed up and, to date, they have read over 100 books. The program runs through February 28th.

The library is currently participating in its second Sally Ride EarthKAM ISS Mission. Participants provided lat/long coordinates to the director who submitted them to NASA who used them to point the International Space Station-based EarthKAM to photograph the area. Our photos are available here:

The library is the recipient of a State Administered grant for a VISTA Volunteer. Katie George will be arriving in Craig on February 15th. Training for the Craig and Kake volunteers and supervisors will be Monday, February 16th at the VoTec Center.

For the second year, the library has organized and facilitated Bard Week. This year's 2nd Annual Bard Week brought together Craig, Nenana, Haines, Kenai, and Bethel libraries for Readers Theater performances of Shakespearean plays. Over the course of the week, we had

Craig Public Library Report To City Council

January 2015

more than 50 participants! This nearly doubled the number of participants in 2014. Plans are in the works for the 3rd Annual Bard Week in January 2016.

2015 marks the 80th Anniversary of the Craig Public Library (established August 21, 1935). The library is planning events throughout the year to commemorate the library's and city's history.

The library director was nominated for and later selected to take part with 50 other librarians (out of an initial nominating pool of 300) in Public Libraries and STEM. The selections were made by staff from the Jet Propulsion Lab, the Lunar and Planetary Institute, and NASA, and the individuals selected have been recognized as the top STEM librarians in the US.

Attached, please find the Alaska State Library Funding Matrix for FY16. This identifies legislative priorities for the Advocacy Council of the Alaska Library Association. Craig is number four (4) on the list. The director will be traveling to Juneau (paid by state) to advocate for design money for the library in late-February as part of the AKLA Conference.

Grants in Process: Early Literacy Center Grant (decision due 1/30)
 Teen Tech Week Grant (decision due early February)
 StoryCorps Grant (due 2/6)
 Furnishings Grant with Rasmuson

Awards in process: The library applied for The Institute of Library and Museum Services National Medal for Museum and Library Service. We received word that the library had advanced to the second stage. Winners will be notified in early February 2015.

Matrix
Alaska Library Association
Library Construction and Major Expansion Matching Grant Program Update FY2016 *

Library Construction and Major Expansion Grant Funding to Communities to Date Totals **\$54.267M**

Cordova – Kenai – Seward – Petersburg – Barrow – Sutton – Soldotna – Ketchikan – Skagway – Kodiak – Talkeetna – Sitka - North Pole – Juneau – Wasilla (partial)

Communities Requesting FY 2016 Public Library Construction Funding

Community	Project Type	Site Ownership	Space Program	Design Concept	Legislative Priority	Cost Estimate	Local Funding	State Funding Request	Timing For State Funding
Wasilla	New Facility	Yes-City	23,500 SF	Yes	Yes	\$16.4M	Sales Tax + Grants + Local Fundraising	\$6.5M	FY2016
Coffman Cove	New Facility	Yes-City	3,100 SF	Yes	Yes	\$2.3M	City Funding + Grants + Local Fundraising	\$1.2M	FY2016
Thorne Bay	New Facility	Yes-City	2,815 SF	Yes	Yes	\$2.7M	Local Fundraising + Grants	\$1.4M	FY2016

Communities Preparing to Apply for FY 2017 Public Library Construction Funding

Community	Project Type	Site Ownership	Space Program	Design Concept	Legislative Priority	Cost Estimate	Local Funding	State Funding Request	Timing For State Funding
Craig	New Facility	Yes-City	4,800 SF	In Process	Yes	\$2.3M	City + Grants + In-Kind Donations + Local Fundraising	TBD	FY2017
Tok	New Facility	Yes-Library Association	3,000 SF	In Process	Yes	\$775K	In-Kind Donations + Local Fundraising + Grants	TBD	FY2017

Communities In the Early Stages of Planning

Haines – Palmer – Unalaska - Willow

*Please be aware that several communities (Anchorage, Juneau, Anchor Point, Ester) have received funding or are requesting funding for library construction projects that do not fall under the Library Construction and Major Expansion Matching Grant Program guidelines through DCEED.

**CITY OF CRAIG
MEMORANDUM**



Date: January 29th, 2015
To: Honorable Dennis Watson, Craig City Council
Fr: RJ Ely, Police Chief
Re: Staff Report / January 2015

RJ Ely

ACTIVITY

Activity from January 1, 2015 through January 29, 2015. Dispatch Center took the following amount of calls for service:

Craig	710	Down from last month	743
Klawock	264	Down from last month	393
AST	13	Up from last month	12

DEPARTMENT OF MOTOR VEHICLES

Current DMV contract was extended until end of March 2015. I will be attempting to secure DMV Testing Computers, for DMV. DMV is busy, for this time of year and drop offs are utilized daily.

DISPATCHER(S)

Currently advertising for Part Time / Fill In Dispatcher

OFFICER(S)

Officer D'Amelio has completed the 2 week re-certification academy, being 2nd in overall standings of the class. After one year of service with Craig PD, he will be able to obtain his basic police officer certification, for Alaska.

OTHER

Ofc. D'Amelio is scheduled to attending a F.T.O. (Field Training Officer) course, February 2015 in Washington.

Sgt. Medina is scheduled to attend advanced training with F.B.I. in March; A.L.E.R.R.T (Advanced Law Enforcement Rapid Response Training) / Once completed, Sgt. Medina will be a certified instructed and be able to teach course locally

I'm in process of working with DOC (Department of Corrections) and local court, to be able to hold video arrangements. Being court house is moving to Klawock, I'm implementing procedures that will greatly minimize officers time in transporting prisoners, fuel costs and safety concerns.

Dispatcher Lee Martynuik has to attend a 2 day refresher CDL Class in Anchorage. This is in order for certification to be kept and Martynuik can keep conducting CDL Road Testing.

Memo

To: Mr. Mayor, Craig City Council

From: Ron McIntosh, Public Works Director

CC: Jon Bolling, City Administrator

Date: January 29, 2015

Re: Public Works Council Report for February 5, 2015

Activities and status:

1. Solid Waste Collection. Garbage collection has been our primary effort for the past month. All of the equipment is here and currently being disbursed for implementation on February 2, 2015. Community response has increased. We are working through issues and specifics with our customers.
2. The North Fork Lake Dam Project is still set for the 2015 Preconstruction Conference. I am coordinating the contractor, engineer and the state for a telephone conference.

Public Works continues to address day to day operations and issues. If you have any questions or any specific issues, please feel free to contact me.

Thank you,

RCMc

To Craig City Council Members and Mayor Watson,

As a one person department who relies on volunteers to run most of my programs, I am sad to inform you that I am losing some of my best volunteers. I still have a great group who teach gymnastics, yoga and volunteer for skating. Tory Houser has accepted a job in Colorado and leaves in March. Tory has helped with soccer and gymnastics and been my ballet instructor, all as a volunteer. Father JP is being transferred to Juneau; he has blessed the fleet and coached soccer for many years. Jay and Ann Marie Marble are also leaving, and Jay and his Middle school gardening class have helped with the hanging basket program. I will also be looking for a boys' basketball coach for the elementary program. I want to thank all these wonderful volunteers.

Craig Recreation Activities!

Youth/Rec Center:

- Yoga! 5pm Monday, Wednesday and Friday at the Craig Youth/Rec Center \$2 donation
- Spanish Conversation Wednesdays at 6pm for beginners and 6:30 advanced at the Craig Youth/Rec Center
- After school for all school age kids!
- Pick up your Pottery Tile art made with Jeri Rosenthal in October at Youth/Rec ctr.
- Tuesday-Legos and robotics at the Rec Center 3-5pm

City Gym

- Wednesday Open Gym 3-4:30p
Thursday From 3-4:45p and Friday from 2 to 4:45p Meet at the Craig Youth/Rec Center
- Movies, cooking and board games! Weekly gym time Fridays 3:45-4:45.
- Parent Tot Time 11am-12:30pm is a free program! Pick up the key at Craig City Hall, bring your own toys.
- Seibukan Karate is for all ages! Held on Tuesday, Thursday and Friday at 5pm, sign up at the class.
- 4 on 4 Volleyball League with 6 teams will run thru February.
- March will see Open Gym Volleyball back at the Craig City gym on Tuesday and Thursday 7pm, ages 14 and up and only \$1 to play!
- Roller-skating and Roller Blading is held on Fridays at 7pm. \$1 admit, \$2 rents skates or blades!

Upcoming events:

- SWAP Meet, Saturday, February 28, from 10-2 at the Craig City Gym.
Sign up at Craig City Hall, tables are \$10, non-profits are free.
- Elementary Basketball will start in March. This is a joint program with the Craig Elementary School.
- Look for gymnastics classes, coming soon!

Craig Recreation on Facebook or 826-2575

craigrec@aptalaska.net or Craig Rec Report KRBD Friday, 8:45am 2015

CITY OF CRAIG

Account Statement - Period Ending December 31, 2014



ALASKA PERMANENT
CAPITAL MANAGEMENT
Registered Investment Adviser

ACCOUNT ACTIVITY

Portfolio Value on 11-30-14	9,274,031
Contributions	0
Withdrawals	-2,502
Change in Market Value	-80,200
Interest	6,819
Dividends	43,447

Portfolio Value on 12-31-14 9,241,595

MANAGEMENT TEAM

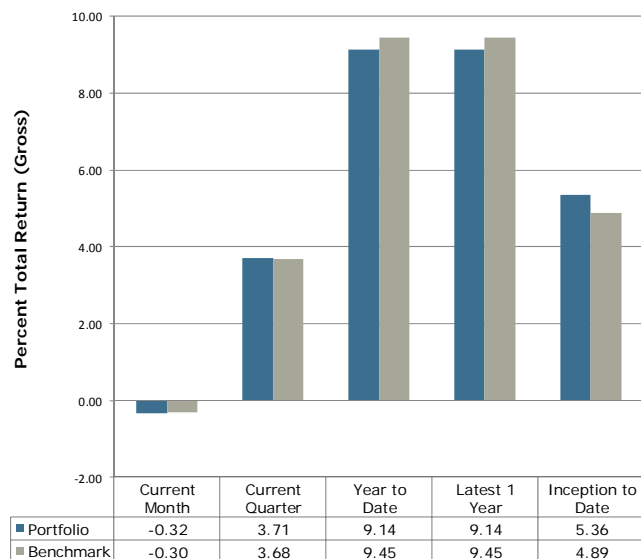
Director of Client Relations: Laura Bruce, CFP®, ChFC
Laura@apcm.net

Your Portfolio Manager: Bert Wagon
Jason Roth

Contact Phone Number: 907/272 -7575

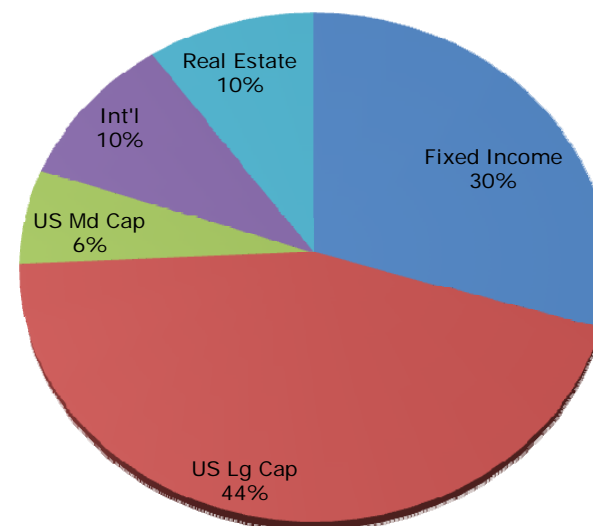
INVESTMENT PERFORMANCE

Current Account Benchmark:
Equity Blend



Performance is Annualized for Periods Greater than One Year

PORTFOLIO COMPOSITION



Alaska Permanent Capital Management Co.
PORTFOLIO SUMMARY AND TARGET
CITY OF CRAIG
December 31, 2014

Asset Class & Target	Market Value	% Assets	Range
FIXED INCOME (34%)			
US Fixed Income (34.0%)	2,671,377	28.9	20% to 45%
Cash (0.0%)	72,231	0.8	na
Subtotal:	2,743,608	29.7	
EQUITY (66%)			
US Large Cap (40.0%)	4,120,049	44.6	30% to 50%
US Mid Cap (6.0%)	557,914	6.0	0% to 10%
Developed International Equity (10.0%)	914,120	9.9	5% to 15%
Real Estate (10.0%)	905,904	9.8	5% to 15%
Subtotal:	6,497,988	70.3	
TOTAL PORTFOLIO	9,241,595	100	

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
CITY OF CRAIG
December 31, 2014

