

CITY OF CRAIG
COUNCIL AGENDA
MARCH 19, 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 February 5, 2015
- City Council Minutes of February 19, 2015
- 2015 Liquor License Renewals

HEARING FROM THE PUBLIC

- Open for public comment
- Resolution 15-06, Tax Free Day 2015
- Resolution 15-07, Employee Handbook Changes
- Public Hearing of Ordinance 663, Moratorium on Establishment of Retail Marijuana Establishments

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

- Roadless Rule- Alaska exemption bill
- Karate Club 62 Pit Clean Up
- APCM February Newsletter

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

- Resolution 15-06, Tax Free Day 2015
- Resolution 15-07, Employee Handbook Changes

UNFINISHED BUSINESS

NEW BUSINESS

- Appointment of Budget Committee Members
- Appointment of Millie Schoonover to the Planning Commission
- Appointment of Alternate Craig Representative to the Southeast Alaska Solid Waste Authority
- Write off of Uncollectable Utility Accounts
- Consideration of Darlene Jeter, Connie Arnce and Michael McIntire senior property tax exemption applications

ADJOURNMENT

CITY OF CRAIG
COUNCIL MEETING
THURSDAY FEBRUARY 5, 2015

ROLL CALL

Mayor Dennis Watson called the meeting to order at 7:05 p.m. and the roll was taken. Present were, Jim See, Hannah Bazinet, Jan Storbakken, Don Pierce and Mike Douville. Absent excused was Joni Kuntz.

Staff present: Jon Bolling, City Administrator; Joyce Mason, Treasurer; Lisa Moore, City Clerk Pro-Tem; Mike Peele, Harbormaster; Jessica Holloway, Aquatic Center Manager; Amy Marshall, Librarian; Victoria Merrit, Parks and Recreation Manager; Otis Gibbons, Parks and Public Facilities Manager; Brian Templin, City Planner; RJ Ely, Police Chief; Ron McIntosh, Public Works Director.

Audience present: Chris Sakraida, Steven Anderson, Andy Deering, Lisa Radke, Chase Nelson, Aaron Christie.

CONSENT AGENDA

PIERCE/KUNTZ

moved to approve the consent agenda.

MOTION CARRIED UNANIMOUSLY

HEARING FROM THE PUBLIC

- 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/IFA- Mayor Watson mentioned the realignment of the district for our portion of the State, along with the headlight regulations and herbicides all being imposed without really considering the residents point of view. Mayor Watson drafted a letter outlining the issues and has been promised more attentiveness in future.

Administrator-

Treasurer-

Aquatic Manager- Provided a written report.

City Clerk- Absent.

City Planner- Provided a written report.

EMS Coordinator- Provided a written report.

Harbormaster- Provided a written report.

Library- Provided a written report and added that this month is the Library's 80th anniversary.

Police Chief- Provided a written report.

Public Works- Provided a written report. This was the first week with new garbage collection system which is going well and has cut down on staff time. Public Works staff may look at adding weight to the dumpsters near the harbor.

Parks and Rec- Provided a written report.

Parks and Public Facilities- Ten working days left. The Chip Dryer is operational at this point. Viking has begun producing bio-bricks

READING OF CORRESPONDENCE

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

Resolution 15-03, Pool Bonds

PIERCE/KUNTZ

moved to adopt Resolution 15-03 authorizing and providing for the issuance and sale of general obligation bonds in an amount not to exceed \$2,000,000.

MOTION CARRIED UNANIMOUSLY BY ROLL CALL VOTE

Resolution 15-04, Regarding Halibut Bycatch

PIERCE/BAZINET

moved to approve Resolution 15-04.

MOTION CARRIED UNANIMOUSLY BY ROLL CALL VOTE.

Resolution 15-05, Status of Alaska National Wildlife Refuge

PIERCE/SEE

moved to adopt Resolution 15-05.

MOTION CARRIED UNANIMOUSLY BY ROLL CALL VOTE

Ordinance 663, Moratorium on the Establishment of Retail Marijuana Establishments

Jan had few comments regarding Ordinance 663 she would like to discuss. Jan would like to be sure that passing this Ordinance is the will of the people and also that the people who voted this in to place get a say regarding the path the City takes with the regulations. Mayor Watson explained that this Ordinance just gives us time to review the regulations that the State enacts and then decide which regulations the City Council may want to modify or further regulate the retail sale and processing of marijuana. Chris Sakraida reported that marijuana will still be illegal on the national forest land, marine highways, airways, etc. Mike explained that because this Ordinance is only providing the city with four months after the State adopts their regulations, he is in favor. It is beneficial for the City to review the adopted regulations and make changes as needed.

Motion to approve Ordinance 663 at FIRST reading
MOTION CARRIED UNANIMOUSLY

UNFINISHED BUSINESS

Craig Courthouse Bid

Brian mentioned that the protest that the City filed with the Alaska Court System regarding the low bid for the Craig District Court was denied. The city attorney and staff feel that this decision could be overturned fairly easily, but the outcome would likely be the same.

Pool Renovations Award of Design Services Contract

The Bond issue is moving forward, and the city is ready to begin bidding for the high profile renovations that will be completed with the bond funds. JYL has sent a fee proposal for the design, bidding and construction management phase and it is in line with the price staff would expect for a project like this. JYL will likely begin work immediately if fee is approved.

PIERCE/KUNTZ

moved to 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.

MOTION CARRIED UNANIMOUSLY

NEW BUSINESS

Pending Vacant Council Seat

Joni will be vacating the council seat she currently holds. The council will need to appoint another council member before she vacates the seat until the regular election.

Proposal to develop Tract 15 Residential Lots

Brian would like to take a look at the property along Ptarmigan Ct. for development after the success of the Tanner Crab and Salmonberry Subdivision lots. Some of the lots would require little or no construction. The council agreed that there is a need for more residential lots. The council will consider the options provided and revisit this item again at a later date.

CAPSIS Nominations

Brian completed the list of CAPSIS nominations, the council agreed with the list presented.

ADJOURNMENT

DOUVILLE/STORBAKKEN: moved to adjourn at 8:16 p.m.
MOTION CARRIED

APPROVED _____

MAYOR DENNIS WATSON

ATTEST _____
KASSI BATEMAN, CITY CLERK

CITY OF CRAIG
COUNCIL MEETING
THURSDAY FEBRUARY 19, 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, Joni Kuntz, Jan Storbakken, Don Pierce, Hannah Bazinet and Mike Douville.

Staff present: Jon Bolling, City Administrator; Joyce Mason, Treasurer; Kassi Bateman, City Clerk; Brian Templin, City Planner; RJ Ely, Police Chief; Ron McIntosh, Public Works Director; Victoria Merrit, Parks and Recreation Director; Amy Marshall, Librarian.

Audience present: Leonard Williams, Andy Deering, Lisa Radke, Karen Marquardt, Randall Morgan, Ron Pierce, Edna Pierce, Faith Lazo, Frank Lazo, William Coffman, Wayne Baxter, Sam Thomas, Richard Trojan.

CONSENT AGENDA

No consent agenda was presented.

HEARING FROM THE PUBLIC

- Final Reading and Public Hearing of Ordinance 663, Moratorium on Establishment of Retail Marijuana Establishments
- Final Reading and Public Hearing of Ordinance 664, Defining “Public Place” as to the consumption of marijuana

Leonard Williams requested for the wording “permanent” under the classification section of Ordinance 664 to be changed.

