

CITY OF CRAIG
COUNCIL AGENDA
AUGUST 6, 2015
COUNCIL CHAMBERS 7:00 P.M

ROLL CALL

Mayor Dennis Watson, Hannah Bazinet, Greg Dahl, Jim See, Don Pierce, Mike Douville,
Jan Storbakken

BOARD OF APPEALS

- Clint O'Conner Appeal of Planning Commission Decision

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 Meeting Minutes of July 16, 2015

HEARING FROM THE PUBLIC

- Open for public comment
- Resolution 15-14, Supporting the Application for Funding for a Micro Hydro Power Generator at the Craig Water Treatment Plant
- Resolution 15-15, Supporting the Application for Funding for a Biomass Boiler at the Craig High School
- Final Reading and Public Hearing of Ordinance 673, Sale of City Property to Tyler Rental Inc.
- Final Reading and Public Hearing of Ordinance 675, FY15 Supplemental Budget

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

CITY OF CRAIG
COUNCIL AGENDA
AUGUST 6, 2015
(Continued)

READING OF CORRESPONDENCE

- APCM June Report

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

- Resolution 15-14, Supporting the Application for Funding for a Micro Hydro Power Generator at the Craig Water Treatment Plant
- Resolution 15-15, Supporting the Craig City School District Application for Funding for a Biomass Boiler at the Craig High School
- Ordinance 673, Sale of City Property to Tyler Rental Inc.
- Ordinance 675, FY15 Supplemental Budget

UNFINISHED BUSINESS

- Consider comments on proposed State of Alaska marijuana regulations

NEW BUSINESS

- Comments for the State of Alaska STIP
- Consider Sponsorship for Southeast Conference Annual Meeting
- Consider Approval, 2015 Municipal Ballot Advisory Vote
- USACE Harbor Study

ADJOURNMENT

CITY OF CRAIG MEMORANDUM

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: July 22, 2015
RE: Clint O'Connor Appeal – Variance Denied by Planning Commission 6/25/15
Decision – Appeal 2015-01

On June 25, 2015 at its regular scheduled meeting, the Craig Planning Commission denied an application by Clint O'Connor for a variance to the setback requirements on Lot 6, Block 2, USS 1430. This variance was originally heard and denied by the planning commission in 2014 but resubmitted by request of Mr. O'Connor on May 25, 2015. On July 14, 2015 an appeal was received by the city from Mr. O'Connor to the Craig City Council. Administrative appeals of planning and zoning decisions are codified in section 18.04.010 of the Craig Municipal Code.

A hearing before the Craig City Council sitting as the Board of Adjustment has been scheduled for August 6, 2015 at the regular scheduled city council meeting.

This memo outlines the appeal requirements, procedures and contains the record of appeal. I have also included an agenda for the council to follow as the board of adjustment.

18.04.010 C – Time Limit for Appeal. The issued was considered by the Craig Planning Commission on June 25, 2015 and a letter notifying the applicant of the denial was sent by certified mail on July 1, 2015. Mr. O'Connor signed the certified return receipt and acknowledged receipt of the letter on July 7, 2015. Mr. O'Connor submitted a letter to city hall on July 14, 2015 appealing the decision and requesting that the city council overturn the planning commission's decision. The letter is incorrectly dated June 11, 2015. The written appeal was submitted to the city within 30 days of the date of the mailing of the notice of the decision being appealed as required by this section.

18.04.010 D – Record of Appeal. A complete record of appeal is attached to this memo. The record of appeal includes the following items:

1. Original Application
2. Statement of Findings dated June 26, 2014 (original application denial)
3. Planning Commission Minutes from May 29, June 11 and June 26, 2014 (original application hearings)
4. Denial Notification Letter dated July 1, 2014 (original application denial)
5. Letter from Mr. O'Connor dated May 25, 2015 requesting reconsideration of the decision by the planning commission
6. Statement of Findings dated June 30, 2015
7. Planning Commission Minutes from June 25, 2015 (not approved by the planning commission because the planning commission has not met since the June 25, 2015 meeting. The commission will not meet in July due to commission member travel and the inability to establish a quorum and is not scheduled to meet until August 27, 2015 where the minutes will be on the agenda for approval)