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
125,000	US TREASURY NOTES 0.625% Due 08-31-17	99.79	124,736	99.05	123,809	1.34	781	265	0.99
300,000	US TREASURY NOTES 1.875% Due 09-30-17	102.89	308,672	102.34	307,008	3.32	5,625	1,437	1.01
100,000	US TREASURY NOTES 3.750% Due 11-15-18	106.48	106,480	108.95	108,945	1.18	3,750	487	1.37
50,000	US TREASURY NOTES 1.500% Due 10-31-19	99.40	49,701	99.39	49,695	0.54	750	128	1.63
50,000	US TREASURY NOTES 1.250% Due 10-31-19	97.43	48,717	98.37	49,183	0.53	625	107	1.60
100,000	US TREASURY NOTES 3.500% Due 05-15-20	104.04	104,039	109.09	109,094	1.18	3,500	454	1.72
215,000	U S TREASURY NOTES 2.125% Due 08-15-21	99.29	213,476	101.18	217,537	2.35	4,569	1,726	1.93
150,000	US TREASURY NOTES 2.000% Due 10-31-21	99.92	149,887	100.26	150,387	1.63	3,000	514	1.96
50,000	US TREASURY NOTES 1.625% Due 11-15-22	98.79	49,396	97.01	48,504	0.52	812	105	2.04
125,000	US TREASURY NOTES 2.500% Due 08-15-23	98.87	123,590	103.21	129,014	1.40	3,125	1,180	2.09
100,000	US TREASURY NOTES 2.375% Due 08-15-24	100.23	100,227	101.85	101,852	1.10	2,375	897	2.16
	Accrued Interest				7,302	0.08			
			1,378,922		1,402,331	15.17		7,302	
AGENCIES									
150,000	FNMA* 0.800% Due 02-28-18	98.26	147,390	100.04	150,067	1.62	1,200	410	0.78
100,000	FHLMC 3.750% Due 03-27-19	101.41	101,410	108.83	108,835	1.18	3,750	979	1.59
	Accrued Interest				1,389	0.02			
			248,800		260,292	2.82		1,389	
FNMA & FHLMC									
13,740	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	104.56	14,367	106.81	14,676	0.16	550	46	1.93
	Accrued Interest				46	0.00			
			14,367		14,722	0.16		46	
CORPORATE BONDS									
100,000	JP MORGAN CHASE & CO 4.750% Due 03-01-15	97.18	97,176	100.57	100,572	1.09	4,750	1,583	1.27

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
CITY OF CRAIG
December 31, 2014

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
100,000	HSBC FINANCE CORP 5.500% Due 01-19-16	100.21	100,206	104.55	104,551	1.13	5,500	2,475	1.12
50,000	BRITISH COLUMBIA PROV OF 2.100% Due 05-18-16	99.98	49,990	102.09	51,047	0.55	1,050	125	0.57
50,000	BANK AMER CORP 5.625% Due 10-14-16	107.18	53,592	107.09	53,544	0.58	2,812	602	1.58
50,000	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	117.91	58,955	107.95	53,977	0.58	2,812	594	1.12
50,000	STATOIL ASA 3.125% Due 08-17-17	107.07	53,533	104.47	52,237	0.57	1,562	582	1.38
100,000	UNITED PARCEL SERVICE 5.500% Due 01-15-18	121.23	121,230	111.55	111,547	1.21	5,500	2,536	1.59
100,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	99,572	111.98	111,978	1.21	5,750	2,396	1.74
75,000	UNITED HEALTH GROUP INC 6.000% Due 02-15-18	121.46	91,093	112.56	84,424	0.91	4,500	1,700	1.84
75,000	GENERAL ELECTRIC CAP CORP. 5.625% Due 05-01-18	88.27	66,205	112.52	84,392	0.91	4,219	703	1.74
50,000	TOYOTA MOTOR CREDIT CORP 2.100% Due 01-17-19	100.48	50,239	100.42	50,209	0.54	1,050	478	1.99
100,000	GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19 Accrued Interest	116.51	116,514	118.95	118,946	1.29	7,500	2,833	2.62
					16,607	0.18			
			958,307		994,033	10.76		16,607	
DOMESTIC LARGE CAP EQUITY FUNDS/ETF									
20,045	SPDR S&P 500 ETF	137.86	2,763,434	205.54	4,120,049	44.58	NA		
DOMESTIC MID CAP EQUITY FUNDS/ETF									
3,853	ISHARES CORE S&P MIDCAP 400 ETF	69.71	268,575	144.80	557,914	6.04	NA		
INTERNATIONAL EQUITY FUNDS/ETF									
24,132	VANGUARD FTSE DEVELOPED MARKETS ETF	37.73	910,436	37.88	914,120	9.89	NA		
REAL ESTATE									
11,184	VANGUARD REIT ETF	56.44	631,270	81.00	905,904	9.80	NA		
CASH AND EQUIVALENTS									
	DIVIDEND ACCRUAL		22,749		22,749	0.25			
	FEDERATED GOVERNMENT OBLIGATION		49,481		49,481	0.54			
			72,231		72,231	0.78			
TOTAL PORTFOLIO			7,246,341		9,241,595	100	222,812	25,344	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
CITY OF CRAIG
From 12-01-14 To 12-31-14

Trade Date	Settle Date	Security	Quantity	Trade Amount
PURCHASES				
U.S. TREASURY				
12-03-14	12-04-14	US TREASURY NOTES 2.000% Due 10-31-21	100,000	100,015.63
				100,015.63
DEPOSITS AND EXPENSES				
MANAGEMENT FEES				
12-31-14	12-31-14	MANAGEMENT FEES		2,310.40
				2,310.40
DIVIDEND				
DOMESTIC LARGE CAP EQUITY FUNDS/ETF				
12-19-14	01-30-15	SPDR S&P 500 ETF		22,749.47
DOMESTIC MID CAP EQUITY FUNDS/ETF				
12-31-14	12-31-14	ISHARES CORE S&P MIDCAP 400 ETF		2,569.97
INTERNATIONAL EQUITY FUNDS/ETF				
12-31-14	12-31-14	VANGUARD FTSE DEVELOPED MARKETS ETF		5,791.68
REAL ESTATE				
12-31-14	12-31-14	VANGUARD REIT ETF		12,335.95
				43,447.07
INTEREST				
CASH AND EQUIVALENTS				
12-01-14	12-01-14	FEDERATED GOVERNMENT OBLIGATION		1.02

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
CITY OF CRAIG
From 12-01-14 To 12-31-14

Trade Date	Settle Date	Security	Quantity	Trade Amount
FNMA & FHLMC				
12-01-14	12-14-14	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26		46.67
				47.69
PRINCIPAL PAYDOWNS				
FNMA & FHLMC				
12-01-14	12-14-14	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	261.71	261.71
				261.71
PURCHASED ACCRUED INTEREST				
U.S. TREASURY				
12-03-14	12-04-14	US TREASURY NOTES 2.000% Due 10-31-21		187.85
				187.85
WITHDRAW				
CASH AND EQUIVALENTS				
12-12-14	12-12-14	FEDERATED GOVERNMENT OBLIGATION		2,318.51
12-31-14	12-31-14	FEDERATED GOVERNMENT OBLIGATION		183.75
				2,502.26
				2,502.26

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
CITY OF CRAIG
From 12-01-14 Through 12-31-14

Date	Quantity	Security	Avg. Cost Basis	Proceeds	Gain Or Loss
12-01-14	261.71	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	273.65	261.71	-11.94
TOTAL GAINS					0.00
TOTAL LOSSES					-11.94
			273.65	261.71	-11.94

Alaska Permanent Capital Management Co.

CASH LEDGER

CITY OF CRAIG

From 12-01-14 To 12-31-14

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
DIVIDEND ACCRUAL					
12-01-14			Beginning Balance		0.00
12-19-14	01-30-15	dp	Dividend	SPDR S&P 500 ETF	22,749.47
12-31-14			Ending Balance		22,749.47
FEDERATED GOVERNMENT OBLIGATION					
12-01-14			Beginning Balance		131,180.16
12-01-14	12-01-14	dp	Interest	FEDERATED GOVERNMENT OBLIGATION	1.02
12-01-14	12-14-14	dp	Interest	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	46.67
12-01-14	12-14-14	dp	Paydown	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	261.71
12-03-14	12-04-14	wd	Purchase	US TREASURY NOTES 2.000% Due 10-31-21	-100,015.63
12-03-14	12-04-14	wd	Accrued Interest	US TREASURY NOTES 2.000% Due 10-31-21	-187.85
12-12-14	12-12-14	wd	Withdrawal	from Portfolio	-2,318.51
12-31-14	12-31-14	wd	Withdrawal	from Portfolio	-183.75
12-31-14	12-31-14	dp	Dividend	VANGUARD FTSE DEVELOPED MARKETS ETF	5,791.68
12-31-14	12-31-14	dp	Dividend	VANGUARD REIT ETF	12,335.95
12-31-14	12-31-14	dp	Dividend	ISHARES CORE S&P MIDCAP 400 ETF	2,569.97
12-31-14			Ending Balance		49,481.42



ALASKA PERMANENT CAPITAL MANAGEMENT

Registered Investment Adviser

JANUARY 2015

QUARTERLY PERSPECTIVES

ECONOMY & FINANCIAL MARKETS

Global Multi-Speed Expansion to Continue

After one of the slowest recoveries on record, the U.S. economy finally seems to be gaining momentum and has a good shot at a healthy 3% growth rate in 2015 (compared to 2.5% in 2014). The jobs market has picked up and the unemployment rate is now only 5.6%. Housing has steadied and has room to rebound. Automobile sales are on fire. Consumer confidence has improved. There is pent up demand on both the consumer and business side (with the exception of a decline in capital spending out of the oil patch).

The significant drop in oil prices will provide a tailwind for economic growth by boosting consumption. Importantly, it is coming more from a supply glut than a weakening of demand. Oil below \$60 could add at least 0.5% to global economic growth.

The question is “can the U.S. remain an oasis of prosperity unaffected by a world that is experiencing increased stress?” That is a question Alan Greenspan asked in the late 1990s amidst a crisis in the emerging markets and an eventual Russian default. Things may be different today, but the rest of the world does seem rather fragile. However, much of this is already priced into the respective financial markets around the globe.

Concerns about growth and deflation continue to dominate in Europe. The Eurozone may have emerged from recession last year, but it is still experiencing anemic growth (especially France and Italy which account for almost 40% of Eurozone GDP). The unemployment rate in the monetary union is 11.5%. The ECB appears to be the only game in town and the central bank has pledged more bond buying to help loosen up credit. Interest rates are at multigenerational lows and appear ready to stay there for some time.

Japan slipped into recession in the third quarter despite Abenomics – policies to get the economy out of its deflationary funk. The Bank of Japan is now “all in” and has its “pedal to the metal” and so

is the Japanese government pension fund that is selling bonds and buying equities. The betting is that Japan will right itself in 2015 but poor demographic trends and sky high debt levels haunt the land-of-the-rising sun. Still, J.P. Morgan notes investors should be careful to stand against a willing and able “uneconomic” buyer – the government!

In emerging markets, China is of course the elephant in the room. Growth is slowing from double digits to a more sustainable 6% or 7% level – still very strong. The economy is shifting from one dominated by fixed investment spending (investing in physical assets like machinery, buildings, land, or infrastructure) to more consumer spending. This transition, along with high debt levels and a “shadow banking” system needs to be managed with care.

Almost no matter where you look inflation is missing in action. It is +1.3% in the U.S., -0.2% in the Eurozone, and +1.5% in China. It’s probably headed even lower due to falling oil prices. Only troubled countries like Russia and Brazil are seeing inflation in the high single digits.

In an environment of sluggish growth and low inflation most central banks will stay looser longer. It looks like only the Federal Reserve will start to normalize policy and begin to slowly raise rates this year. That widening rate differential (U.S. vs. the rest of the world) could drive the dollar even higher on foreign exchange markets. Still, while the Fed may begin tightening, rates will likely stay very low for a while.

Geopolitics loomed large in 2014, especially after Russia invaded Ukraine in late February. The Middle East remains a cauldron with the rise of ISIS. And OPECs decision to let oil find its equilibrium (at much lower prices) was no doubt influenced by a

(Continued on page 2)

(Continued from page 1)

desire to hurt shale gas producers in the U.S. and arch rival, Iran. Now even Greece is back in the headlines. Geopolitical risks do seem more elevated than they have been for a number of years.

Market Review and Outlook

Since finding a bottom after the 2008 market debacle the S&P 500 has averaged a total return of 20% per year. That is not normal! The very long run return from equities is closer to 10% and of course it bounces around from year to year. In fact, since 1980, while 27 of 35 calendar year returns have been positive, the average intra-year decline in the market was 14%.

Last year the large cap S&P 500 gained 13.7%. Smaller cap stocks posted gains of 5.8% after surging 41.3% in 2013.

The dollar was up about 10% on foreign exchange markets. The effect was that international stock markets, while up in local currencies, posted negative returns for dollar based investors. The MSCI EAFE index of developed country stocks lost 4.9% and its emerging market counterpart slipped 2.2%, both priced in dollars.

One of the biggest surprises in 2014 was the strong bond market. The ten year Treasury began the year with a 3% yield and the overwhelming consensus was for higher rates. Instead, bond yields fell to 2.2% at year end. That's a 12.3% total return. The broad based Barclays U.S. Aggregate Bond Index posted a 6.0% return for the year. Interest sensitive stocks like utilities and REITs were strong performers as the search for income continued.