Karen Marquardt spoke on Alaska State Statutes Section 17.38.110 Local Control regarding marijuana regulations and requested that the ordinance was opened up to a public vote.

Randall Morgan expressed concern that the council was not implementing the law as the majority would like. Randall requests the residents of Craig vote on this issue.

Sam Thomas is concerned for the students and exposure to the sale and consumption of marijuana. Sam is involved in the transit plan and would like to see regulations implementing a certain amount of feet from bus stops, youth centers, schools etc... Sam noted that the City would not need to reinvent the process; many municipalities have begun the process for outlining public place in terms of consumption and sale.

Richard Trojan commented on Ordinance 664, and his agreement with the wording and outlining of public place. Richard questioned the necessity of stopping the acceptance of licenses here

without the state having set the regulations. Richard requested for the council to either table the ordinance, or vote it down until the State gets their regulations settled.

Andy Deering questioned the need to vote on this right now, but would like to see it tabled until the Alaska regulations are in place.

Jon responded that the State will not begin accepting applications for the commercial sale of marijuana in Craig the end of February 2016, and the moratorium provides the city with 30 extra days to decide if the commercial sale needs to be regulated more or if it works for Craig.

Frank Lazo expressed concern about the process for initiating these laws, and the problems that have arisen with other states that have approved the use/sale of marijuana. The potential to sell and consume is there, but it is a wait and see process and nothing is written in stone. Frank would like to wait and see and help work with the process.

Ron Pierce does not want to see restrictions on marijuana.

Richard Trojan doesn't believe the city needs to approve the moratorium, and if they do, Richard requested an amendment to change the March 31, 2016 time frame to have this issue being put to a vote on the next regular election, or on a special election.

Mike Douville mentioned that the ordinance is just asking for an additional 30 days beyond the state's deadline. Mike expressed that the council is not saying no, just working towards regulations that fit Craig.

William Coffman questioned if anyone had decided where marijuana may be sold at here in Craig.

Mayor Watson mentioned that it would go to planning and zoning commission, and depend on the regulations passed by the state and the city.

Jim mentioned that the possible vote in an election would depend on the state's regulations, and it would be difficult to determine the wording on the ballot.

READING OF CORRESPONDENCE

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

Ordinance 663, Moratorium on Establishment of Retail Marijuana Establishments
PIERCE/SEE moved to postpone Ordinance 663 until April 2, 2015.
MOTION CARRIED UNANIMOUSLY

Ordinance 664, Defining "public place" as to the consumption of marijuana.
SEE/KUNTZ moved to approve Ordinance 664.
MOTION CARRIED UNANIMOUSLY BY ROLL CALL VOTE

UNFINISHED BUSINESS

NEW BUSINESS

Consider Workshop with Steve Silver

Jon planned a meeting with Steve Silver while he is in Craig this month. Any available council will attend.

ADJOURNMENT

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

APPROVED _____

MAYOR DENNIS WATSON

ATTEST _____
KASSI BATEMAN, CITY CLERK



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

February 23, 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
1856	Ruth Ann's Hotel, Bar & Restaurant	Beverage Dispensary – Tourism	Ruth Ann Parsons	300 Front Street

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

Prince of Wales Properties
P.O. Box 492
Craig, AK 99921-0492
(907)401-0015

March 13, 2015

City of Craig
P.O. Box 725
Craig, AK 99921-0725

Re: Request for Tax Relief Day on April 11, 2015

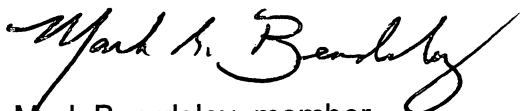
Dear Administrative Staff & Council Members,

I am writing to you on behalf of Prince of Wales Properties. Similar to previous years, I am requesting the City of Craig consider allowing a Sales Tax Free day on Saturday, April 11, 2015 in accordance with City of Craig Ordinance No. 593.

This one day event has been well received in previous years. Although the discount to the customer is small, the gesture by the City of Craig to allow this event continues to be substantial.

Thank you for your consideration on this matter.

Best Regards,

A handwritten signature in black ink that reads "Mark Beardsley". The signature is written in a cursive style with a large, sweeping "B" and "S".

Mark Beardsley, member
Prince of Wales Properties, LLC

CITY OF CRAIG

RESOLUTION NO. 15-06

INITIATING THE 2015 SALES TAX FREE DAY

WHEREAS, Ordinance No. 593 provides for a sales tax free day in the Craig Municipal Code; and

WHEREAS, Saturday, April 11th has been chosen as the 2015 tax free day; and,

WHEREAS, Tax Free Day will benefit the Craig residents and other Island shoppers, and provide local merchants a marketing opportunity.

NOW THEREFORE BE IT RESOLVED that April 11th be established as tax-free day for 2015 during normal business hours, subject to the following conditions:

- 1) The promotion does not include the payment of rents and leases;
- 2) All sales made on the tax-exempt day must be recorded like any other exempt sale, and the record from that day submitted with the businesses quarterly sales tax return.
- 3) Sales are limited to stock on hand items only
- 4) Participation in the promotion by local merchants is voluntary.

APPROVED _____

MAYOR DENNIS WATSON

ATTEST _____
KASSI BATEMAN, CITY CLERK

Date: March 9, 2015

To: Mayor & City Council

From: Joyce Mason

Re: Employee Handbook updates

Resolution 15-07 provides miscellaneous changes to the Employee Handbook. The changes are to clarify the policies. There are no policy changes.

303 Holidays explains holiday pay is paid after completion of probationary period.

312 Health Insurance reflects the change in time the city offers insurance to employees. The Affordable Care Act mandates the city offer health insurance within 90 days of employment. The policy in the past was 180 days.

401 Timekeeping explains the change to electronic timesheets.

508 Business Travel Expenses states advance per diem will be paid at the rates set by the city council.

702 Drug and Alcohol Use – The word marijuana is added to the list of unacceptable substances.

Recommendation:

Approve Resolution 15-07, Employee Handbook updates.

303 Holidays

Effective Date: 07/01/2010

Revision Date: 03/01/2015

~~City of Craig will grant holiday time off to all employees on the recognized holidays listed below:~~
City of Craig recognizes the holidays listed below:

- * New Year's Day (January 1)
- * Presidents' Day (third Monday in February)
- * Good Friday (Friday before Easter)
- * Memorial Day (last Monday in May)
- * Independence Day (July 4)
- * Labor Day (first Monday in September)
- * Alaska Day (October 18)
- * Thanksgiving (fourth Thursday in November)
- * Day after Thanksgiving
- * Christmas (December 25)

City of Craig will grant paid holiday time off to all eligible employees assigned to an eligible employment classification after completion of the probationary period. Holiday pay will be calculated based on the employee's straight-time pay rate (as of the date of the holiday) times the number of hours the employee would otherwise have worked on that day. Eligible employee classification(s):

- Full-time employees
- Part-time employees

To be eligible for holiday pay, employees must work the last scheduled day immediately preceding and the first scheduled day immediately following the holiday. Vacation or sick leave will be counted as days worked only for eligibility of holiday pay and specifically not for determining the number of hours worked in a day or in a week.

A recognized holiday that falls on a Saturday will be observed on the preceding Friday. A recognized holiday that falls on a Sunday will be observed on the following Monday. City departments that operate on a 24-hour, seven day per week operation will recognize holidays on the actual date of the holiday.

If a recognized holiday falls during an eligible employee's paid absence (such as vacation or sick leave), holiday pay will be provided instead of the paid time off benefit that would otherwise have applied.