8. Denial Notification Letter dated July 1, 2015
9. Letter from Mr. O'Connor dated June 11, 2015 (received by the city on July 14, 2015) appealing the decision and requesting that the council overturn the planning commission's decision
10. Notice of Appeal letter to Mr. O'Connor dated July 14, 2015

18.04.010 E – Board of Adjustment. The city council is the board of adjustment for appeals on planning commission decisions. The mayor is the presiding officer for the board of adjustment and rules on the admissibility of evidence. The mayor may also limit presentations before the board to a reasonable time.

18.04.010 F – A quorum of the board shall consist of a majority of its voting members. Only members of the board of adjustment who have been present throughout the hearing on the appeal or who have read the complete record on the appeal may vote on that appeal.

18.04.010 G – Notice of Appeal. This section requires that notice of the appeal be sent to all members of the reviewing body and to all who responded orally or in writing at the hearing. Mr. O'Connor was the only person to respond orally on the issue at the meetings in 2014. There were no oral or written responses on the issue at the June 25, 2015 public hearing on the issue. Notice of the appeal was posted in three public places at least five days before the hearing and a certified notice of appeal letter was sent to Mr. O'Connor on July 14, 2015. Judy O'Connor signed for receipt of the letter on July 16, 2015. All notice requirements under this section have been met.

18.04.010 H – Basis of Record of Appeal. All appeals shall be heard on the basis of the record of the original hearing and additional evidence presented at the hearing on the appeal. All testimony, correspondence and statements of finding for the issue as heard in May – June 2014 and at the June 25, 2015 meeting are included in the attached record of appeal.

18.04.010 I – Procedure. The complete procedure for the appeal is shown later in this memo as the agenda for the board of adjustment.

18.04.010 J – Presentation of Appeal. An appellant may appear personally or he may present his appeal in writing supported by any affidavits the appellant considers necessary. This section of the code requires that such affidavits shall be filed by the appellant at the time of filing the notice of appeal. Aside from the information contained in the appeal letter (notice of intent to appeal) dated June 11, 2015 (received by the city on July 14, 2015), no affidavits or additional written information were submitted at the time of filing the notice of appeal. The appellant, other interested persons and any official may also be represented by legal counsel at the board of adjustment.

18.04.010 K – Burden of Proof. The burden of proof is upon the appellant to prove his case by a preponderance of the evidence.

18.04.010 L – Rules of Evidence. The formal rules of evidence applicable to an action at law do not apply to hearings before the city council. Evidence and testimony shall be relevant to the appeal.

18.04.010 M – Decisions. The decision of the board of adjustment on an appeal shall be by an affirmative motion (the council should move to approve the appeal or should move to deny the appeal but cannot let a nay vote determine the outcome of the appeal). The board’s motion should clearly include all findings of fact required to explain the council’s decision in regard to all applicable criteria. The council’s decision and findings of fact shall be reduced to writing and a copy shall be sent to the appellant and all other interested parties along with a notice identifying the procedure for appeal to superior court. To facilitate the statement of findings and written decision the board should clearly state the specific procedural or substantive reasons that it finds to overturn the planning commission’s decision or the areas that the appellant did not meet the burden of proof to overturn the decision. These reasons should be included as part of the motion to approve or deny the appeal.

Procedure/Agenda. Per CMC 18.04.010 I - the following procedure shall be followed for the appeal.