Another surprise was the drop in oil from over \$100 per barrel in the summer to just over \$50 at year end. The Bloomberg Commodity index fell 17% as energy and agriculture led the decline.

The U.S. stock market is pricing in a solid economic and earnings outlook with not much room for error. Absolute valuation measures for stocks are pricey but not excessive. Relative to bonds and cash, stocks look reasonable, especially if you have a longer time horizon and can ride out the volatility. We do expect 2015 to be bumpier but will remain overweight U.S. equities in balanced accounts.

The overseas equity markets are more attractively priced but the developed economies are still fragile with lackluster growth, high debt burdens and very low inflation. The emerging markets are in a better position but corporate earnings are soft and falling commodities and a rising dollar affect these markets in disparate ways. We will maintain benchmark exposures to international equities.

Bonds, here and abroad, are not attractive and even their value as "insurance" has diminished given the very low yields we are seeing worldwide. We are at or slightly short our bond benchmarks and favor corporate bonds over Treasury and MBS securities.

We have seen terrific returns in the financial markets over the past five years – stocks and bonds, especially in the U.S. It's going to be tougher going forward. We are starting from higher valuations and lower inflation means lower nominal returns.

Happy New Year and welcome to 2015!

Jeff Pantages, CFA®
Chief Investment Officer

Bloomberg Consensus Year-End Forecasts

Data as of 1/14/2015	2013	2014	2015	2016
Real GDP (% YoY)	2.20	2.30	3.00	2.85
CPI Inflation (% YoY)	1.48	1.70	1.50	2.20
Unemployment (%)	6.70	5.60	5.50	5.20
Fed Funds (%)	0.25	0.25	0.90	-
10-Yr Note (%)	3.03	2.17	2.94	-

Modest GDP Growth Expected to Continue



Actual GDP data from the Bureau of Economic Analysis through 9/30/2014
Bloomberg Consensus Forecasts as of 1/14/2015

The Joys of International Investing

Actually the international equity markets have not been so joyful recently. Volatility increased at year end which capped off some pretty poor returns relative to the U.S. market in recent years. The S&P 500 is up almost 15.4% per year over the last five years. For the same period, EAFE international developed markets are up only 6.4% and emerging markets are lagging with gains of just 3.9%.

That has prompted some to question the value in investing internationally. The call to sell those dogs and get on a faster horse (badly mixing metaphors, I know) is making its way into the popular press. We call that “chasing performance”.

Clients know we have exposure to international stocks via low cost index funds. While the split globally between U.S. and international equities outstanding is about 50/50, APCM typically has a U.S. tilt in portfolios with 70% of equities being U.S. domiciled companies.

We believe international investing makes sense for a number of reasons:

First and foremost is diversification. A key to portfolio construction is finding uncorrelated assets so that when one zigs the other zags and there is stability at the portfolio level. A combination of U.S. and foreign stocks does just that.

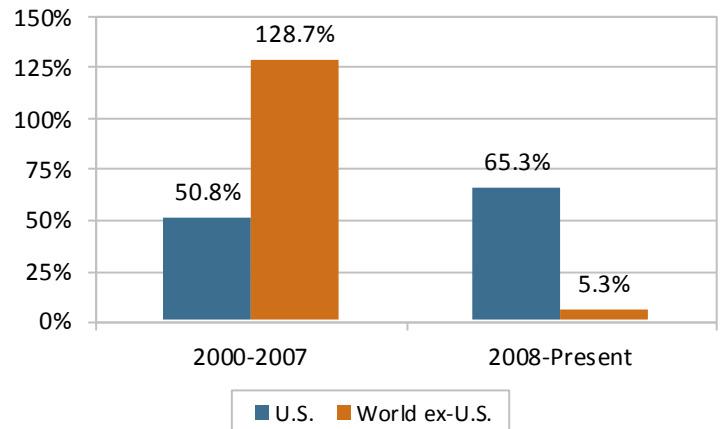
While the U.S. dominates the global economy today, at one time 100 years ago it would have been considered an emerging market. As a country develops economically it is undoubtedly less liquid and more volatile than its developed peers. However emerging markets are areas of long term extended growth and today account for roughly half of the global increase in GDP. In fact over the past 10 years emerging

markets are up 8.4% compared to 7.6% for the U.S. and 4.4% for EAFE.

Because international stocks have lagged of late they are better value now compared to stocks here at home. Much of the bad news is already priced into the markets and they have a better “margin of safety” now than before.

We could go on, but you get the idea. The chart below makes the point that periods of under or outperformance is often the norm when looking at asset classes. Those who jumped on the foreign equity horse in 2008 after observing strong gains for the previous 7 years would have been disappointed.

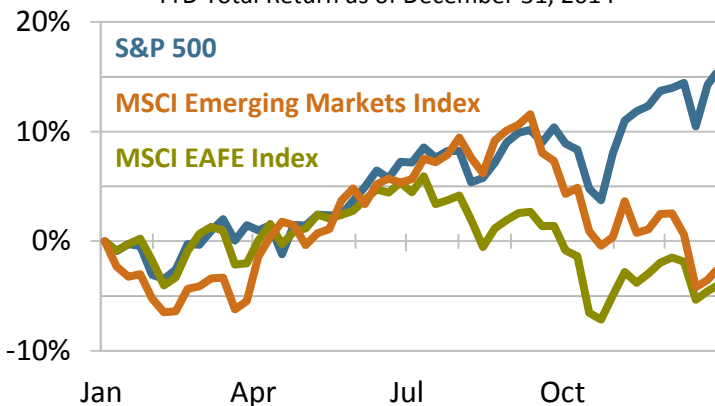
Total Return: U.S. vs. The Rest



What are the keys to investing success? Be diversified (including the international markets), keep fees and turnover down, and avoid market timing. Be realistic about your willingness and temperament for taking risk. Get your initial asset allocation right and stay the course!

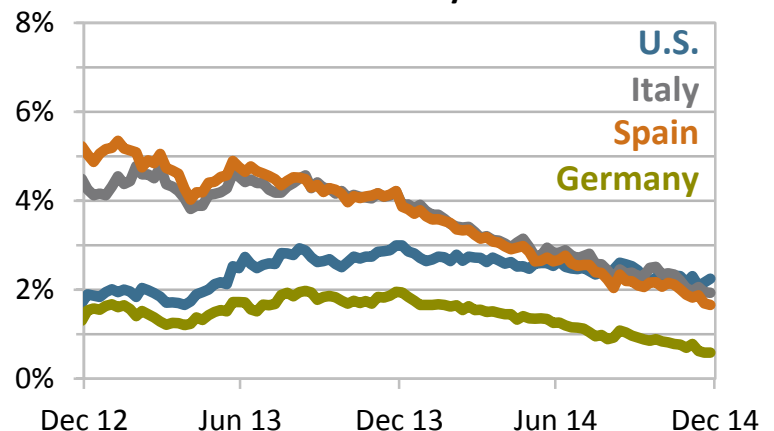
Global Stock Returns Mixed in 2014

YTD Total Return as of December 31, 2014



Data: Bloomberg

10 Year Global Treasury Note Yields



Data: Bloomberg



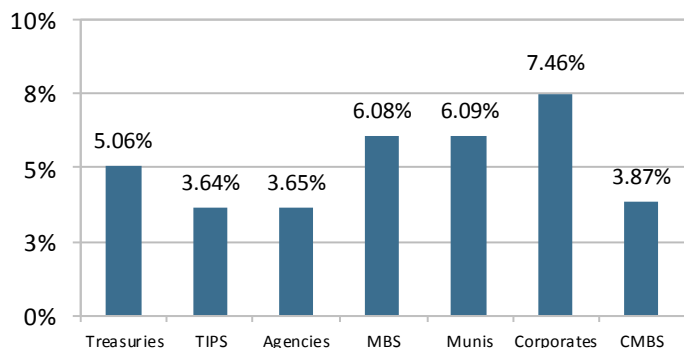
Bill Lierman, CFA®
Portfolio Manager

■ The U.S. Aggregate Index returned an impressive 5.97% for the year. Fixed income returns were driven by falling interest rates on longer dated maturities and spreads tightening outside corporates.

■ Treasuries did the exact opposite of what the market expected and returned a positive 5.06% for the year. The market believed there would be a general increase in yields for the year, especially after Treasuries

had negative returns in 2013. The 10 and 30 year interest rates declined 82 and 117 basis points, respectively. The 10 year sits at 2.17% and the 30 year settled at 2.75%.

2014 Bond Total Return



Barclays

■ Corporates closed out the year by underperforming Treasuries for five consecutive months. For 2014 corporates had a total return of 7.46%, but underperformed treasuries on a duration weighted basis. Lower quality credit was a negative attribute.

■ Home buyers benefitted with the decrease in rates as mortgage rates declined with Treasuries. The current coupon Fannie Mae 30 and 15 year mortgage rate finished at 2.83% and 2.08%, respectively. The GSE's and housing market reform should come to the attention of Congress as the mid-term election season is behind us.

■ The 7 year Municipal index returned 6.09% in 2014. The story of the year was the Detroit bankruptcy. In the end, the bankruptcy judge awarded General Obligation bond holders less than unsecured pension creditors surprising some market participants.

■ 3 month Treasury bill yields continue to remain low. The Fed will continue to finalize its exit strategy for ending the current monetary easing cycle in the first quarter. The market is anticipating a rate hike sometime in Q3.

■ The U.S. led global equities for the second consecutive year supported by solid earnings and share buybacks. The S&P 500 advanced 4.9% in Q4 and 13.7% for 2014. Utilities and health care stocks were the best performing sectors (up over 20%) while Energy was the worst (-10%) as oil prices fell 46% in 2014.

■ U.S. mid and small cap stocks trailed their large cap counterparts both in Q4 and 2014. The energy sector also weighed heavily on smaller companies.

■ Developed international equities trailed the U.S. as Japan slipped back into recession and Europe's economy slowed. Dollar strength was an additional headwind, as MSCI EAFE gained 1.7% during Q4 in local currencies (LC) but fell 3.6% when priced in USD. For the year, the index finished up 5.9% in local currencies but down 4.9% in USD.

Total Return (%) as of December 31, 2014

	Q4 2014	One Year	Three Years	Five Years
Domestic Equities				
Large Cap S&P 500	4.9	13.7	20.4	15.5
Mid Cap S&P 400	6.4	9.8	20.0	16.5
Small Cap S&P 600	9.9	5.8	20.2	17.3
International Equities				
Developed MSCI EAFE	-3.6	-4.9	11.1	5.3
Emerging MSCI Emerging Markets	-4.5	-2.2	4.0	1.8
Other				
Commercial Property S&P U.S. REIT	14.4	30.3	16.3	17.0
Commodities Bloomberg Commodity Index	-12.1	-17.0	-9.4	-5.5
Fixed Income				
Total Bond Market Barclays Aggregate	1.8	6.0	2.7	4.5
1-3 Yr U.S. Treasury/Agency Barclays 1-3 Gov	0.2	0.6	0.5	1.1
Int'l Treasury Barclays Global Tsy ex-US	-2.8	-2.0	0.3	1.9

Returns are annualized for periods greater than one year

■ Performance in the emerging markets was highly dispersed. Collapsing oil prices and continuing conflict in Ukraine weighed heavily on Russian equities (-44%). Meanwhile, after the turmoil of the Arab Spring a relief rally took place in Egypt (+29%), and hopes of reform boosted markets in Indonesia (+27%).

■ U.S. REITs blazed past the broader equity markets with a gain of 14% in Q4 and 30% for the year. Returns were helped by the unexpected fall in interest rates and an improving economy. Apartment REITs were the top performers (+42%) as demand for renting was strong and builders added little inventory.

■ The broad based Bloomberg Commodity Index lost another 12% in Q4 leaving YTD performance down 17%. All major commodity sectors were negative for the year: energy -44%, industrial metals -8%, agriculture -11%, and precious metals -4%.



Brandy Niclai, CFA®
Portfolio Manager



THE STATE
of **ALASKA**

GOVERNOR BILL WALKER

Department of Commerce, Community,
and Economic Development

DIVISION OF COMMUNITY AND REGIONAL AFFAIRS

P.O. Box 110809
Juneau, Alaska 99811-0809
Main: 907.465.4751
Programs fax: 907.465.4761

January 15, 2015

City of Craig
P.O. Box 725
Craig, AK 99921

RE: POPULATION DETERMINATION

RECEIVED

JAN 20 2015

CITY OF CRAIG
CRAIG, ALASKA

Dear Mayor:

The Department of Commerce, Community, and Economic Development annually certifies the population of each municipality for use in various financial assistance programs based upon population estimates prepared by the State Demographer at the Department of Labor and Workforce Development. The following population will be used for all FY16 programs that the Department administers.

The 2014 population of the City of Craig has been determined to be 1,198.