If eligible nonexempt employees work on a recognized holiday, the employee will receive holiday pay plus wages at one and one half (1.5) times their straight time rate for the hours worked on the holiday. The hours will be counted only once for purposes of determining hours worked in a day and hours worked in a week.

Paid time off for holidays will not be counted as hours worked for the purposes of determining overtime.

312 Health Insurance

Effective Date: 07/01/2010

Revision Date: 03/01/2015

City of Craig's health insurance plan provides employees and their dependents access to health insurance benefits. Employees in the following employment classifications are eligible to participate in the health insurance plan:

- * Full-time employees
- * Elected City Council Members and City Mayor

Employees hired for full time will be offered health insurance after 60 days of employment, regardless of the completion of the probationary period. The 60 day enrollment rule is the result of the federal Affordable Care Act. Eligible employees may participate in the health insurance plan subject to all terms and conditions of the agreement between City of Craig and the insurance carrier. Eligible employees will share in the cost of the health insurance premiums.

A change in employment classification that would result in loss of eligibility to participate in the health insurance plan may qualify an employee for benefits continuation under the Consolidated Omnibus Budget Reconciliation Act (COBRA). Refer to the Benefits Continuation (COBRA) Policy for more information.

Details of the health insurance plan are available from the city's Personnel Office Information on cost of coverage will be provided in advance of enrollment to eligible employees. Contact the Personnel Office for more information about health insurance benefits.

313 Life Insurance

Effective Date: 07/01/2010

Revision Date:

The City of Craig provides a basic life insurance plan for eligible employees. Additional supplemental and/or dependent life insurance coverage may also be purchased. The cost of such supplemental insurance coverage shall be borne fully by the employee.

Accidental Death and Dismemberment (AD&D) insurance provides protection in cases of serious injury or death resulting from an accident. AD&D insurance coverage is provided as part of the basic life insurance plan.

Employees in the following employment classifications are eligible to participate in the life insurance plan:

- * Full-time employees

Eligible employees may participate in the life insurance plan subject to all terms and conditions of the agreement between City of Craig and the insurance carrier. Details of the basic life insurance plan including benefit amounts are described in the Summary Plan Description provided to eligible employees.

401 Timekeeping

Effective Date: 07/01/2010

Revision Date:

Accurately recording time worked is the responsibility of every nonexempt employee. Federal and state laws require City of Craig to keep an accurate record of time worked in order to calculate employee pay and benefits. Time worked is all the time actually spent on the job performing assigned duties.

Nonexempt employees should accurately record the time the employees begin and end their work, as well as the beginning and ending time of each meal period. The employees should also record the beginning and ending time of any split shift or departure from work for personal reasons. Overtime work must always be approved before it is performed.

Altering, falsifying, tampering with time records, or recording time on another employee's time record may result in disciplinary action, up to and including immediate termination of employment.

Nonexempt employees should report to work no more than 15 minutes prior to their scheduled starting time nor stay more than 15 minutes after their scheduled stop time without expressed, prior authorization from their supervisor.

It is the employees' responsibility to complete their electronic timesheet. ~~It is the employees' responsibility to sign their time records to certify the accuracy of all time recorded.~~ The supervisor will review and then approve the time record before submitting it for payroll processing. In addition, if corrections or modifications are made to the time record, the time record must be returned to the employee for correction. ~~both the employee and the supervisor must verify the accuracy of the changes by initialing the time record.~~

402 On Call Time

Effective Date: 07/01/2010

Revision Date:

Employees on "On Call" status will be paid \$4 per hour for the time they are on call, up to 8 hours per day. If called to work on their day off, the non-exempt employee is guaranteed one and one-half time the normal rate of pay for the hours worked beyond the forty (40) hour work week. An employee is "called to work" from an on-call status if the employee must physically respond to a city facility or another location to address a work-related incident.

Rates of pay for on-call time may vary by city department based upon written intra-department policies, subject to approval of the City Administrator.

In the event of staffing problems, on call time may be extended beyond the eight hours with the approval of the City Administrator.

508 Business Travel Expenses

Effective Date: 07/01/2010

Revision Date: 03/01/2015

City of Craig will provide reasonable business travel expenses for employees while on assignments away from the normal work location. Employees must submit a check request or purchase order in accordance with the City of Craig's financial procedures.

Employees whose travel plans have been approved are responsible for making their own travel arrangements.

When approved, the actual costs of travel, lodging, and other expenses directly related to accomplishing business travel objectives will be paid by City of Craig. Employees are expected to limit expenses to reasonable amounts.

Eligible costs of travel that are not paid through purchase order procedure may include the following:

- * Airfare or train fare for travel in coach or economy class or the lowest available fare.
- * Car rental fees, only for compact or mid-sized cars.
- * Fares for shuttle or airport bus service or other public transportation for other ground travel.
- * Marine Ferries
- * Taxi fares, only when there is no less expensive alternative.
- * Mileage costs at the IRS mileage reimbursement rate for use of personal cars, only when less expensive transportation is not available.
- * Cost of standard accommodations in low to mid-priced hotels, motels, or similar lodgings.
- * Charges for telephone calls, fax, and similar services required for business purposes.

Employees who are involved in an accident while traveling on business must promptly report the incident to their immediate supervisor. Vehicles owned, leased, or rented by City of Craig may not be used for personal use without prior approval.

Cash advances to cover reasonable anticipated expenses may be made to employees, after travel has been approved. Employees should submit a written request to their supervisor when travel advances are needed. Advance per diem checks will be issued for meals at the rate set by city council resolution if requested two weeks before the travel date.

With prior approval, employees on business travel may be accompanied by a companion at the employee's sole expense when the presence of a companion will not interfere with successful completion of business objectives. Generally, employees are also permitted to combine personal travel with business travel, as long as time away from work is approved. Additional expenses arising from such non business travel are the responsibility of the employee including the companion's travel expenses.

When travel is completed, employees should submit completed travel expense reports within 5 days. Receipts for all expenses paid by the city excluding per diem expenses should accompany reports. Employees will submit to his or her supervisor a written report discussing the experience and continuing education training provided within 5 days upon return of the travel.

Employees should contact their supervisor for guidance and assistance on procedures related to travel arrangements, travel advances, expense reports, reimbursement for specific expenses, or any other business travel issues.

702 Drug and Alcohol Use

Effective Date: 07/01/2010

Revision Date:

It is City of Craig's desire to provide a drug-free, healthful, and safe workplace. To promote this goal, employees are required to report to work in appropriate mental and physical condition to perform their jobs in a satisfactory manner. Using or being under the influence of drugs on the job may pose serious safety and health risks. To help ensure a safe and healthful working environment, job applicants and employees may be asked to provide body substance samples (such as urine and/or blood) to determine the illicit or illegal use of drugs. Refusal to submit to drug testing may result in disciplinary action, up to and including termination of employment.

While on City of Craig premises or while conducting business-related activities off City of Craig premises, no employee may use, possess, distribute, sell, or be under the influence of alcohol, marijuana, or illegal drugs. Possession, distribution, sale, transfer, or use of alcohol, marijuana, or illegal drugs in the workplace, while on duty, or while operating employer-owned vehicles or equipment will not be permitted. The legal use of prescribed drugs is permitted on the job only if it does not impair an employee's ability to perform the essential functions of the job effectively and in a safe manner that does not endanger other individuals in the workplace. Employees taking any narcotic shall report the use of the narcotic to their supervisor prior to the start each work shift. Employees taking any medication or drug that carries a warning or advisory regarding the operation of equipment or vehicles shall notify their supervisor prior to the start of each work shift.