1. The council should (by motion) recess the regular council meeting and convene as the board of adjustment
2. The appeal number and the name of the party appealing shall be read into the record
 - a. Appeal Number: 2015-15
 - b. Appellant: Clint O’Connor
3. The Mayor shall determine if the appellant or his agent is present. If no such person is present the board will proceed unless the presiding officer rules there are extenuating circumstances which prevented the appellant or agent from appearing
4. The appellant shall give his presentation
5. The city planner shall give his presentation and will answer questions regarding his presentation or the appellant’s presentation
6. The appellant may respond to the city planner’s presentation
7. A motion to approve the appeal or a motion to deny the appeal should be made and seconded. The motion should include the specific reasons supporting approval or denial of the appeal.
8. Appeals must be approved or denied by affirmative motion – a motion (either to approve or deny the appeal) must pass
 - a. If the motion passes then the board of adjustment is concluded
 - b. If the motion fails then a new motion should be made, seconded and voted on (i.e. if a motion to approve does not get the required number of yea votes then a motion should be made and seconded to deny or vice versa)
9. After a successful affirmative vote to approve or deny the appeal is made the board of adjustment is complete and a motion should be made and seconded to adjourn the board of adjustment and reconvene the regular council meeting

All comments made by the city planner or the appellant shall be directed to the mayor. All questions directed toward the appellant or the city planner shall only be made by a

member of the board of adjustment or the planning commission. All testimony before the board shall be under oath, to be administered by the city clerk.

Decisions on the appeal made by the city council may be appealed to superior court.

While the planning commission ruled that the variance request does not meet the criteria required under CMC 18.06.003 C 1-7 (as required by state statute) it did recognize that in many cases, including this one, that the request would have minimal impact on adjacent property owners, public safety and utilities. The planning commission is currently in the middle of the public comment period for an amendment to CMC Title 18 that would allow stairs and landings in residential zones to be allowed as a conditional use. This process will give the commission the latitude to approve (outright or with conditions) each application for stairs and landings on their own merit. State statute sets a very high bar for variance approval but the process does not have the same criteria for planning commissions to approve conditional use permits. The planning commission has expressed their willingness to reconsider this issue as a conditional use permit if the municipal code is ultimately changed. The commission will hear public testimony on the code change and will likely rule at the August 27, 2015 meeting. If the commission recommends a change to the code the city council would see an ordinance in September and the issue could be heard by the planning commission as a conditional use as early as October 2015.

Recommendation:

The council, sitting as the Board of Adjustment should listen to the presentations by the appellant and city planner and determine whether the city planner or the planning commission made a procedural or interpretive error, or if the planning commission acted correctly. Approval or denial of the appeal should be made on that basis.

CITY USE ONLY

FILE NUMBER _____ FILE NAME _____
DATE RECEIVED 4/17/14 BY JB FEE \$25-
HEARING DATE _____ NOTIFICATION DEADLINE _____

Applications must be received 15 days prior to the hearing date, which is the fourth Thursday of each month.

VARIANCE APPLICATION

APPLICANT'S NAME Clint O'Connor 826-3287

ADDRESS PO Box 112 505 Cedar PHONE 907-401-0440

APPLICANT'S REPRESENTATIVE Bob Sabin

ADDRESS PO Box 285 Craig PHONE 907-401-0051

PROPERTY DESCRIPTION: LOT 6 BLOCK 2 TRACT 1430

SUBDIVISION OR SURVEY NUMBER 539600 LOT/PARCEL SIZE _____

SECTION _____ TOWNSHIP _____ RANGE _____

To help the Planning Commission gather facts about the proposal, please complete the following:

1. Describe the variance requested (measurement, location, type, etc.) 2 TIER STAIRS UP TO PROPOSED APARTMENT TO EXTEND OUT FROM BLDG. 7'0"
2. Why is the variance requested? STAIRS EXTEND INTO FRONT 10' EASEMENT LINE AND IS THE ONLY REASONABLE ENTRY TO FLOOR PLAN
3. What exceptional physical circumstances or conditions make the variance necessary? LAND TO EAST & SOUTH DOORS DRASTICALLY AND STAIRS WOULD NEED TO BE UNREASONABLY LONG. LAND WEST ONLY LONG PARKING & STAIRS
4. What difficulty or hardship would result if the variance is not granted? BUILDING DESIGN WOULD NOT AFFORD REQUIRED ALTERNATE EXIT FROM 2ND FLOOR AND WOULD WASTE 1ST LIVING SPACE OF APT. AND 2ND OUTDOOR STORAGE & OVERSIZED PARKING, BOAT, MOTOR HOMES ETC.