If you do not agree with this figure, you may request an adjustment to your population by using two approved methods – Head Count Census and Housing Unit. Municipalities with a population of less than 1,000 must conduct a “head count census”. Municipalities with a population of 1,000 or more may conduct a “head count census” or use the “housing unit” method, to estimate the population. The department requires that the population adjustment process be completed and postmarked by April 1, 2015 and that the request include:

1. Comprehensive documentation of the proposed population figure using either of the approved methods, and
2. A resolution of the governing body (assembly or council) adopting the new population.

If you choose to request a population adjustment, please review the Head Count Census and Housing Unit Method manuals that the department has published to assist you with this process. These manuals are available at <http://commerce.state.ak.us/dnn/dcra/Home.aspx>. You may also contact the department for a copy of the manuals. Call (907) 269-7959 or send an email to DCRAResearchAndAnalysis@alaska.gov for additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Lawrence Blood".

Lawrence Blood,
Division of Community and Regional Affairs, Acting Director

Cc: Division of Community and Regional Affairs, Research and Analysis Section
Division of Community and Regional Affairs, Community Aid and Accountability Section

Southeast faces small employment loss in 2015

By CONOR BELL

Southeast Alaska lost about 250 jobs in 2014, or 0.7 percent of total employment. The decline was due to moderate government losses accompanied by a flat private sector.

That trend is expected to continue in 2015 with a loss of about 200 jobs, or 0.5 percent. (See Exhibit 1.) A lack of population growth and government budget constraints will set the trend for this year, although the private sector should maintain its current job levels.

Population levels off

Southeast gains new residents through natural increase, or births minus deaths, as is typical throughout the United States. However, these gains are balanced out by negative net migration, meaning more people have been leaving the region than moving in.

During the recent national recession and its aftermath, more people moved to Southeast than moved away. This created four years of positive net migration, years that deviated from the norm established over the preceding decade. (See Exhibit 2.) Southeast lost population from 2000 to 2008 and again in 2013, and is forecasted to continue declining in the near future. An aging population will temper natural increase in the long term.



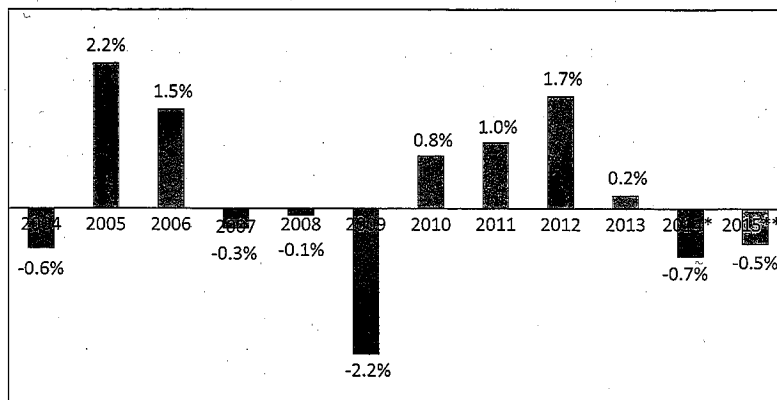
Losses throughout government

Government budget cuts and limited funding spell continued job losses this year. Government provided 35 percent of jobs in Southeast in 2013 and 42 percent of total wages. While government jobs are important throughout the state, they're critical in Southeast, where 47 percent of current workers who earned wages in at least five of the 10 prior years worked for state or local government at some point in the last decade. Statewide, it was 33 percent.

State government's 10-year employment in Southeast had fallen by 3 percent as of 2013 but had grown 9 percent statewide. (See Exhibit 3.) With budget concerns mounting, further losses are expected in Southeast. Enrollment has also declined at the University of Alaska Southeast.

Over 40 percent of Southeast's state employees are 50 or older, and as these workers retire, many of their positions will likely remain vacant. Positions that are

1 Minor Job Loss Forecasted for Southeast 2004 to 2015



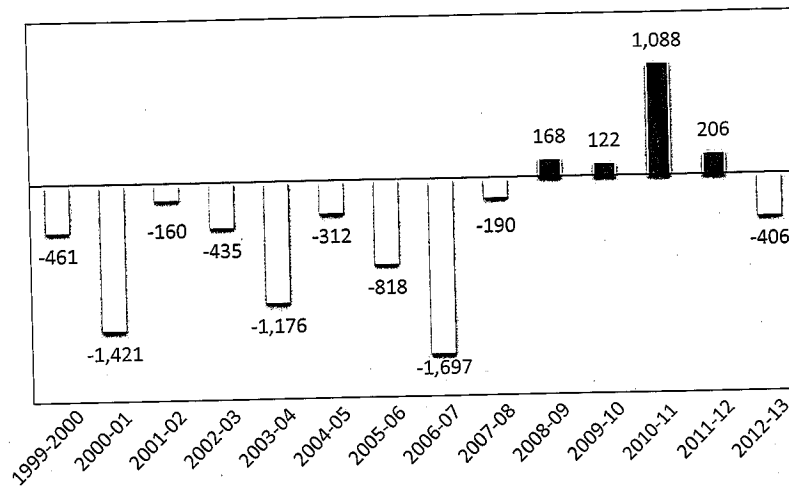
*Preliminary **Forecast

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

2

Net Migration Loss After Years of Gains

SOUTHEAST, 1999 TO 2013



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

refilled could still push employment averages down, as they can remain vacant for a long time before a replacement is hired.

Federal government has generally been on the decline for the last decade. While many of the prior losses were in the U.S. Forest Service, that agency's employment has leveled off. Losses in 2015 will be due to attrition in most other federal programs.

The picture for local government is similar, as diminishing federal funding will squeeze tribal governments and budget cuts will lead to minor losses in local government administration. School districts will also face mild thinning due to declining enrollment and funding.

Strong year for manufacturing

Manufacturing in Southeast is primarily seafood processing, an industry characterized by low wages and 67 percent nonresident workers. Employment in seafood processing has been high for the last few years, and the Department of Fish and Game has forecasted a strong 2015 pink salmon harvest of 58 million fish, which will help sustain the elevated levels of summer employment seen in the past few years.

In other manufacturing, the State of Alaska has hired Vigor Alaska, which owns the Ketchikan Shipyard, to build two Alaska Class ferries. The company plans to hire up to 80 additional employees, in jobs that tend to be high-wage, at its Ketchikan facility for the multi-year project.

Stable health care negated by social assistance losses

The education and health services sector includes private education, health care, and social assistance, though Southeast has little private education.

Private health care is more variable in the region than it is statewide. After a tough 2013 and 2014, the industry began to stabilize. Social assistance, which has been on a continual decline due to decreased federal funding, should push the sector as a whole into the red in 2015.

Other private industries

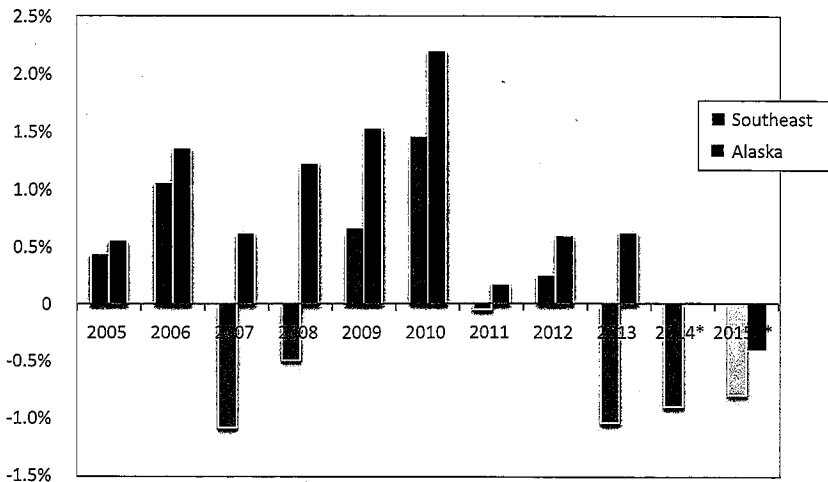
Southeast construction has been strong for the last few years, and its high employment is expected to continue. Spending on capital projects will likely decrease in the future due to budget constraints, but that's unlikely to affect 2015 significantly, because many projects throughout Southeast are in intermediary stages.

As the U.S. economy continues to recover, more tourists will visit Southeast and patronize restaurants, hotels, and recreation establishments. While tourism spans multiple sectors in the economy, its jobs are mainly in leisure and hospitality, which is forecasted to grow in 2015.

Trade, transportation, and utilities will remain flat. Though tourism will boost some retail trade and

3 Less State Government Employment

SOUTHEAST VS. STATEWIDE, 2005 TO 2015



*Preliminary **Forecast
 Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

transportation businesses, Southeast's lack of population growth will put a damper on the sector overall.

Mining job levels should hold steady. The industry has grown over the past several years due to the opening of Kensington Mine near Juneau. Exploration will continue at levels similar to 2014, primarily on Prince of Wales Island, but no new mines are slated to open this year. The investment climate remains weak, due in part to low mineral prices.

Conor Bell is an economist at the Department of Labor in Juneau. Reach him at (907) 465-6037 or conor.bell@alaska.gov.

4 Southeast Employment Forecast

2013 to 2015

	2013 Monthly Average ¹	2014 Monthly Average ¹	Change 2013 to 2014	Percent Change 2013 to 2014	2015 Monthly Average	Change 2014 to 2015	Percent Change 2014 to 2015
Total Nonfarm Employment ²	37,350	37,100	-250	-0.7%	36,900	-200	-0.5%
Total Private	24,150	24,100	-50	-0.2%	24,100	0	0
Mining and Logging	950	900	-50	-5.3%	900	0	0
Construction	1,650	1,700	50	3.0%	1,700	0	0
Manufacturing	2,200	2,300	100	4.5%	2,350	50	2.2%
Trade, Transportation, and Utilities	7,150	7,100	-50	-0.7%	7,100	0	0
Information	500	500	0	0%	450	-50	-10.0%
Financial Services	1,200	1,150	-50	-4.2%	1,100	-50	-4.3%
Professional and Business Services	1,500	1,500	0	0.0%	1,500	0	0
Education ³ and Health Services	3,950	3,850	-100	-2.5%	3,800	-50	-1.3%
Leisure and Hospitality	3,800	3,850	50	1.3%	3,950	100	2.6%
Other Services	1,250	1,250	0	0%	1,250	0	0%
Government	13,200	13,000	-200	-1.5%	12,800	-200	-1.5%
Federal Government ⁴	1,550	1,450	-100	-6.5%	1,400	-50	-3.4%
State Government ⁵	5,500	5,450	-50	-0.9%	5,350	-100	-1.8%
Local Government ⁶	6,150	6,100	-50	-0.8%	6,050	-50	-0.8%

¹Preliminary and adjusted estimates
²Excludes self-employed workers, fishermen, domestic workers and unpaid family workers.
³Private education only
⁴Excludes uniformed military
⁵Includes the University of Alaska
⁶Includes elementary and secondary public school systems

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

CAPITAL CITY weekly

When minutes matter

Wednesday, January 21, 2015

By Mary Catharine Martin | **CAPITAL CITY WEEKLY**

For about 25 years, Paul Coffey kept fire-resistant clothing in his pickup truck so he could be the first to arrive at Craig's burning buildings. When he got there, he'd check to make sure no one was trapped. He'd see where the nearest hydrants were. He'd figure out what equipment his fellow firefighters would need. By then, at least one of the fire engines would be en route, and he'd fill them in, over the radio, on what he knew.

It's a part of why he was chosen for chief nine years ago. Those extra minutes have also made a difference in the department's effectiveness in fighting fires.

But after 31 years of volunteer service with the Craig Volunteer Fire Department, Coffey recently retired. So did firefighters Jon Bolling, who is also the city administrator, and Doug Bennett. Bolling had 21 years with the department; Bennett had 17, Coffey said.

Bolling declined to talk about his own experience, saying that Coffey is "a much more interesting story."

Mentioning Bennett as well, he said, "They obviously both dedicated a lot of their own time for it, all of which was completely uncompensated ... especially for Paul, because he not only had to do what the rest of us did, but ... reporting to the state and making sure everyone is equipped, and efforts to upgrade the equipment - it's a lot of work."

Coffey's first experience with volunteer fire departments was a bad one. He was living in Maine and happened to be near a house fire in the middle of winter.

"I was sharing an apartment with a guy I worked with," he said. "We heard a bunch of commotion and ran out the door to see if we could help. It was a very rural area and it just - it made an impression on me that there needs to be some more organization (than there was in that particular volunteer department)."

He moved to Craig in 1980. By 1983, when he joined the department, Coffey had some experience with fires: he used to work for the Forest Service, and as part of that, he fought wildfires.

In the late 1980s he was promoted to lieutenant, and in 2005, when former chief Jerry Carter retired (along with the assistant chief), Coffey became chief.

His 31 years fighting fires in Craig led to some memorable experiences, three of which stand out the most for him, he said.

One was when the assistant chief's house caught fire, presumably due to some batteries charging in his garage. The assistant chief was at work; some of his neighbors called 911 when they heard a bang and saw smoke coming out of his house.