To inform employees about important provisions of this policy, City of Craig has established a drug-free awareness program. The program provides information on the dangers and effects of substance abuse in the workplace, resources available to employees, and consequences for violations of this policy.

The City of Craig provides confidential referral services to employees for assistance with such problems as drug and/or alcohol abuse or addiction. It is the employee's responsibility to seek assistance prior to reaching a point where his or her judgment, performance, or behavior has led to imminent disciplinary action. Participation in the EAP after the disciplinary process has begun may not preclude disciplinary action, up to and including termination of employment.

Employees with questions or concerns about substance dependency or abuse are encouraged to use the resources available through the City of Craig (see section 316). They may also wish to discuss these matters with their supervisor or the City Administrator to receive assistance or referrals to appropriate resources in the community.

Employees with drug or alcohol problems that have not resulted in, and are not the immediate subject of, disciplinary action may request approval to take accrued sick leave or unpaid time off to participate in a rehabilitation or treatment program. Leave may be granted if the employee agrees to abstain from use of the problem substance; abides by all City of Craig policies, rules, and prohibitions relating to conduct in the workplace; and if granting the leave will not cause City of Craig any undue hardship.

Under the Drug-Free Workplace Act, an employee who performs work for a government contract or grant must notify City of Craig of a criminal conviction for drug-related activity occurring in the workplace. The report must be made within five days of the conviction. In addition, the City of Craig requires that an employee indicted under a criminal statute for drug-related activity, occurring in or out of the workplace,

**CITY OF CRAIG
MEMORANDUM**

To: Craig City Council
From: Jon Bolling, City Administrator
Date: February 13, 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. The ordinance is presented here for second reading.

As I noted to the council at first reading of this ordinance, Alaska voters approved Ballot Measure 2 last November. That ballot measure legalized the production, transport, and retail 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.

Please note that I modified Section 3 of the ordinance to change the effective date to February 24, 2015. At the first reading of the ordinance the effective date stated that the ordinance is effective immediately upon adoption. However, because Ballot Measure 2 takes effect February 24, the effective date of the ordinance should be no earlier than that date. No other changes have been made to the ordinance since first reading.

Recommendation

Approve Ordinance No. 663 at second reading.

**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 February 24, 2015.

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: May Watson, and the Craig City Council

From: Jessica Holloway, Aquatic center Manager

Date: March 11, 2015

RE: February/March Report

We have continued to provide swim lessons to the outlying schools through February and March. February was Kassan and Whale Pass. March is planned for Hollis.

We are starting to get ready for our annual Easter swim. The Easter swim has been a great hit throughout the years and we hope to continue putting it on in the future. We will start to fill eggs next week, this takes about two weeks of on and off work.

Unfortunately we will not be having too many toy nights in March due to staff traveling for spring break and such. The pool will be holding an extra open swim from 1:00pm-2:30 pm Monday through Friday over spring break. We are hoping for a sunny spring break. If not the pool will be open !

For the last month like the rest of the department heads I have been working on the 2016 budget. This is the first time that I have done this and I am not afraid to say it hasn't been easy for me. With the help of Nicole I think I have made it through and now know what to keep my eyes open for next year.

I am happy to report Kristy is expecting a little boy at the end of July. She will be taking her maternity leave around the first week of July and will be staying home with him for qa few months after.

June is coming fast and we are all looking forward to the work that is going to be done on the pool.

If you have any questions or concerns please feel free to call , e-mail or stop by

907-826-2794 or e mail pool@craigak.com

Happy Spring,,

Jessica Holloway

City of Craig Memorandum

Date: March 10, 2015
To: Mayor Watson and Craig City Council
From: Kassi Bateman, City Clerk
Re: Clerks Report

Newsletter

The spring 2015 newsletter should be out in late April or early May. Included will be our Clean up week schedule, Harbor no wake article, Pool shut down schedule for renovations, and more. If you have any items you would like to see included in the newsletter let me know.

Safety

The employee safety day was February 23, 2015. It went very well, and a huge thanks to all the staff that worked so hard on their presentations and courses. Amy/Library hosted a course on Bullying in the Workplace, conducted via videoconference. The Library also allowed staff to use the computers for our Target Solutions courses through our insurance. EMS conducted Blood borne Pathogens, PPE, and a quick CPR refresher for the employees which were great. RJ and Lee conducted a course on Safely Driving City Vehicles complete with an obstacle course. Anjuli conducted Workers Comp training for any interested employees covering the process for reporting claims and more. Throughout the day there were a total of 20 employees who attended training. The safety committee plans to conduct another safety day in future.

The Premium Credit Application is due in April. Much of my time has been dedicated to conducting inspections of the buildings, as well as compiling various trainings that have been done within each department. All of these materials along with the target solutions courses completed will count towards our insurance "break".

Cemetery

This month I plan to work on updating the cemetery maps and records. I will also try to set aside time to work on the unknown graves, an ongoing project.

Webpage

I plan to work on uploading the new webpages this month or early next month for harbor as well as some of the minor form updates and page changes.

Code Book Updates

Please bring in your code book if I haven't updated it yet this year. There were some minor changes to the book, but I would like to make sure all are updated and accurate.

CITY OF CRAIG MEMORANDUM

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: March 12, 2015
RE: Planning Department Staff Report – March 2015

1. Pool Improvements. Staff met with JYL by teleconference and conducted a pre-design meeting. Staff will meet with JYL for progress meetings as the project goes on. JYL intends to have design and bidding done so that construction on the pool will take place June – August 2015.
2. Capital Projects. Staff submitted capital project requests to the state legislature through CAPSIS on February 6th. The budget discussions in both the house and senate are still not positive and there is more talk of budget cuts than funding so it is still reasonable to assume that there will be little or no capital project funding from the legislature this session for city projects.
3. Planning Commission Opening. Millie Schoonover submitted a letter of interest for the open planning commission seat. Mayor Watson appointed Millie to the seat. Per the Craig Municipal Code the council confirms all appointments to the planning commission. An action item if on the agenda for this meeting confirming Millie Schoonover to the planning commission.
4. Permit and Application Fees. I will be coming to the council over the next couple of meetings with recommendations for setting permit and application fees (particularly lease and land sale fees). The current fees have not been adjusted for cost of mailing or advertising in at least 12 years. An adjustment to fees will be to ensure that postage and advertising are covered when required for actions. With the Island News now defunct we will have to spend \$300 or more to advertise some applications. The publisher of the Ketchikan Daily News intends to start a new paper on the island starting April 15th, this new paper will likely be used to meet the public notice requirements that we have. Due to the advertising requirement in code for lease and sale applications, fees will see a sharp increase but other permits will likely not see significant increases.
5. Marijuana Legislation. I have been following various pieces of legislation through the state senate this session regarding marijuana. Particularly SB30 (primarily dealing with personal use and decriminalization/legalization), SB62 (primarily dealing with the business licensing of marijuana related establishments) and SB60 (establishing a marijuana control board). Similar bills have been introduced in the house. I will continue to follow this legislation as it progresses through the legislature.
6. Easements and Vacations. I have two pending applications for vacation and establishment of easements on city owned land. The first is an application from Kit Kraft to establish an easement on a narrow strip of city owned land to allow him to

reestablish a deck and fill to allow for access to the Water Street side of the building on Lot 6A, Block 22A, USS 1430. The second is an application by Pat Murphy, Scott Brookshire and Gary Barlow to vacate an existing easement on the back of the lots they purchased in Salmonberry Subdivision during the city's land sale last year. Both of these applications require review by city departments before action is brought to the council. Both items are currently being reviewed and will be presented to the council at an upcoming meeting.