5. What effects would the variance have on the surrounding properties? Surrounding

Properties already extend further out than this request,
no reason to assume that there would be any visual or
physical effects on any other properties.

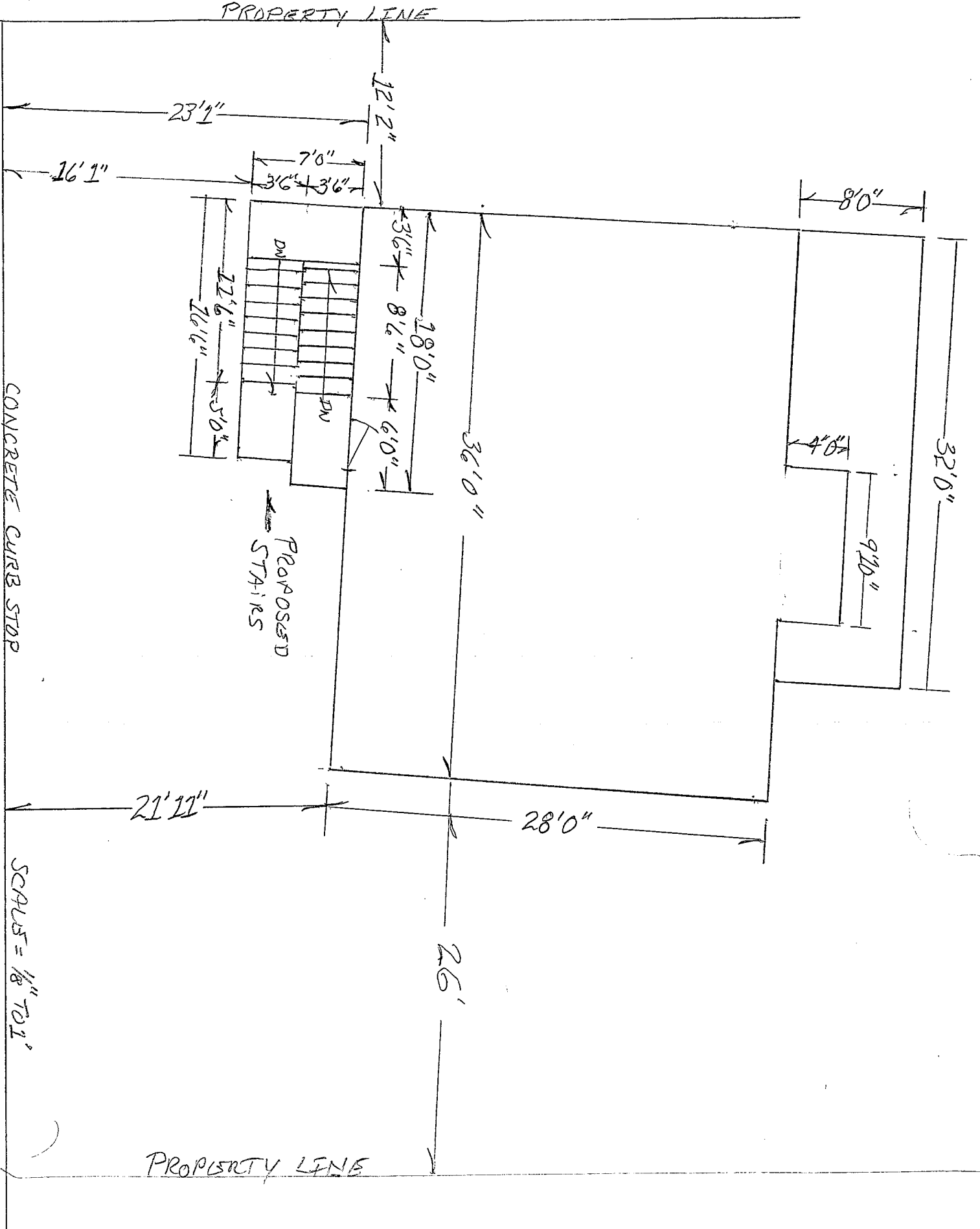
Dated this 17 day of April, 2014

I hereby swear that the information contained within and submitted with this application are in all respects true and correct to the best of my knowledge and beliefs.