By the time a fire is visible to neighbors, however, it's usually too late to save the house, Coffey said. It's not too late, though, to save the buildings around it.

"By the time a fire gets big enough for the neighbors to notice it it's gotten a 30-minute head start on the fire department," he said. "There's almost no gaining that back."

About 25 years ago, something similar happened to a float house while the owner was out of town. Someone was stopping by to keep the wood fire going while the owner was away, and passersby noticed it had caught fire.

In what's likely the most affecting, two people died in a float house fire in the mid-1990s; alcohol was a factor, Coffey said.

The house wasn't near a hydrant, so they pumped salt water through their hoses until the tide dropped too much to reach the ocean.

"The building was fully involved when we got there," he said. "By that time, there were already two bodies inside ... that kind of hit home for us ... Probably those three incidents out of hundreds kind of stick with me over the years."

Another important benefit fire departments provide for their community is much more mundane: insurance.

Each town is ranked in an Insurance Services Office evaluation, also known as ISO. The company ranks communities on their ability to fight fires, judging them on the fire department's ability to put out fires, the public works department's ability to provide water at a fire scene, and the ability of the dispatch service to handle more than one emergency at the same time, Coffey said. Then they sell that information to insurance companies.

They rate communities from one to 10, with 10 being the worst.

When Coffey started in 1983, Craig was a 10. Under Carter's leadership, and with improvements to police dispatch, the water system, and the fire department's equipment, Craig improved to a six.

"We were the heroes of the community when people started getting refund checks from their insurance company," he said.

Eighteen years later, under Coffey's leadership, and after improvements to the police dispatch office and the city water system, they were ranked again. That time, they scored a five.

Quite frequently, small communities in Southeast Alaska have a rating of 10, Coffey said, which essentially means that they're unprotected from fires.

"To be a rural community with a class five rating is pretty significant," he said.

Though Craig might have a better rating than many other rural communities, it still struggles with some of the same challenges, Coffey said. The main one is "there's not a long line of people standing at the fire hall wanting to be volunteer firefighters," he said.

Some of the eight to 10 in Craig that are regular, active firefighters were interested in getting more involved, so Coffey decided it was "the perfect opportunity."

"I thought, you know... I've done my best; it's time to turn it over to the younger generation," said Coffey, now 59. "I had my heart in it for a lot of years."

Every single one of Craig's firefighters, including its officers, is a volunteer. They carry pagers so they can respond to emergencies as quickly as possible. During the day, they're en route in four minutes, average; at night, they're en route in six.

"It's an honor and a privilege to fight fires with all of these men," said Interim Fire Chief David Nelson, who has served on the fire department for 20 years. "All of these individuals are role models, both on and off the fire grounds."

"It was a good run, I think. I had a great run both as a regular firefighter and as an officer of the department, and as chief," Coffey said. "And we're a pretty well-respected fire department ... it's a good feeling."

Click here to return to story:

http://www.capitalcityweekly.com/stories/012115/new_1235820935.shtml

CITY OF CRAIG MEMORANDUM

To: Mayor and Craig City Council
From: Brian Templin, City Planner
Date: January 28, 2015
RE: Craig Court Bid Protest Update

As the council is aware the city submitted a bid to provide space for the Craig District Court. When bids were opened on December 19th the city's bid was fourth low bid out of five bids total. The City of Klawock was the low bidder for the space. After reviewing the bids submitted to the court it was evident that Klawock's bid did not meet the bid requirements in several areas. On January 2, 2015 the city submitted a bid protest to the Alaska Court System (ACS) outlining why the city felt that the low bid did not meet the requirements and asking ACS to disqualify the low bid and to award the lease to the lowest responsive bidder. On January 13th ACS issued a notice of award to Klawock and issued notices of protest for protests received from Craig and from Paul Thibodeau.

On January 16th ACS issued a decision on our protest. The written decision states that "The protest lacks a basis in fact or in law and does not involve any genuine issues of fact. Therefore the protest is denied without a hearing." After reviewing the denial decision it is evident that ACS' written decision contains a number of inaccuracies, errors, incorrect statements and several issues left completely unaddressed. The decision also makes a number of arguments against facts laid out in the protest while claiming that the protest "lacks a basis in fact or in law".

The decision issued by the court is the final administrative determination made by ACS. Any further protest or appeal of the decision will have to be made in court. After meeting with the city attorney, he felt that while the city would likely prevail in court that the court would be unlikely to reverse the decision made by ACS. The most likely relief that the court would issue would be that ACS incorrectly denied the protest without a hearing and would remand the issue to ACS for an administrative hearing. If an administrative hearing were to be required the most likely scenario would be that ACS would conduct the hearing but would then continue with the award to Klawock, thus fulfilling the court mandated administrative duty with no likely change in the outcome.

Copies of the protest and ACS' response are attached to this memo. I have copies of the bids, Invitation to Bid, ACS Procurement Guidelines and other documents related to our bid and the subsequent protest available for council member review.

Recommendation: Discuss the merits of proceeding with an appeal and provide direction to staff regarding this issue.

ITB Number: CRG-L-14-0008¹

Issue Date: November 7, 2014

Bid Date: December 19, 2014

Procurement of Trial Court and Office Space for court operations in the Craig/Klawock area, Alaska

SUMMARY OF CLAIM.

The Court System received five bids to provide space in Craig or Klawock, Alaska. The low bidder was the City of Klawock ("Klawock")². The second low bidder was the Craig Tribal Association. Paul Thibodeau d/b/a Thibodeau's Mini Mall was the third low bidder. The City of Craig ("Craig") was the fourth low bidder³

The Court System's budget for this procurement was \$81,540. All of the bids, other than the Klawock bid, exceeded the budget. The Craig bid exceeded the budget by more than 96%.

On 12/22/2014, the Court System issued a notice of its intent to award the contract to Klawock.⁴

On 1/2/15, Craig submitted a letter to the Court System, dated 1/2/15 purporting to challenge the award.⁵

Craig characterized the letter as a "Protest of Bid Award." The letter sets out Craig's concerns as to the Court System's evaluation of the apparent low bid

PROCEDURAL MATTERS.

Form of the Protest.

The Alaska Court System Procurement Guidelines ("PrG") establishes the procedural requirements for procurement protests in Chapter 4-401

The PrG allows two types of protests relevant to this procurement:

An interested party may protest the procurement provisions under PrG 4-401.02.1(1) no less than ten calendar days before the bid opening. The deadline for a protest of provisions was December 9, 2014.

An interested party may protest the Court System's decision to award within ten days after the Court System issues the Notice of Intent to Award.

PrG 4-401.02.2 sets out the required form of a protest. The protest must include the following:

- (1) the name, address and telephone number of the protester;
- (2) appropriate identification of the procurement and, if a contract has been awarded, its number;
- (3) a statement of reasons for the protest;

¹ A copy of the complete ITB is attached hereto as Exhibit 1.

² A copy of the Klawock bid is attached hereto as Exhibit 2.

³ A copy of the Bid Tabulation Form is attached hereto as Exhibit 3.

⁴ A copy of the Notice of Intent to Award is attached hereto as Exhibit 4.

⁵ A copy of the protest letter is attached hereto as Exhibit 5.

(4) supporting exhibits, evidence or documents to substantiate any claims unless not available within the filing time, in which case the expected availability date must be indicated;

(5) the relief requested; and

(6) the signature of the protestor or the protestor's representative.

Of these requirements, items (3), (4), and (5) are material to this protest. Craig's letter meets these requirements in some respects. However, the letter also seeks relief that is not available through the bid protest process.

Craig's letter asserts that the Klawock bid fails to meet the requirements of the ITB in a number of respects. The Court System considers these questions to state the reasons for the protest.

However, the letter does not provide any evidence or documents substantiating the reasons for the protest, nor does the letter request any specific relief.

Therefore, the Court System concludes that the protest does not meet the formal requirements of the PrG.

Timeliness.

To the extent that the letter may constitute a challenge to the terms of the procurement, the letter is not timely.

As noted above, an interested party must protest the provisions of the procurement at least ten days prior to bid opening.

The ITB sought bids from persons seeking to provide courthouse facilities to serve the Craig/Klawock area, and invited bidders to offer facilities within that area.

In the letter of 1/2/15, Craig questions the wisdom of awarding the contract to Klawock, asserting that locating the courthouse in Klawock would result in substantial additional staff time due to the need to move prisoners from the jail in Craig to the courthouse in Klawock.

This assertion does not meet the formal requirements of a protest. However, even if the comment rose to the level of a protest, it would be a protest of the terms of the procurement, and would be untimely.

Standing to Protest.

Craig does not have standing to protest the award.

In order to protest the award, a person must be an "interested party." The PrG defines the term "interested party" as follows:

8-801.13 **Interested party** means an actual or prospective bidder or offeror whose economic interest might be affected substantially and directly by the issuance of a contract solicitation, the award of a contract or the failure to award a contract.

Thus, in order to protest an award, a person must meet all of the following criteria:

- The person must have been a bidder; and
- The person must have an economic interest that might be substantially and directly affected by the award.

In the present case, Craig was a bidder. The issue here is whether Craig has an economic interest that might be substantially and directly affected by the award.

The Alaska Supreme Court addressed the question of standing to protest bid awards in *Lakloey, Inc. v. University of Alaska*, 157 P.3d 1041 (Alaska 2007.)

In that case, the University of Alaska had adopted a definition of the term "interested party" identical to that in the PrG. The university issued a solicitation for a water treatment system. The solicitation named a brand and model number for the desired system, and indicated that it would consider bids for equivalent systems. The university amended the procurement documents to identify the performance criteria by which it would consider systems to be equivalent.

The university received several bids for the water treatment system; Lakloey was the fourth lowest bidder.

- The low bidder submitted a system that failed to meet four of the twelve performance criteria identified by the university. The university rejected the bid as non-responsive.
- The second low bidder failed to acknowledge an addendum to the invitation to bid. The university allowed the second low bidder to acknowledge the addendum after bid opening, and the university issued a notice of intent to award to this bidder.
- The third low bidder did not protest the award.
- Lakloey protested the award.

The university at first considered Lakloey to be an interested party. However, the university later reversed itself, holding that Lakloey was not an interested party because it was not next in line for award.

The court held, under the facts of the case, that Lakloey was an interested party entitled to protest the award, saying:

We have previously noted that "in exchange for a bidder's investment of the time and resources involved in bid preparation, a government agency must be held to an implied promise to consider bids honestly and fairly." In other words, agencies implicitly guarantee potential bidders that their expenditures of time and resources on bid preparation will not be wasted on an unfair or dishonest bidding process. Bidders undoubtedly possess an economic interest in ensuring that agencies honor this implicit guarantee, and it is this interest that Lakloey seeks to vindicate.

Id., at 1046 – 1047.

The court held further that a bidder's interest in ensuring that a procurement process is fair and honest, standing alone, is not sufficient to confer standing to protest, saying:

Of course, standing to file a protest requires more than an economic interest in ensuring that the procurement process was fair and honest. Under both the general procurement code and the University's regulations, a bidder must possess an economic interest that "might be affected substantially and directly" by the outcome of its protest. As the general procurement code notes, whether or not a bidder possesses such an interest is necessarily dependent upon the circumstances, and the circumstances of this case dictate that Lakloey is indeed an interested party with standing to protest.

Id., at 1047.

Unfortunately, the court's decision fails to provide specific guidance as to the criteria by which a procuring agency should decide whether a protestor has standing to protest. A bidder's interest in ensuring that the procurement process was fair and honest is important, but not important enough to confer standing on the bidder. Undoubtedly, a bidder who would be next in line to receive the award has sufficient interest to protest the award. The *Lakloey* decision, however, that a bidder who is not next in line to receive the award might also have standing under certain circumstances. Those circumstances were present, but not identified, in the *Lakloey* decision.⁶

In the present case, Craig was not next in line to receive the award. The second low bidder, who was next in line to receive the award, did not protest. In addition, there was a third low bidder, Paul Thibodeau, dba Thibodeau's Mini Mall. Before the Court System would consider awarding the contract to Craig, the Court System would have had to reject three lower bids.

A number of factors, which were either not present in the *Lakloey* case, or not discussed in the decision, indicate that Craig does not have a sufficient economic interest to confer standing to protest.

First, the second low bidder, Craig Tribal Association, submitted a responsive bid, but did not protest the award. The Court System prepared a "Square Footage Comparison"⁷ showing the Court System's evaluation of the spaces offered by the various bidders. The Square Footage Comparison shows that the the Craig Tribal Association offered to lease property that met or exceeded the square footage requirements. In *Lakloey*, the court apparently did not consider whether the third low bidder in that case, who did not protest the award, had submitted a responsive bid. It is reasonable to assume that, if the third low bidder had submitted a responsive bid, *Lakloey's* economic interest in the award would be greatly reduced or eliminated.