7. Sale of Tidelands to John McCallum. The council authorized staff to negotiate a lease of city owned tideland to John McCallum to allow for a personal use dock in front of Lot 6, Port St. Nicholas No. 3. Mr. McCallum has requested that we convert the lease to a sale of the tideland in front of his lot for the same purpose. I am waiting until the new Island Post (a newspaper from the publisher of the Ketchikan Daily News) goes into distribution in mid April to advertise this land sale (per the municipal code). This item will be back before the council in the form of an ordinance in April and May.
8. HOPE Lease. The lease for HOPE is due for renewal. I have started a public notice process and scheduled a public hearing and council action for April 2nd. HOPE's lease makes them responsible for their electricity, water, sewer, garbage, heat, janitorial and insurance. Due to how the building is wired and plumbed we have not been able to separate out their electricity, water and sewer costs. We have calculated the estimated cost of these services to the city and are proposing that the council adopt a \$200 per month lease fee. HOPE is currently paying for garbage collection but the new lease fee would include garbage along with the other utilities. This lease fee will still be a below market value lease and not require an appraisal but will cover the costs that HOPE is required to pay for. The lease renewal would be for an additional three years at this rate. The only other change to the lease terms would be to take water, sewer, garbage and electricity out of the Lessee's responsibility since the lease fee paid directly to the city would cover those items.

Craig Public Library Report To City Council February 2015



Submitted by: Amy K. Marshall, Library Director

Numbers are reflective of 2/1/2015 – 2/28/2015

Patron Visits:	1,312
Circulations:	2,135
Computer Use:	440
Program Attendance:	150
Reference Questions:	214

The library concluded the Hot Reads for Cold Nights Reading Program. We had over 50 adults and children signed up and, by the end they had read in excess of 200 books.

Katie George is our new VISTA Volunteer. She is working through the Alaska State Library on a Libraries Build Communities Project. As part of the project, Katie will be planning Smart Money Week and beyond Financial Literacy Programs, Early Literacy Programs, and completing a Community Needs Assessment to bring together stakeholders and community resources leaders to work on projects to benefit Craig as a whole. She is also working on an assessment to identify needs in the community as far as programs and resources to alleviate poverty. She arrived on island on January 16th and will be with us for a year.

I received word that The Craig Public Library is a 2015 Finalist for the National Medal from the Institute of Museum and Library Services – the federal agency that supports libraries across the country. Based on the strength of our nomination and two letters of support from community members (Johnny Rice and Mary Hailey), Craig Public Library was selected as one of the Top 15 Libraries in the Nation from a pool of 170 well-qualified applicants. Also on

Craig Public Library Report To City Council

February 2015

the list are institutions like The Los Angeles Public Library, the Brooklyn Public Library, and the Phoenix Public Library. Needless to say, this is incredibly exciting for a small, rural library to rub shoulders with such giants. The 5 winners will be announced on April 21st.



One programming highlight from February was the multi-site Elizabeth Peratrovich Day event over the Alaska OWL video conferencing network. Libraries from Craig to Nome participated in a viewing of “For The Rights of All: Ending Jim Crow in Alaska” and a facilitated discussion about Civil and Native Rights. It was well-attended at all libraries and the feedback was positive.

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.

Upcoming Programming in March includes Teen Tech Week (we are going out with the Whale Fest Beach Clean Up crew to begin filming a short documentary about tsunami debris and beach clean up efforts), Digital Learning Day, which includes a π in the Sky! Program adapted from NASA and the Jet Propulsion Lab on 3/14, The ULTIMATE Pi-Einstein Day (3.14), and The Big Library eRead!, which runs from 3/17 until April 1st. This year’s book is “Shakespeare Saved My Life,” and it is available from ListenAlaska.

Grants in Process: Early Literacy Center Grant –RECEIVED! 2/2015
Teen Tech Week Grant – RECEIVED! 2/2015
Technology & Furnishings Grant with Rasmuson

Awards in process: The library was named as a 2015 Finalist for the National Medal from the Institute of Museum and Library Services. Craig Public Library is the only public library in Alaska to ever be named to the Top 15 List. The 5 Top Libraries in the Nation will be announced on April 21st.

Craig Public Library Report To City Council
February 2015

**CITY OF CRAIG
MEMORANDUM**



Date: March 6th, 2015
To: Honorable Dennis Watson, Craig City Council
Fr: RJ Ely, Police Chief
Re: Staff Report / February 2015

RJ Ely

ACTIVITY

Activity from January 29, 2015 through February 28, 2015. Dispatch Center took the following amount of calls for service:

Craig	745	Up from last month	710
Klawock	330	Up from last month	264
AST	14	Up from last month	13

DEPARTMENT OF MOTOR VEHICLES

DMV Agent / Dispatcher Lee Martynuik attend a CDL Refresher Course in Anchorage. Class needed in order for Martynuik to maintain his instructor's certification, to continue the CDL Road Tests.

DISPATCHER(S)

Currently advertising for Part Time / Fill In Dispatcher. Of those whom have applied, none have successfully completed all sections of the hiring process.

OFFICER(S)

Officer D'Amelio has completed the 40 hour F.T.O. (Field Training Officer) course and is now a certified F.T.O.

Have completed oral board interview(s), backgrounds and am ready to make an offer to fill the open police officer position.

OTHER

Sgt. Medina will be attending A.L.E.R.R.T. training, in Anchorage March 23rd.

I will be attending the Tsunami Workshop, in Ketchikan from March 9 through the 12 of 2015.

Steps are being taken to complete video arrangements, so prisoners will not have to be transported to Klawock; unless being sentenced and no waiver secured or a few other hearings.

I will be taking leave, 1st of April, until the 17th of April. In my absence, Sgt. Medina will be in charge of the department.

Steps have been taken, to secure a Wreath to be placed next to the name of former Craig Police Officer Kenneth G. Nauska, who was killed in the line of duty January 30th, 1966. His name is engraved on the wall of the American Police Hall of Fame & Museum. His name will be read, along with other officers that have been killed in the line of duty, on Friday May 15th, 2015 at 7:30 PM.

Memo

To: Mr. Mayor, Craig City Council

From: Ron McIntosh, Public Works Director

CC: Jon Bolling, City Administrator

Date: March 12, 2015

Re: Public Works Council Report for February 5, 2015

Activities and status:

1. Solid Waste Collection. The new solid waste collection operation is running smooth. We have received final training on the equipment and the truck is running good.
2. PSN Watermain Replacement project is in progress.
3. The North Fork Lake Dam Project is set to begin April 15, 2015.
4. Clean up week is set for the first week in May. Household hazardous waste collection is on May 9th at the landfill.

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

Craig City Council Report, March, 2015 from Recreation

There will be no afterschool program by recreation during break. The Spring Bazaar will be held on April 25th.

Elementary Basketball will start on March 23d for 3-5th graders and March 30 for the K-2 bitty ball. The 3-5 program is with the Craig Schools.

Afterschool will continue on Fridays only after Spring Break. We have had a dropping enrollment with the exception of a joint movie with the library that had over 60 for Big Hero 6.