Signed Clint O'Connor Date 4-17-14

The criteria on which approval or denial of a variance are based are listed in CHAPTER 18.06.003(C) of the Craig Municipal Code.

A decision of the Planning Commission may be appealed to the City Council within 30 days of the date of the mailing of the notice of the Commission's decision.



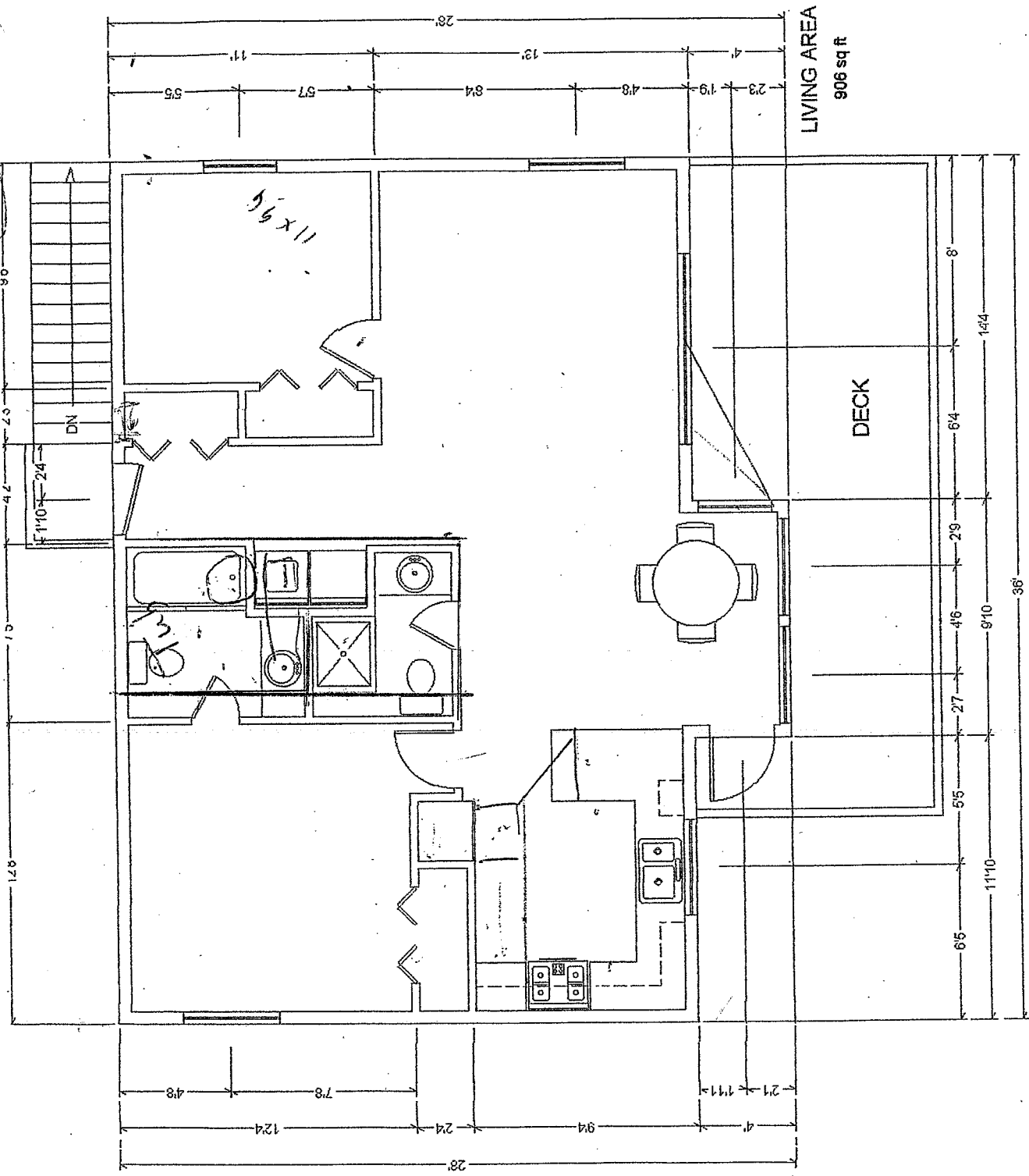
CONCRETE CURB STOP

PROPOSED
STAIRS

SCALE = 1/8" TO 1'