Second, the Court System's budget was insufficient to cover an award to Craig. As noted above, the only bid that was within the budget was the Klawock bid. The Craig Tribal Association bid was slightly over budget. The Craig bid exceeded the budget by more than 92%. Therefore, assuming that the three lowest bids had been rejected, the Court System would have rejected the Craig bid as well, because it greatly exceeded the available budget. The Court System lacks the authority to award contracts to bidders in circumstances where the funds to pay the contractors are insufficient. In a case where the funds are insufficient to award a contract to any bidder, the Court System may reject all bids, in whole or in part.⁸ Therefore, if the Court System had rejected the three lowest bids, the Court System still would not have awarded the contract to Craig; and Craig does not have an economic interest that might be affected substantially and directly by the award of the contract.

The remaining discussion will address the merits of the bid protest, assuming that the protestor had standing to protest.

RESPONSIVENESS OF KLAWOCK BID.

The assertions in the Craig letter all question whether the Klawock bid was responsive to the ITB and whether the Court System properly determined that the Klawock bid met the ITB requirements. The Court System described its space requirements in the Supplementary Lease Requirements of the ITB. The Klawock bid offered space that varied to some extent from the Supplementary Lease Requirements,

⁶ The only material circumstance mentioned by the court is that the university first considered *Lakloey* to have standing to protest, and later reversed itself. That circumstance is not present in this case.

⁷ A copy of the Square Footage Comparison is attached hereto as Exhibit 6.

⁸ PrG 2-202.18.

but the Court System determined that, with minor modifications, the Klawock space would meet the requirements of the ITB.

Supplementary Lease Requirements.

Section 1.A of the Supplementary Lease Requirements indicated the Court System's space and size requirements. That section showed the approximate square footage and internal circulation factor of the desired courthouse space. The overall leased space shown was approximately 3,085 net usable square feet, consisting of a number of designated areas.

Section 1.B indicated the other public areas required by the Court System, including common areas for a lobby, public restroom, and other infrastructure.

Section 1.C provided that the bidder was to propose a floor plan that incorporates the areas in such a manner as to allow for public and private access to the areas using the example for adjacencies in Appendix A –Courthouse Schematic Floor Plan.

Section 1.D restated the Court System's intent, as follows: All sections contained in this document are provided solely for information and illustrative purposes to assist the bidder's architect in preparing their design to meet the specifications of the Invitation to Bid.

Section 2 indicated the parking requirements. The Court System also requested dedicated staff parking (5 spaces), dedicated prisoner van parking (1 space) and off-street public parking (35 spaces).

The Supplementary Lease Requirements are "schematic" in nature. A "schematic" design illustrates the scale of and the relationship among the project components.⁹ As stated in the Supplementary Lease Requirements, the Court System provided the schematic design to assist the bidder's architect in preparing a design to meet the specifications of the ITB.

Taken together, the Supplementary Lease Provisions specified that the Court System was seeking to procure leased space of approximately 3,085 net usable square feet. The Court System specified approximate sizes of the various rooms and areas within the leased space, but left the bidders to propose configurations that would allow for public and private access and functionality.

The Court System has a long history of procuring courthouse space by competitive sealed bidding. In each case, the supplementary lease requirements show schematic requirements similar to those provided in the ITB. This allows bidders to propose facilities intended to meet the ITB requirements, but allows flexibility in proposing the exact layout to meet them.

Consequently, the plans that the Court System receives on lease bids rarely meet the layout requirements in the supplemental lease requirements. Typically, the Court System goes through a back and forth process of exchanging and modifying the plan to reach an acceptable layout and meet the requirements of the Invitation to bid.

Bid Responsiveness.

A bid is responsive if it conforms in all material respects to the ITB and complies with state law.¹⁰ As to the nature of the space offered by a bidder, the bid is responsive if it meets the approximate criteria in the Supplementary Lease Requirements, to wit, the space is of sufficient size and can be configured to satisfy the desired scale and relationship of the courthouse components.

⁹ American Institute of Architects Document B101-2007.

¹⁰ PrG 2-202.12.2.

The Klawock bid, attached hereto, shows a proposed layout for the facilities that Klawock proposed to provide. As expected, the proposed layout varies from the schematic layout in the Supplementary Lease Requirements to some extent. Nevertheless, the Court System determined that the proposed facilities would, with minor modifications, meet the Court System's space and functional requirements.¹¹

The Square Footage Comparison represents the results of the Court System's review of the Klawock premises based on the expertise of Court System staff, who have extensive experience in evaluating bids in light of Court System space requirements. Craig has asserted that the evaluation was incorrect, but has not provided any documentation that would support its assertion that the Court System's conclusion that the proposed facilities would, with minor modifications, meet the Court System's space and functional requirements.

CONCLUSIONS.

As shown above the protest fails to satisfy the formal requirements of a protest. To the extent that Craig protests the award, the protest fails to include any evidence indicating that the Court System improperly evaluated the Klawock bid, or that the Klawock bid does not meet the ITB requirements. Further, to the extent that Craig protests the terms of the procurement, the protest is untimely.

Craig lacks standing to protest the award. Although Craig was a bidder, there were at least two responsive bidders with lower prices than Craig. Further, Craig's bid exceeded the available budget by more than 92%, and even if the Court System had rejected the three lower bidders, the Court System would not have awarded the contract to Craig. Craig has not alleged, and the Court System is not aware of, any other circumstances that might imply that Craig has a substantial and direct economic interest in the award.

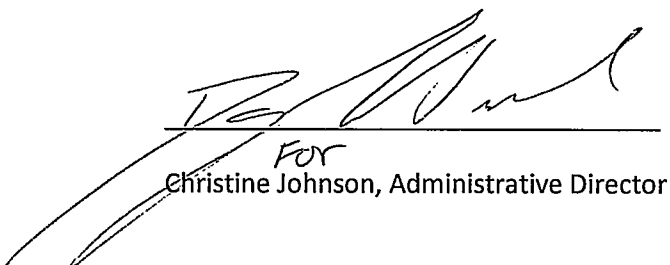
Craig has not provided any evidence that would indicate that the Klawock bid failed to meet the ITB requirements.

The protest lacks a basis in fact or in law and does not involve any genuine issues of fact. Therefore, the protest is denied without a hearing.

This is the final decision of the administrative director. The Protestor may appeal this decision under the Alaska Rules of Appellate Procedure.

1-16-15

Date



FOR
Christine Johnson, Administrative Director

¹¹ See "Square Footage Comparison."



January 2, 2015

Ms. Dawn Molina
Alaska Court System
Facilities Department
820 W. 4th Ave.
Anchorage, AK 99501

Kimberly Rice
Alaska Court System
Craig District Clerk of Court
1330 Craig- Klawock Highway
Craig, AK 99921

RP: Protest of Bid Award, ITB No. CRG-L-14-0008

Dear Ms. Molina:

The City of Craig protests the above referenced invitation to bid. While the city does not wish to protest the bid award, the short duration between the Notice of Intent to Award and the deadline for filing a bid protest prevents our questions from being answered sufficiently before the protest deadline passes and all recourse for an administrative appeal is lost.

Per the Alaska Court System Notice of Intent to Award, dated December 22, 2014, this protest follows the format identified in Section 4-401 of the Alaska Court System procurement guidelines.

(1) Name, address and telephone number of the protester.
City of Craig PO Box 725 - Craig, AK 99921. Telephone number 907-826-3275.

(2) Appropriate identification of the procurement.
ITB No. CRG-L-14-0008.

(3) A statement of reasons for the protest.
The apparent low bid does not meet the minimum requirements of the Invitation to Bid (ITB) in several areas, specifically:

- A. Tenant Reference. Section II of the bid document requires bidders to provide at least one reference from a tenant of the bidder. Did the ACS contact the State of Alaska tenant reference provided by bidder the prior to issue of its Notice of Intent to Award? If so, what did the State of Alaska contact report to the ACS? Does the apparent low bidder meet the requirement for responsible bidder as shown in the ITB Item 10 on page 2 of 6 (which incorrectly refers to ACS Procurement Guide Section 2-212, it should refer to Section 2-213)?
- B. Parking Requirement. Section D.2 of the ITB requires the bidder provide 41 parking spaces for use by the building tenants, law enforcement, and the public. While Section F states that

“up to 45” parking spaces are available the site plan provided by the ACS from the apparent low bidder does not show the required 41 parking spaces. The parking standard does not appear to be met. Has the ACS waived the required parking requirement clearly identified in the ITB documents? If not, how did the ACS determine from the submittal that the parking requirement is met?

- C. Seating Requirement. Section 9.A.3) of Part C of the ITB calls for the spectator seating area to provide a minimum of 35 seats. The floor plan provide by the ACS from the apparent low bidder shows seating accommodation for only 23. Has the ACS waived the required seating requirement clearly identified in the ITB documents? If not, how did the ACS determine from the submittal that the seating requirement is met?
- D. Jury Assembly Requirement. Section 9.C of Part C of the ITB calls for space for 80 persons for jury assembly. There are 32 seats, including jury box, in courtroom. This requires that the lobby area accommodate at least 48 persons. Per the 2009 IBC the required space for an A-3 Assembly Occupancy Area is 560 sf for seated use (7 nsf per occupant). The lobby shown is 195 sf. How did ACS determine that the lobby area is sufficient to house four dozen people?
- E. Public Restroom. The single, unisex restroom shown on the floor plan is inadequate for 80 people assembled in response to jury call. Per the 1997 Uniform Building Code a minimum of two toilet fixtures in men and women’s rooms (4 fixtures total) including one accessible fixture in each restroom is required for the building occupancy. ITB Section D (1)(B) requires public restrooms accessible from the lobby that meet occupancy code. The apparent low bid does not meet the public restroom standards required by the 1997 UBC. How does the apparent low bidder intend to meet the minimum UBC Code requirements adopted by the State of Alaska for restrooms and required by the ITB?
- F. Internet Capacity and Reliability. Report due diligence that ACS conducted regarding capacity and reliability of internet service to the proposed facility. Did ACS inquire with the provided tenant reference as to prior State of Alaska staff experience with internet service at the facility?
- G. Impact on other State Agencies. Did the ACS consider or consult with the Alaska State Troopers on the substantial additional cost of staff time to the Prince of Wales Alaska State Troopers Detachment in moving the ACS facility out of Craig, where the Department of Corrections contract jail facility is located?
- H. Space Requirements. The Invitation to Bid Section D(1)(A) outline space requirements for spaces within the leased area. The apparent low bid does not meet the minimum space requirements (as shown by the plans included with their bid) for the following areas:
 - a. Attorney Conference Room. Section D (1)(A)(1) requires 70 sf per conference room. The provided plans show 60 sf per conference room.
 - b. Court Room. Section D (1)(A)(3) requires 1,400 sf. The provided plans show 1,194 sf (including sound lock and secured storage). The undersized courtroom results in insufficient room for spectator seating as required in the ITB and discussed in Item C above.
 - c. Clerk’s Area. Section D (1)(A)(4) requires 350 sf. The provided plans show 157 sf. In addition to being below the required size shown in the ITB, 157 sf appears to be significantly undersized to hold three staff members, office equipment, files, etc.

- d. Jury Deliberation Room/Conference Room. Section D (1)(A)(10) requires 540 sf. The provided plans show 385 sf.
- e. Judge and Magistrate's Offices. Section D (1)(A)(11) and (15) require 150 sf for the Judge's Office and 185 sf for the Magistrate's Office as two separate areas. The provided plans show 200 sf total space in a single office for the Judge/Magistrate.

In addition to the required spaces that are below minimum standards, the public restrooms (discussed in Item E above) will require significantly more building area (approximately 200 sf more than currently shown) to meet code requirements. The apparent low bidder's drawing of the proposed space currently only provides 82% of the total net usable square footage (NUSF) required by the ITB. When the public restrooms are modified to meet code requirements the apparent low bidder's space only provides 75% of the required NUSF shown in the ITB. Has ACS waived the space requirements contained in the ITB? If so, were all bidders notified and given opportunity to amend their bids to allow for smaller spaces? Has ACS determined that the undersized spaces (particularly the courtroom, clerk's area and judge/magistrate offices) are sufficient to meet the court's needs?

- I. Jury Deliberation Area Adjacency and Sound Lock. ITB Section C(7) calls for "functional and spatial relationships established by ACS as shown on Appendix A, Courthouse Floor Plan". In addition the ITB clearly calls for sound isolation for the jury deliberation room. As shown on the plans provided by the apparent low bidder the jury access from the court space to the jury room requires that the jury pass behind the clerk's work station to access the hallway leading to the jury deliberation room. In addition the only sound vestibule shown in the jury deliberation area is for the restrooms and not the jury deliberation room. The jury deliberation room is not sound isolated from the hallway, clerk's coffee prep or judge/magistrate's office. Is the sound isolation shown for the jury deliberation room sufficient? If the requirement was waived were other potential bidders given opportunity to amend their bids?