Roller-skating is Fridays at 7pm, admission \$1, rent skates and blades for just \$2. The Roller Derby Demo was great. They plan to join the skaters and do another demo in the future. The first was on February 28th. The POW Salty Dolls Roller Derby team holds classes are on Monday and Wednesday at the Craig City Gym from 6 to 8pm. Besides team members we need refs and non skating officials, so come on by and see if you are interested! Skating costs the same as the Friday night skate at 7, just \$1 admission and \$2 to rent skates and safety equipment.

Open gym Volleyball is back on Tuesdays and Thursdays at 7 for just \$1 to play. We are looking at a Spring 4 on 4 Volleyball league starting April 3rd, with sign ups due on April 1st. \$100 per team the league ends in May.

Join the POW Language Club for Spanish conversation on Wednesday! Come to the Craig Rec Center at 6 p.m. if you consider yourself a beginner. If you are experienced, join us at 6:30! No experience necessary. Everyone is welcome! Seibukan Karate is held on Tuesday, Thursday and Friday at 5, you can join at the class.

The City Gym can be rented for \$15 an hour and the Craig Youth/Recreation Center for \$25.

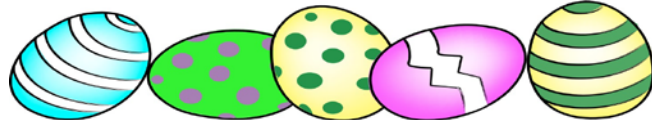
The Craig 4th of July committee is renting out the bouncy house for parties for just \$50 an hour and that includes a committee member to run the house.

The 4th of July Committee is holding the Spring Carnival on

March 21st from 1 to 3 at the Craig City Gym.

The Spring Bazaar will be held on April 25th at the Craig City Gym from 10 to 4, sign up at Craig City Hall.

Questions? Call me at 826-2575 or
email craigrec@aptalaska.net or face book at Craig Recreation



Craig 4th of July Committee Presents

2015 Spring Carnival

Baby Duck Pond

Bounce House

Cake/Desert Walk

Cotton Candy

Balloon Dart Throw

Ring toss

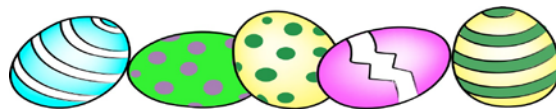
Basketball Hoop

Fish pond

Bean Bag Toss

Food and Prizes!

Craig City Gym from 1 p.m. –
3 p.m. March 21st



Happy Easter





FOR IMMEDIATE RELEASE
March 4, 2015

Contact: Robert Dillon (202) 224 6977
Michael Tadeo (202) 224 5810

Sen. Murkowski: Roadless Rule Makes No Sense for Alaska *Introduces Bill Exempting Tongass, Chugach National Forests from Roadless Rule*

Washington, D.C. – U.S. Sen. Lisa Murkowski, R-Alaska, introduced legislation Tuesday to exempt Alaska’s national forests from the roadless rule to ensure that affected communities can economically develop renewable energy and other natural resources on the national forests in Alaska.

“The Forest Service’s application of the roadless rule in the Tongass and Chugach National Forests continues to deny local communities the opportunity to develop their economies and access more affordable energy,” said Murkowski, chairman of the Senate Energy and Natural Resources Committee.

Reinstatement in 2013 of the roadless rule – which prohibits construction of new roads in inventoried unroaded areas – has made efforts to build renewable energy projects, electric transmission lines, mining operations, wood products, and other projects within Alaska’s two national forests nearly impossible because of the lack of access.

Murkowski has repeatedly pressed U.S. Forest Service Chief Tom Tidwell to allow Alaska flexibility in how the roadless rule is applied in the state. Despite repeated promises, though, the Forest Service has made little effort to be more flexible in its application of the roadless rule.

Murkowski’s legislation (S. 631) restores the 2003 Alaska roadless exemption that recognized that this “one size fits all” rule should not apply to Alaska’s national forests.

“The roadless rule may make sense in the Lower 48, where there are existing roads and utility lines on national forest lands, but in Alaska – where there is very little, if any, existing infrastructure – it simply makes no sense and is actually counterproductive. Our inability to access to our abundant resources has meant a bleak economic future for many communities,” Murkowski said. “It’s time for that to end. The legislation I’ve introduced allows Alaskans the opportunity to make thoughtful decisions about developing the economic resources on the forested lands that, in many cases, surrounds them on all sides.”

Alaska’s two national forests are the country’s largest. The Tongass National Forest in Southeast Alaska covers 17 million acres, an area the size of West Virginia. The Chugach National Forest covers 5.4 million acres.

Feb 27, 2015

POW Seibukan Karate-Do

PO Box 312

Craig, AK 99921

907-826-3566

Instructed under Sensei Annette Cole

Dear City Of Craig & Craig City Council Members,

I am writing this letter in reference to the 62 Pit area. Our karate class made up of ALL youth would be happy to clean up on the sides of the road in both directions of the 62 pit area and thought we may be able to do this as a fundraiser with a monetary donation from the City of Craig for this work.

We are raising funds for our seminars. One of which we will be going to is Whidbey Island Washington for training and corrections and will be traveling next month. March 16th-21st. There will be 7 youth going on this trip. We would like to do the clean up before we leave so that we may have these funds for our trip expenses. Our proposed donation amount if you feel it fare is \$500. If you feel it is to much please what ever you can budget for would be greatly appreciated.

Kindest Regards,

POW Seibukan Karate-Do Youth

Duncan Brown

Brandy Marinese

Wayne Brookshire

Duane Wood

Colin Rice

Tully Rice

Tristin Trozelle

Tyia Lester

Jody Goodrich

Anyla Trozelle

Marley Kness

Carter Bertold

Lincoln Bertold

Paulnell Tallman

RECEIVED

FEB 27 2015

**CITY OF CRAIG
CRAIG, ALASKA**

Sensei Annette Cole



ALASKA PERMANENT CAPITAL MANAGEMENT

Registered Investment Adviser

FEBRUARY 2015

MONTHLY PERSPECTIVES

ECONOMY & FINANCIAL MARKETS

US Stocks Sink, Bonds Rally

Stocks in the US fell for the second straight month (down 3% for the S&P 500) on worries over weaker global economic growth and soft corporate earnings.

Treasury bond prices continued to rally. The long 30 year Treasury saw gains of 10.6% in January as yields fell almost 50 basis points to 2.24%, an all-time low. Yields were as high as 3.92% last year.

The overseas equity markets did better, but foreign returns were crushed by a strong US dollar which was up almost 5% for the month. The developed country EAFE index posted a modest 0.5% return in dollars while the MSCI emerging market equity index gained 0.6% during the first month of the year.

The commodity rout continued with the Bloomberg Commodity Index off more than 3% over the month. Oil slid \$5, to end the month at \$48 a barrel. Prices are down over 50% since the 2014 highs. That is driving inflation lower across the globe and in fact several months of deflation are likely in early 2015.

Release the Kraken!

That was Zeus in the 1981 film *The Clash of the Titans*, but it may have well been Mario Draghi of the ECB announcing a much larger than expected QE bond buying package this January. And it's not just Europe, as most of the major central banks throughout the world are easing monetary policy and continuing further into uncharted waters.

Global interest rates have fallen to all-time lows and rates out to five years in many countries are negative. The idea is to spur lending and spending by making credit cheap. It is designed to combat the effects of oil related deflation. So far it hasn't worked too well but falling foreign currencies could do the trick.