PROPERTY LINE

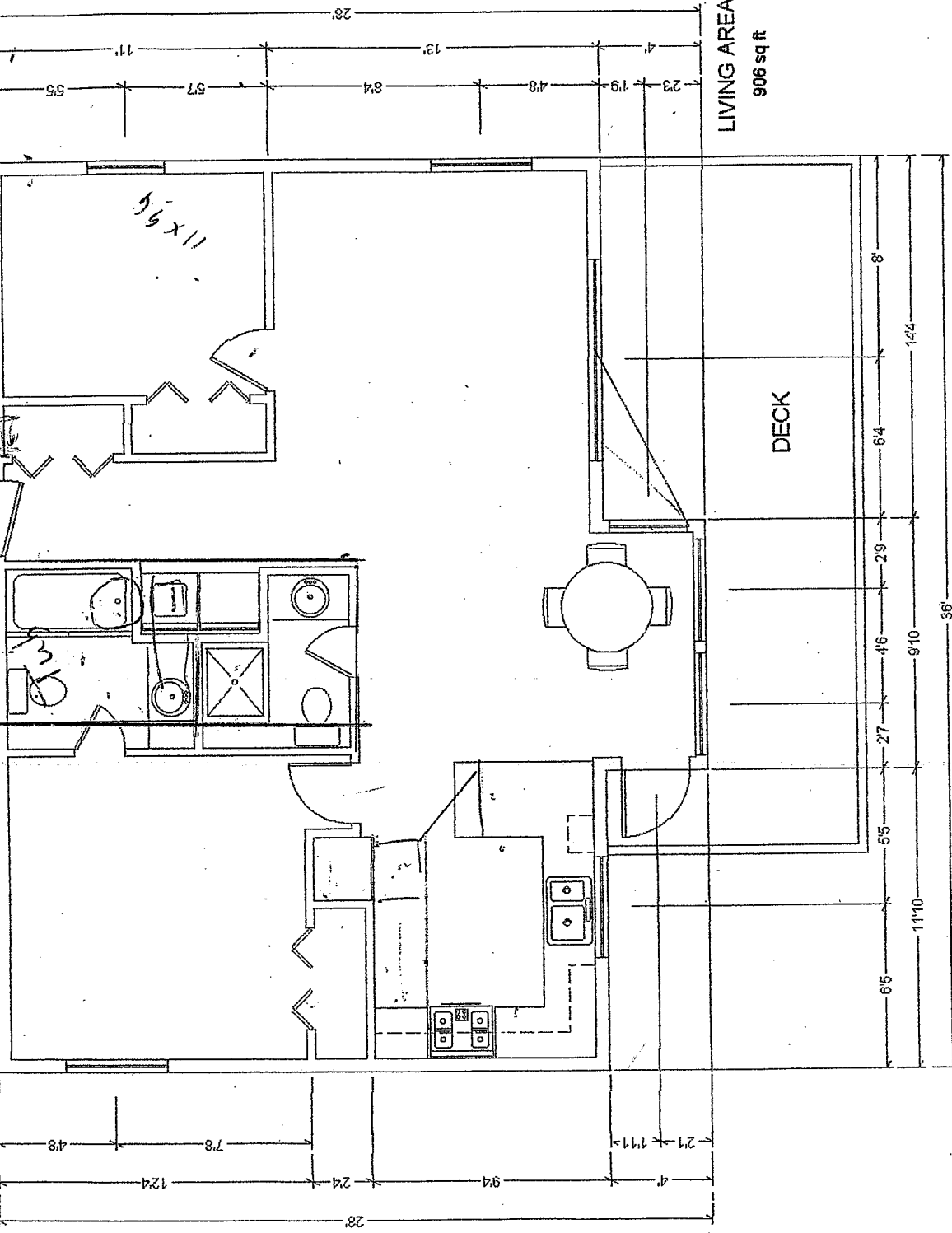
PROPERTY LINE



LIVING AREA
906 sq ft

DECK

56x11



9. Duration of Use. Temporary conditional use permits should be issued if it is uncertain proposed conditions will alleviate potential conflicts;