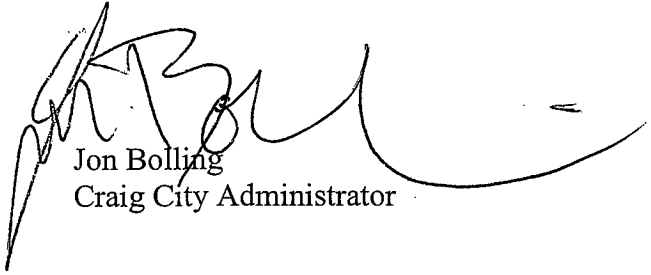
(4) Supporting exhibits, evidence or documents to substantiate claims.
Applicable ITB reference requirements provided in itemized claims above.

(5) The relief requested.
The City of Craig requests as relief:

1. Detailed written responses to the items listed in A through I, above and review checklists/scoresheets used to review the bids.
2. Reconsider the intent to award, and reissue to the bidder that meets the ITB requirements at the lowest cost to the ACS.
3. ACS stay procurement award pending final adjudication of the protest process. A stay of the procurement award will prevent the need for ACS to invalidate the notice of award if the protest is found valid and will not be detrimental to the states procurement process.
4. Assure fair application of the Invitation to Bid and Procurement Guide for all bidders.
5. Adjust the required schedule for occupancy to accommodate the bid opening extension, the protest period, protest consideration and final issue of award.

ITB CRG-L-14-0008 was made on short notice (issued 11/7/14 and originally scheduled for opening 12/8/14) and was later amended (Addendum #1) to extend the bid opening to 12/19/14 to allow bidders to fully review the requirements and prepare bids that met them. The City of Craig prepared a bid in good faith based on the published requirements in the invitation to bid. Since bids meeting the requirements have been submitted and made public it would be unfair to those bidders to restart the solicitation process. These factors should be taken into consideration when determining an appropriate remedy.

(6) Signature of the protestor or the protestor's representative.



Jon Bolling
Craig City Administrator

CITY OF CRAIG MEMORANDUM

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: January 29, 2015
RE: Craig Aquatic Center Renovations – Design Award

In September 2014 staff met with the council to discuss the draft pool condition assessment and to prioritize work items for immediate contract; repairs/maintenance that staff should do during annual maintenance over the next several years; and future contract work items. In October 2015 the contractor submitted the final condition assessment. The items scheduled for contract in the initial phase of renovation include:

1. Roof replacement
2. East Wall Repairs
3. Mechanical Systems (heating, air handling, valve work)
4. Chemical Storage
5. Lighting
6. Work associated with items 1-5.

The total estimated construction cost for these items is approximately \$1.75 million based on the cost estimates contained in the condition assessment (not including design and engineering). Our contract with Jensen Yorba Lott Inc. (JYL) allows us to have them perform design services. We requested a fee proposal for design work from JYL for design, bidding, construction administration and construction observations/inspection is attached. Due to some concerns raised during discussion with the mechanical engineer the city asked that CTA Engineers be consulted to ensure that systems will interface with the wood boiler. CTA was the mechanical engineer on that project.

JYL submitted a fee proposal that included:

1. \$235,000 (lump sum) for design, construction documents, bidding and construction administration
2. \$40,000 (estimate based on time and materials) for construction observation/inspection
3. \$25,400 (based on billed expenses) for other expenses related to all services

The total fee proposal (combination of lump sum, time/material and expenses) for services through completion of the initial contract project is \$300,300. The design fees will be partially paid by the remaining grant funds and by bond funds approved in 2014.

Recommendation: Approve an amendment to the contract with Jensen Yorba Lott Inc. to include design, bidding, construction management and construction observation services for an amount not to exceed \$300,300.

DESIGN SERVICES PROPOSAL



SUMMARY

Project: Craig Pool 14006

SERVICES	FEE	TYPE	EXPENSES*	TAX	TOTAL
Schematic Design	\$61,000	Lump sum	\$12,000	\$0	\$73,000
Construction Documents	\$101,000	Lump sum	\$1,700	\$0	\$102,700
Bidding and Negotiations	\$9,000	Lump sum	\$150	\$0	\$9,150
Construction Administration	\$64,000	Lump Sum	\$150	\$0	\$64,150
Construction Observations	\$40,000	Time/Expense	\$11,300	\$0	\$51,300

*The Reimbursable Expenses include \$7,000 for time and expenses for CTA to provide a site visit if desired.

TOTAL	\$275,000	Lump Sum	\$25,300	Budget	\$300,300
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PIONEERING ENVIRONMENTS

January 29, 2015

Wayne Jensen
Principal Architect
Jensen Yorba Lott, Inc.
522 West Tenth Street
Juneau, AK 99801

SENT VIA E-MAIL

Re: Mechanical Engineering Technical Assistance for Craig Pool Renovations

Dear Wayne,

CTA is pleased to offer our mechanical engineering services for the above referenced project.

Project Description:

Based on our phone conversation, we understand the project to be a renovation and upgrade to the envelope and mechanical systems for the city pool building in Craig, Alaska. The work will be based on the Facility Conditions Survey that your company performed last summer which you sent a copy of to us. The City is planning to proceed with implementing repairs or upgrades to the deficiencies they deemed high priority.

Scope of Work:

Scope of work will include the following tasks:

1. Review original wood fired boiler system design and sequences of operation and provide recommendations on how to interface with the potential mechanical system upgrades.
2. Participate in three conference calls to discuss the project and talk about potential design solutions with you and your consultants and the owner.
3. Provide schematic concepts for potential mechanical systems.
4. Perform a peer review and comment on the proposed mechanical system upgrades.
5. If desired, perform a site visit by a mechanical engineer (myself) to review the existing conditions and meet with you, your consultants, and the owner. The site visit would be to Craig and assumes two days on site plus travel time to/from Craig.

CTA will provide recommendations for the design, however, you and your design team will be in responsible charge of the final design and will stamp and sign the construction documents.

Proposed Schedule:

Upon receipt of the signed proposal, CTA will coordinate a final schedule with you.

Fee and Authorization:

We are proposing to perform the scope of work defined above for the fees listed below.

Work Item	Fee	Reimbursable Exp.	Notes
Design Technical Assistance	\$12,000	\$500 (Estimated)	Lump Sum Fee + Reimb. Exp.
Site Visit	\$5,000	\$2000 (Estimated)	Lump Sum Fee + Reimb. Exp.

Reimbursable expenses would include travel costs for site visits and printing and postage costs and will be billed at CTA cost plus 5%. Travel time for the site visit is incorporated into the fee and not the reimbursable expenses.

You will be billed on a monthly basis. Payments are due and payable 30 days from the date of invoice. Outstanding invoices are subject to 1% interest rate per month.

If this proposal is acceptable, please sign below, return one copy to CTA and we will initiate the scope of work. If it is more convenient, a PDF e-mailed back to me of the signed letter is acceptable. We look forward to working with you and your team on this project. Please feel free to contact me with any questions.

Sincerely,

CTA ARCHITECTS ENGINEERS

Jensen Yorba Lott, Inc.
Accepted by:



Nathan H. Ratz, PE
Senior Mechanical Engineer

Authorized Signature

Printed Name

Date: _____

CITY OF CRAIG MEMORANDUM

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: January 29, 2015
RE: Tract 15 Potential Development

In 2013/2014 staff completed development and sales of lots in Salmonberry and Tanner Crab Subdivision. Overall all 13 lots were put up for sale and two additional lots (previously sold by the city to Fred Ensign) were serviced by the road and utility development. 11 of the 13 lots sold during the sealed bid or the subsequent over-the-counter sales. Development on many of the sold lots has already begun. Only two lots have not sold (higher priced waterfront lots in Salmonberry Subdivision). Housing and developable lots are still at a premium in Craig.

The city currently owns Tract 15, USS 2611 which is bordered on the north by Water Tower Road, on the west by Ptarmigan Court, on the east by Low Density Residential lots and on the South by the LDS Church lot. The tract currently has three lease tenants – the Community Garden, NOAA Radio Tower and Craig Cable TV. Craig Cable TV is grossly in arrears on lease payments and sales tax remittance to the city and it is likely that they cannot maintain the lease of space that they have. The Tract is currently zoned Public. Because the majority of the tract is on a residential cul-de-sac street many public or commercial type uses are not appropriate. The property has largely been vacant for years and there are no development plans.

Based on the success of sales of moderately priced lots during the recent land sale it would be appropriate to look at the idea of developing the majority of Tract 15 into residential lots and conducting a sale similar to the 2013/2014 sale of lots that the city completed.

The attached drawing shows the existing tract and three development concept alternatives.

Alternative A – Concept A shows a fairly standard subdivision of the lot which would yield seven lots approximately 10,000 square feet in size. This concept would require us to survey the parcel, construct a new road, install utility mains, install phone/electric main lines and have an appraisal of the property done before lots could be sold. Based roughly on the prices for the work in Salmonberry and Tanner Crab last year we would be looking at approximately \$100,000 - \$150,000 in road and utility construction. This would be a fairly easy installation and the cost might be reduced if some or all of the work was done by Public Works. Since these lots would abut Lots 6A, 8, 9 and 10 of Port Bagial Heights Subdivision the new lots would likely be zoned as Low Density Residential to restrict development to single family and duplex structures.

Alternative B – This design alternative would create five lots approximately 13,000 sf in size and give the adjacent landowners at Port Bagial Heights the opportunity to purchase a portion of the lot that could be used for development or as a buffer between those properties and the new subdivision. The additional land would be a 52' wide strip the

length of the lot lines of the adjacent lots. These strips are shown as 7A, 8A, 9A and 10A on the attached drawing. The strips would be attached to the appropriate adjacent lots during the subdivision and platting process. This option would require an agreement by all property owners that they wanted to purchase their portion. The five residential lots would not require new road or subdivision mains. Utility laterals should be installed in order to accommodate anticipated paving but lateral costs would be passed on through the lot purchase price. Lateral installations could be done by city Public Works staff. While there are two less lots to sell, the city would likely get more revenue from the sales because there would not be a major road and utility cost. Costs to the city would be limited to survey, appraisal and utility laterals. All of these costs would be recouped to the city in the sale price. The lots would be listed at higher prices than Alternative A simply because the lots would be much larger. If this option is pursued the property should be zoned at a higher density. The adjacent residential properties on Ptarmigan and Eagle Tree Courts are zoned High Density Residential and allow for construction of up to four unit residential structures (four-plexes). There are a number of duplexes and an existing fourplex in this area so additional multi-family structures would not be out of place and would be more appropriate given the larger lot sizes. The ability to construct multi-family structures would also offset the higher cost of the lot. The opportunity to purchase a “buffer” between the development area and Port Bagial Heights should offset any impacts to the Low Density lots to the east.

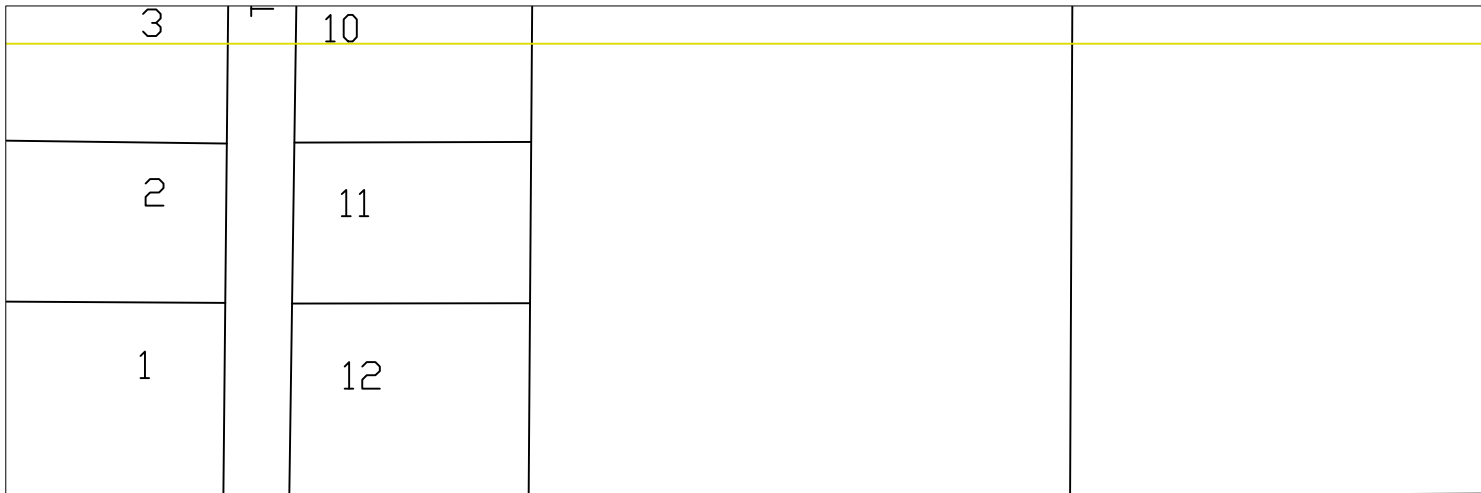
Alternative C – This alternative would create four lots approximately 22,000 sf in size. The lots would stretch from the existing Ptarmigan Court to the rear property lines of Port Bagial Heights Subdivision. Like Alternative B, this option would not require substantial utility installation and survey, appraisal and utility lateral costs would be passed on to the purchaser. The end result of options B and C would be little or no development cost to the city and no ongoing utility or road maintenance. The lots would be significantly higher cost per lot due to the large lot size. The zoning should reflect a higher density to allow for multi-family structures (up to fourplexes) on the lots. An additional setback easement, vegetation barrier or other controls could be called out on the plat to maintain separation between these lots and the adjacent lots to the east. Properties to the west are already zoned High Density Residential and there are a number of multi-family dwellings on Ptarmigan and Eagle Tree Courts.