Interest rate differentials in favor of the US are driving the dollar higher on foreign exchange

markets. The yen is down 50% since 2011 and the euro has dropped over 20% in the last year. A depreciating exchange rate makes a country's imports more expensive, which protects local manufacturers. It also makes exports in that country cheaper for foreigners to buy, and is helpful in attracting foreign tourists. So a falling currency can help the economy of one country, but often at the expense of another – and today that is the US!

In a nutshell, the weak euro and yen enhances competitiveness for goods made in Europe and Japan but that comes at the expense of goods made in the US. That realization weighed on US stocks and the fact that foreign earnings brought back to the US will buy fewer dollars. Large multinational companies saw Q4 earnings hurt by translation losses owing to a strong dollar.

It's not all bad. The US can buy products from abroad at cheaper prices and travelling abroad just got less expensive. And we would argue that a strong dollar makes investing in the US more attractive for foreigners who can buy our stocks and bonds and share in dollar appreciation.

We have seen big changes recently, namely a rising dollar and falling oil prices. We believe these are net positives for the global economy and the US in particular. While we will no doubt see headline deflation – falling consumer prices – it is likely to be temporary. As the economy continues to improve and the unemployment rate drops expect to see wage gains and inflation pick up in the second half of the year.

In this environment stocks should improve while bond yields are more likely to go up.

Jeff Pantages, CFA®
Chief Investment Officer



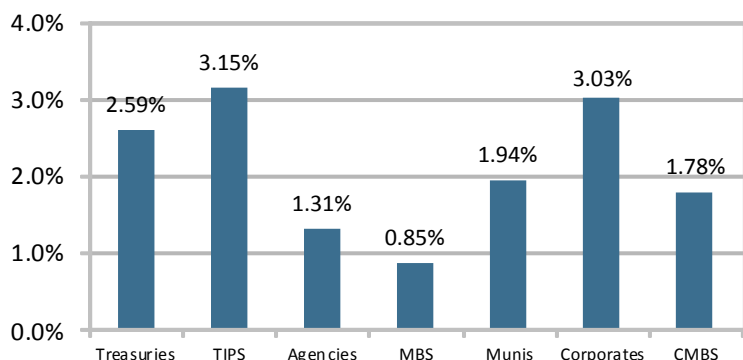
Bill Lierman, CFA
Portfolio Manager

■ The U.S. Aggregate Index started the New Year posting a positive 2.10% return. Fixed income performance across the globe was helped by falling interest rates as investors started to fear deflation and weak economic data while central banks outside the U.S. continued a path of monetary easing.

■ Treasury rates collapsed at every maturity during the month. The 2 and 10 year Treasury declined 49 and 53 basis points, respectively. The 30 year bond

declined 53 basis points and sits at 2.22%. The difference between the 2 and 10 year yield sits at 1.19%, down from 1.51% at year end. This “flattening” of the yield curve historically is an indication that the economy is slowing down.

January 2015 Bond Total Return



Barclays

■ Treasury Inflation Protection securities performed a 3.5% for the month. The main driver was real yields decreasing throughout the month. However, the market implied 5 year inflation expectation measured by the breakeven spread increased 18 basis points finishing at 138. Year over Year CPI is now at 0.8% as energy prices collapsed. WTI crude prices finished the month at \$48 a barrel. APCM believes that oil prices may have swung too low and will find a bottom and gravitate towards \$55-\$60.

■ Corporates have now underperformed Treasuries on a duration weighted basis for 6 consecutive months, returning 34 basis points less than Treasuries. Industrials were the biggest drag on performance led by energy. Financials spreads to Treasuries widened 6 basis points and Utilities were unchanged.

■ JP Morgan points out that approximately \$3.6 billion of government bonds around the world are trading at negative yields. The five year U.S. Treasury yields 1.16% compared to the German bund at -0.05%. Foreign interest rates may stay low for a while, as countries devalue their currencies to ward of deflation and spur their economies.

■ 3 month Treasury bill yields continue to remain low. The Fed left rates unchanged at its latest meeting. They upgraded current growth and labor markets to “solid” instead of December’s “moderate”. The Fed remains “patient” and looks to raise rates later in the year.

■ In the first month of the year, weaker earnings and lower 4Q GDP growth weighed on U.S. equity returns. Large and small company stocks were both down around 3% while mid-sized companies lost 1%.

■ Lower oil prices and a strong dollar weighed on Q4 2014 earnings reports. S&P reports that with 60% of S&P 500 companies having reported, actual earnings are 9% lower than expected, with energy accounting of about 50% of the decline. On a positive note, Apple set a world record for publicly held companies with \$18 billion in earnings for the quarter. The company also has \$178 billion in cash, securities and equivalents which equates to \$556 for every American—compared with the “oil tax cut” that is estimated at \$750 per family.

Total Return (%) as of January 31, 2015

	One Month	Three Month	Six Month	Twelve Month
Domestic Equities				
Large Cap S&P 500	-3.0	-0.6	4.4	14.2
Mid Cap S&P 400	-1.1	1.5	5.5	10.9
Small Cap S&P 600	-3.5	-1.0	4.6	6.2
International Equities				
Developed MSCI EAFE	0.5	-1.7	-7.0	-0.4
Emerging MSCI Emerging Markets	0.6	-5.1	-9.1	5.2
Other				
Commercial Property S&P U.S. REIT	6.7	11.0	18.1	33.5
Commodities DJ-UBS Commodity	-3.3	-14.3	-21.2	-20.0
Fixed Income				
Total Bond Market Barclays Aggregate	2.1	2.9	4.4	6.6
1-3 Yr U.S. Treasury/Agency Barclays 1-3 Gov	0.5	0.4	0.8	1.0
Int'l Treasury Barclays Global Tsy ex-US	-1.4	-3.8	-7.9	-3.7

■ The announcement of QE in Europe invigorated a number of markets but returns to U.S. based investors were offset by dollar strength (+5%). Developed international equities (EAFE) gained 3% in local currency (LC) but only 0.5% in dollars. Germany’s DAX index advanced 9% LC followed by Italy and France both up over 7% LC. The euro dropped to an 11 year low against the dollar.

■ Returns in emerging markets were mixed. India rallied another 8.3% bringing its one year bull run to 49.9% (LC) while the election of the anti-austerity party in Greece sent the markets down over 20%. The overall MSCI emerging index finished up 0.6%.

■ Despite rich valuations, REITs appear to be unstoppable. The sector gained another 6.7% on top of their 30% gain in 2014. The fundamental backdrop of low rates and construction levels below normal has supported the rally.

■ Commodities continued to decline losing another 3.3%. Gold finished up 8% while Brent Crude lost 8%.



Brandy Niclai, CFA
Portfolio Manager

**CITY OF CRAIG
MEMORANDUM**

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: March 12, 2015
RE: Planning Commission Appointment

Recently Bill Russell chose not to be reappointed to his expired seat on the planning commission. I advertised this opening and had one letter of interest. Millie Schoonover has submitted a letter of interest and has been appointed by the mayor. There were no other letters submitted.

Per the Craig Land Development Code Chapter 18.02.005, planning commissioners are appointed by the mayor and confirmed by the council. The term of Millie's appointment will be until January 2018.

Recommendation: Approve, by motion, the appointment of Millie Schoonover to the Craig Planning Commission.

City of Craig Memoranda

Date: March 10, 2015

To: City Mayor & City Council

From: Joyce Mason, Treasurer

Re: Old Utility accounts

The following accounts were turned over to Cornerstone Collection over a year ago and we have not received any payments. The accounts have been deemed uncollectible. Please give the finance department the authorization to write off the accounts.