10. Regulation of signs;

11. Regulation of the size and shape of clear-cuts;

12. A signed agreement to comply with proposed conditions of approval including, if applicable, construction drawings, plans approved by an engineer registered in the state of Alaska, financial statements, etc.;

13. Performance bonds or certificates of deposit to guarantee required improvements, if applicable. [Ord. 539 § 4, 2004; added during 11/95 supplement.]

18.06.003 Variances.

A. Purpose. The purpose of a variance is to permit justifiable exceptions to the requirements of this code when their strict application of the code would result in unnecessary hardship or practical difficulties. No variance shall be granted which authorizes a use or activity not permitted by the land use zone regulations governing the parcel of property.

B. Procedure.

1. Application.

a. All applications shall be initiated by the property owner or his authorized representative by paying the required fee and by filing an application on city forms no less than 15 days prior to the hearing date.

b. Applications must be accompanied by a plot plan indicating:

i. Date, north point, and scale;

ii. Exterior property boundaries and approximate dimensions;

iii. Location of all existing and proposed buildings on the property and their approximate distance from lot lines;

iv. Access for ingress and egress;

v. Sewer and water lines serving the property; power poles;

vi. All easements on the property;

vii. Approximate dimension of parking areas and spaces, if applicable.

2. Notification.

a. Notification of the application for a variance shall be made by first class mail to surrounding property owners (adjacent property own-

ers and property owners located across the street or alley from exterior property boundaries) no less than 10 days prior to the planning commission hearing date.

b. The notice shall contain:

i. The date, time and place of the hearing;

ii. A descriptive location of the property and the legal description of the property if available;

iii. A description of the nature and purpose of the variance;

iv. The location where information may be examined;

v. The reference number of the sections of the ordinance which pertain to the application;

vi. An explanation of the appeal procedure.

c. Notices shall be sent to the most recent address indicated on the property tax roll of the city's tax assessor's records. The failure of a property owner to receive notice shall not invalidate a decision reached at a public hearing if a good faith attempt was made to comply with the requirements of this code for notice.

d. A copy of the property owner notification list shall be kept in the file along with a notarized affidavit that notification letters were sent.

e. A copy of the resolution approving or denying the proposal shall be sent to the applicant and any affected party who requests notification in writing. Resolutions denying an application shall be mailed within five days of the date the decision was made by the reviewing body and shall explain appeal procedures.

3. Reviewing Body.

a. The reviewing body shall be the planning commission.

b. All formal actions of the reviewing body shall be made by a resolution conforming to the standards of CMC 18.02.070, Resolutions, and shall address all required criteria for approval.

4. Appeals.

a. In the event a majority of the notified property owners have registered an objection, the variance shall be appealed before the board of adjustment at the next regularly scheduled council session.

b. See Chapter 18.04 CMC, Appeals.

C. Required Criteria for Approval. No variance may be granted unless all of the following criteria are met:

1. That there are exceptional physical circumstances or conditions applicable to the property or to its intended use or development which made the variance necessary;

2. That the strict application of the provisions of this title would result in practical difficulties or unnecessary hardship;

3. That granting of the variance will not result in material damage or prejudice to other properties in the vicinity nor be detrimental to the public health, safety or welfare;

4. That the granting of the variance is consistent with the objectives of the comprehensive plan;

5. That the variance will not permit a land use in a zone in which that use is prohibited;

6. That the special conditions that require the variance are not caused by the person seeking the variance;

7. That the variance is not sought solely to relieve monetary hardship or inconvenience.

D. Attachment of Conditions. The reviewing body may approve the variance subject to reasonable conditions necessary to ensure that the proposed variance satisfies the criteria for approval. [Added during 11/95 supplement.]