Alternative D – This alternative is a balance of the other three. This alternative would create six lots. There would be some road and utility main installation required but not as much as alternative A. Since some of the lot sizes would be less than that required for Low Density zoning this option Medium Density (allowing for single family and duplexes as permitted uses and triplexes and fourplexes as conditional uses) would be appropriate.

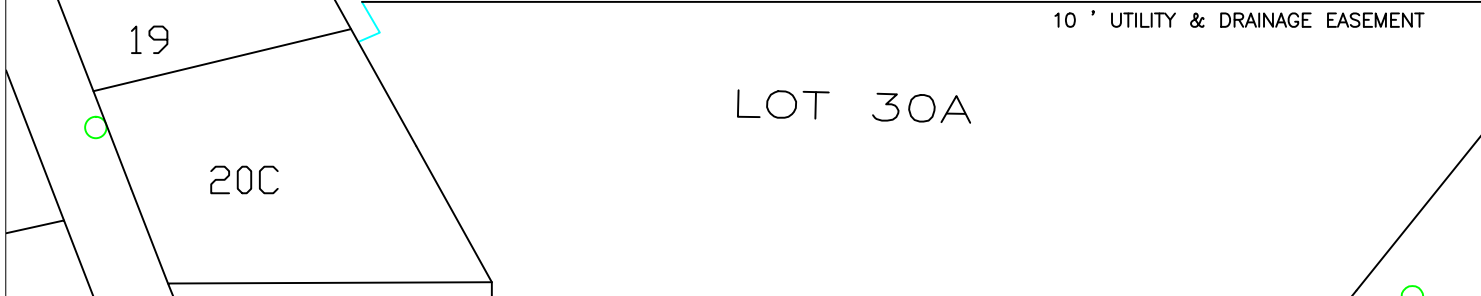
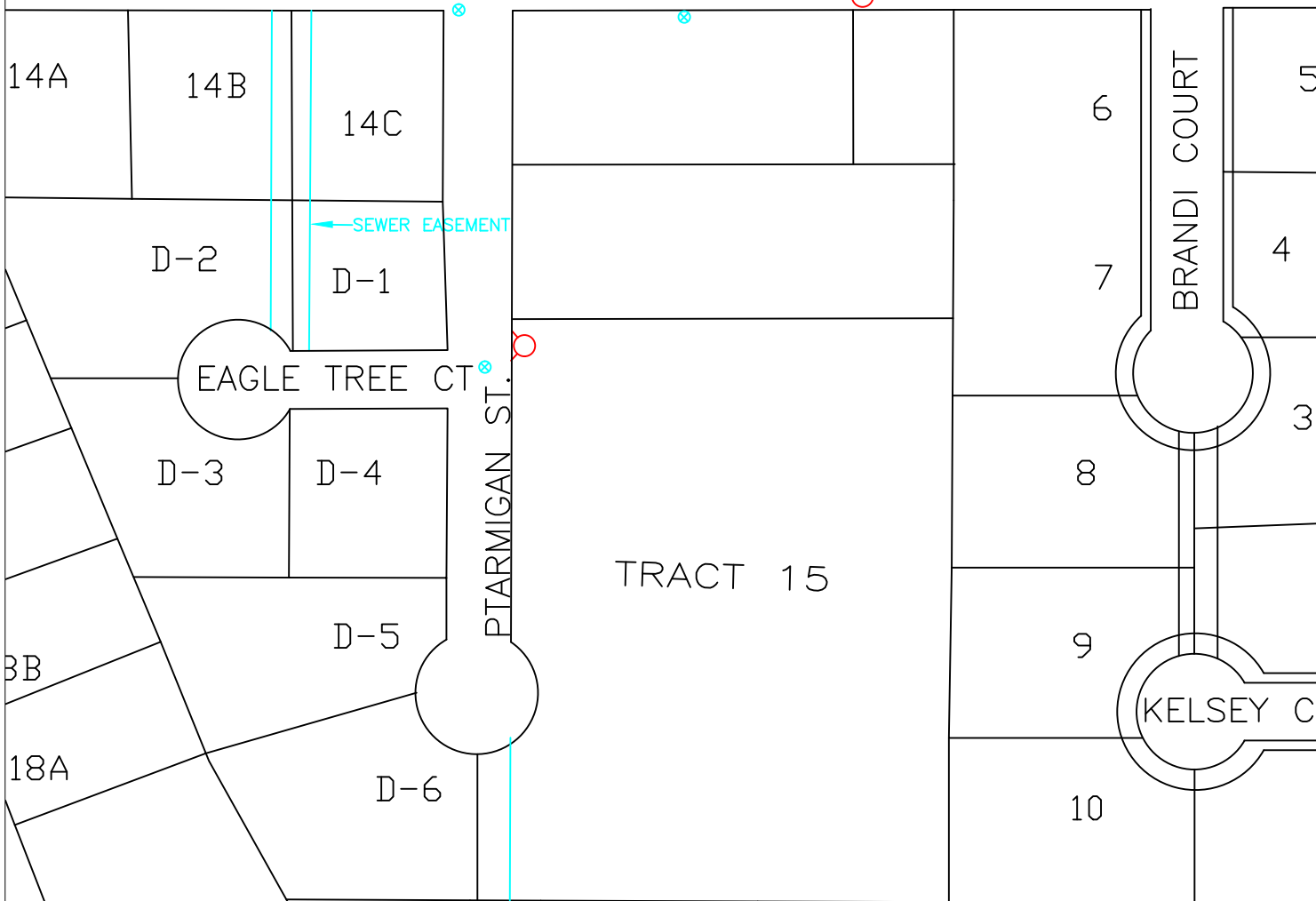
Affordable housing and opportunities to purchase residential property is still an issue in Craig as shown during the recent land sale. Development of this area would create additional opportunity for private residential development, increasing the property tax base and home ownership. Based on the proposed layout alternatives the existing Craig Cable TV building would likely remain on a single lot (or lots 1 and 2 of alternative A) and the existing lease could be continued or the building could be sold as part of the sale of that lot. Of the three options Alternative B offers the most affordable lots at the least

cost to the city. This option would also not require substantial utility development. Alternative B would require the concurrence of four property owners who would purchase portions of the area and add them to their residential lots on the east side of the parcel.

Recommendation: Discuss the merits of proceeding with the development and disposal of lots at Tract 15, USS 2611 and provide direction to staff.



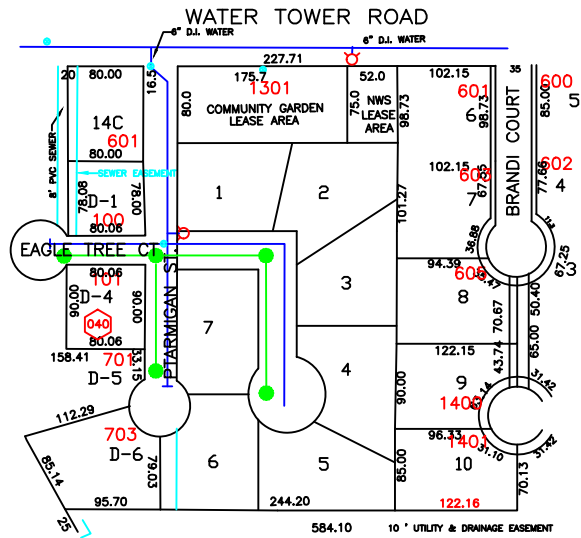
WATER TOWER ROAD



10' UTILITY & DRAINAGE EASEMENT

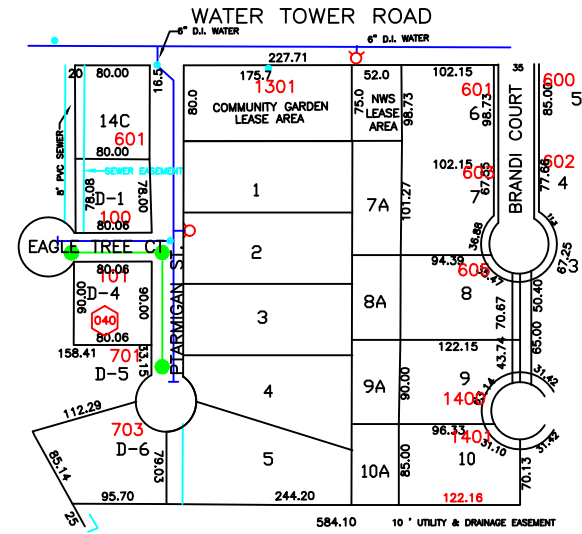
LOT 30A

20C



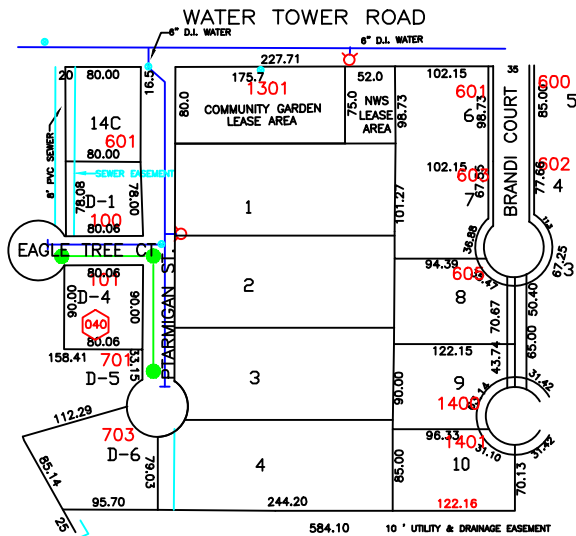
Concept A - All Lots +/- 10,000 sf

Concept A



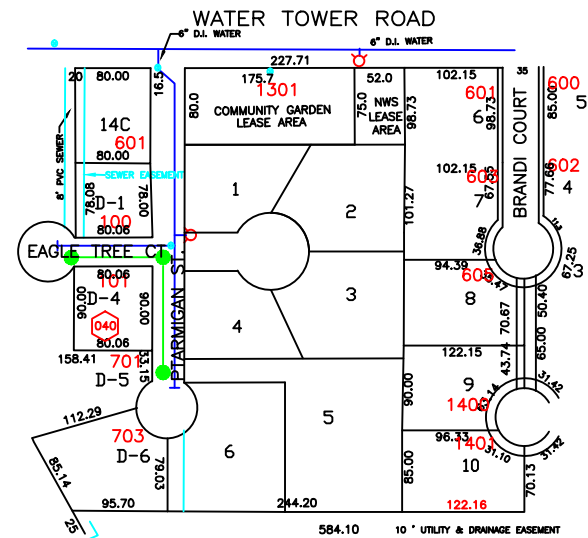
Concept B - All Lots +/- 13,000 sf

Concept B



Concept C - All Lots +/- 22,000 sf

Concept C



Concept D - Lots 10,000 - 15,000 sf

Concept D

Tract 15 Development Concept Options

CITY OF CRAIG MEMORANDUM

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: January 29, 2015
RE: 2015 CAPSIS Nominations

As the council is aware staff prepares capital project nominations to the state legislature each year based on the capital improvement project resolution approved by the council.

This year project nominations are due to the legislature through the CAPSIS system on February 6, 2015. We have prepared six project nominations. Projects are:

1. Community Streets
2. Public Works Equipment Storage
3. Public Works Heavy Equipment
4. New Fire/EMS Building
5. New Harbor
6. Aquatic Center Renovations

It is likely that capital appropriations will be minimal or nonexistent this year due to budget issues at the state level so we have taken priority projects from the CIP resolution and prepared submissions that will maximize any opportunity for funding.

Improvement of community streets is still a priority for the city since we would like to go to bid this year for construction next year. We currently have approximately \$1.1 million from previous grants for street paving. It is estimated that this will leave us about \$1 million short of completing all streets in town. If we receive a significant amount of funding from the state legislature it should be used to supplement the existing street improvement money and maximize the amount of paving we get done under the current phase of paving. During the legislative appropriation process if it appears that we are in line for \$200,000 or more funding it should go toward street paving.

If a smaller amount of money is available from the legislature this year we would like to construct vehicle storage at the public works yard that would allow us to store the extra ambulance and fire vehicle in enclosed storage areas. The Public Works Equipment Storage project would allow us to construct a storage building that would include at least two enclosed bays and two open bays.

The other projects are not likely to be funded but because they are ongoing projects it is in our interest to keep them in the system.

In addition to the items that we will be submitting, I am waiting on the school district for any items that they want submitted to CAPSIS.

Recommendation: The council should provide any additional direction to staff regarding the CAPSIS submission, but no formal action is required by the council.