Virgil Burnham	\$ 483.03
John Buscemi	449.16
Josh Cristelli	263.20
Lisa Jenkins	399.39
Hope Kuerstad	337.57
Janet Manning	509.46
Neville's	542.73
Michael Smith	419.68
Treasure Island Traders	<u>326.86</u>
Total	\$3,731.08

Thank you for your cooperation.

Recommendation: Move to write off the old utility accounts as of March 31, 2015.

CITY OF CRAIG
MEMORANDUM

To: City Council
From: Joyce Mason, Treasurer
Date: March 9, 2015
Re: Property Tax Senior Exemption

Darlene (Landon) Jeter, Connie Arnce, and Michael McIntire were late submitting applications for senior property tax exemption for the 2015 tax year. As per State of Alaska Administrative Code title 3 application are due by January 15 of the tax year. The city received the application in February. The applications are complete and supporting documentation has been submitted. Copies of the applications are attached.

Recommendation: Move to accept Darlene Jeter, Connie Arnce, and Michael McIntire's Senior property tax exemption.



**2015 CITY OF CRAIG
SENIOR CITIZEN/DISABLED VETERAN
PROPERTY TAX EXEMPTION APPLICATION**



RECEIVED
FEB 17 2015

Name of Applicant: (LONDON) DARLENE JETER		Birth date	Social Security #
Name of Spouse: DECEASED		Birth date	Social Security #
Mailing Address: P.O. Box 1266 CRAIG, AK 99921		Residential Physical Address: 407 CEDAR, CRAIG, AK 99921	
Home Phone: 907-826-2318	Message Phone:	Please check one of the following	
14. Type of Dwelling: <input checked="" type="checkbox"/> single family <input type="checkbox"/> condominium <input type="checkbox"/> mobile home <input type="checkbox"/> duplex <input type="checkbox"/> other _____		<input checked="" type="checkbox"/> I am applying as a Senior Citizen age 65 or older <input type="checkbox"/> I am applying as a widow or widower, age 60-64, of a previously qualified applicant. <input type="checkbox"/> I am applying as a Disabled Veteran	
Is this your permanent place of abode? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, permanent residential address is:		Is your home on land you own? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, % of ownership If no, owner's name:	
Is any portion of this property used for commercial or rental purposes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, percentage: _____ %			
As provided for under AS 29.45.030(e), a municipality may, in a case of hardship, provide for an exemption beyond the first \$150,000 of assessed value. A hardship application may be obtained from your municipal assessing office.			
Certification: I hereby certify that the answers given on this application are true and correct to the best of my knowledge. I understand that a willful misstatement is punishable by a fine or imprisonment under AS 11.56.210.			
Date: 2-17-15	Signature of Applicant: <i>Darlene (London) Jeter</i>		

Following is for Local Assessor/Clerk Use Only

New Filing	Prior Filing	Approved	Denied
Proof Provided	Age	Ownership	Disability (DAV)
Parcel Number and/or Legal Description			
Comments			

Property Value	Adjustments	Total Value
Land Value	Ownership	Adjustments
Improvements	Commercial/Rental	Subtotal
Total Value	Total Adjustments	If subtotal exceeds \$150,000 us this figure
Approved by:	Total Value Exempt:	



RECEIVED

FEB 11 2015

2015 CITY OF CRAIG SENIOR CITIZEN/DISABLED VETERAN PROPERTY TAX EXEMPTION APPLICATION



Name of Applicant: <i>Connie C Arnee</i>		Birth date	Social Security #
Name of Spouse:		Birth date	Social Security #
Mailing Address: <i>PO Box 321</i>		Residential Physical Address: <i>#610 Shaan-See Trailer Ct</i>	
Home Phone: <i>CELL 907-401-0221</i>	Message Phone: <i>907-401-3255</i>	Please check one of the following	
14. Type of Dwelling: <input type="checkbox"/> single family <input type="checkbox"/> condominium <input checked="" type="checkbox"/> mobile home <input type="checkbox"/> duplex <input type="checkbox"/> other		<input checked="" type="checkbox"/> I am applying as a Senior Citizen age 65 or older <input type="checkbox"/> I am applying as a widow or widower, age 60-64, of a previously qualified applicant. <input type="checkbox"/> I am applying as a Disabled Veteran	
Is this your permanent place of abode? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If no, permanent residential address is:		Is your home on land you own? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, % of ownership If no, owner's name: <i>Shaan-See</i>	
Is any portion of this property used for commercial or rental purposes? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, percentage: _____ %			
As provided for under AS 29.45.030(e), a municipality may, in a case of hardship, provide for an exemption beyond the first \$150,000 of assessed value. A hardship application may be obtained from your municipal assessing office.			
Certification: I hereby certify that the answers given on this application are true and correct to the best of my knowledge. I understand that a willful misstatement is punishable by a fine or imprisonment under AS 11.56.210.			
Date: <i>2/11/2015</i>	Signature of Applicant: <i>Connie C. Arnee</i>		

Following is for Local Assessor/Clerk Use Only

<input type="checkbox"/> New Filing	<input type="checkbox"/> Prior Filing	<input type="checkbox"/> Approved	<input type="checkbox"/> Denied	Verified By: _____
Proof Provided:	<input type="checkbox"/> Age	<input type="checkbox"/> Disability (DAV)	<input type="checkbox"/> Ownership	
Parcel Number and/or Legal Description: _____				
Property Value	Land	Building	Total	
Secondary lots	_____	_____	_____	
Adjustments:				
Commercial/Rental % _____	Ownership % _____	Total	Property Value:	\$ _____
Comments:			Subtotal:	(_____)
If Subtotal exceeds \$150,000, use this figure:				150,000
Tax Code Area	Mill Rate	SC/DAV	Exempt Value	\$ _____
<i>City of Craig</i>	_____	SC/DV Exempt Taxes	_____	



RECEIVED

FEB 14 2015

2015 CITY OF CRAIG SENIOR CITIZEN/DISABLED VETERAN PROPERTY TAX EXEMPTION APPLICATION



CITY OF CRAIG CRAIG, ALASKA

Name of Applicant: MICHAEL C MCINTIRE Birth date: Social Security: /

Name of Spouse: TRACI L MCINTIRE Birth date: /

Mailing Address: PO Box 249 CRAIG AK 99921 Residential Physical Address: 700 HAMILTON CRAIG AK 99921

Home Phone: 541-991-9608 Message Phone: 360-481-5508 Please check one of the following: [X] I am applying as a Senior Citizen age 65 or older

14. Type of Dwelling: [X] duplex Is this your permanent place of abode? Yes [X] No

Is any portion of this property used for commercial or rental purposes? Yes No [X] If yes, percentage: %

As provided for under AS 29.45.030(e), a municipality may, in a case of hardship, provide for an exemption beyond the first \$150,000 of assessed value.

Certification: I hereby certify that the answers given on this application are true and correct to the best of my knowledge.

Date: 2/2/15 Signature of Applicant: [Signature]

Following is for Local Assessor/Clerk Use Only

New Filing Prior Filing Approved Denied Verified By: Proof Provided: Age Disability (DAV) Ownership Parcel Number and/or Legal Description: Property Value Land Building Total Secondary lots Adjustments: Commercial/Rental % Ownership % Total Property Value: \$ Subtotal: () If Subtotal exceeds \$150,000, use this figure: 150,000 Tax Code Area City of Craig Mill Rate SC/DAV Exempt Taxes Exempt Value \$