18.06.004 Change of land use and/or zone designation.

A. Purpose.

1. The purpose of the change of land use and/or zone designation is to provide for revisions in response to individual land use changes as a result of changing public needs and desires, changing development patterns and economic factors.

2. When a change of zone is requested, special limitations may be imposed which restrict structures or the use of land and/or structures to a greater degree than otherwise provided for in the uses applicable to the property. Special limitations are described in subsection (F) of this section.

B. Procedure.

1. Application.

a. Applications may be initiated by the city planning commission or city council. Property owners or their authorized representative(s) may initiate a land use and/or zone designation change by paying the required fee and by filing an applica-

tion on city forms no less than 15 days prior to the hearing date. Applications initiated by the property owner(s) must include the signatures of the owners of 50 percent of the property requested for the land use and/or zone designation change.

b. Applications must be accompanied by a plot plan indicating:

i. Date, north point, scale and name of applicant;

ii. Exterior property boundaries and approximate dimensions;

iii. Location of all existing and proposed buildings on the property and their approximate distance from lot lines;

iv. Existing and proposed access for ingress and egress;

v. Sewer and water lines serving the property; power poles;

vi. All easements on the property;

vii. Approximate dimension of parking areas and spaces, if applicable.

c. A legal description of the property affected.

d. An explanation of the reasons for making the change which address the specific criteria listed in subsection (C) of this section.

e. Any limitations proposed by the applicant.

2. Notification.

a. Notice of the hearing before the planning commission shall be made by first class mail to property owners within 300 feet of the exterior property boundary and shall be posted in three public places no less than 10 days prior to the hearing date. Notice may be published in a newspaper of general circulation in the area.

b. The notice shall contain:

i. The date, time and place of the hearing and name of applicant;

ii. A descriptive location of the property and the legal description of the property if available;

iii. A description of the nature and purpose of the proposed use and change;

iv. The location where information may be examined;

v. The reference number of the sections of the ordinance which pertain to the application;

vi. An explanation of the land use/zone designation change procedure.

**CITY OF CRAIG
PLANNING COMMISSION**

Statement of Findings

June 26, 2014

Applicant: Mr. Clint O'Connor

Requested Action: Variance to set back requirement

Location: Lot 6, Block 2, USS 1430

Zoning: High Density Residential

Surrounding Uses: North: High Density Residential
South: High Density Residential
West: High Density Residential
East: ROW/High Density Residential

Public Hearing: Original hearing was held May 29, 2014 – Commissioners Zellhuber, Moots, Russell and Stanley were present. The applicant was not present and a decision on the issue was postponed.

A second hearing was held at a Special Meeting at the request of the applicant on June 11, 2014. Commissioners Zellhuber, Russell and McDonald were present. The applicant was present. After a discussion of alternatives the commission tabled the issue pending a discussion between the applicant and his contractor regarding the alternatives that were proposed.

A third hearing was held at the request of the applicant at the regular meeting of June 26, 2014. Commissioners Zellhuber, Moots and Stanley were present. The applicant was not present. After further discussion the commission voted to deny the variance by a vote of 3 – 0 finding that four of the seven required criteria were not met.

Status of Request: Variance request was denied by a vote of 3 - 0.

Decision

At its May 29, 2014 meeting, the Craig Planning Commission deliberated the request by Mr. O'Connor to encroach approximately 7' into the front yard setback. The applicant was not present at the meeting. After a discussion by the commission based on the application, the commission requested additional information. The commission postponed the issue pending scheduling of a special or regular meeting at the applicant's ability to attend. The planner contacted the applicant and set a date for a special meeting of June 11, 2014 at the applicant's request. At the June 11, 2014 meeting the commission met with the applicant regarding the issue. The commission suggested alternatives that would not require a variance and tabled the

issue pending the applicant's discussion with their contractor on the feasibility of the suggested alternatives. The applicant contacted the planner on June 13, 2014 requesting that the variance be decided upon based on the application. The planner notified the applicant that the item would be considered at the regular meeting on June 26, 2014. On June 26, 2014 the commission met and deliberated on the issue. Based on discussion by the commission, input from staff and testimony from the applicant during the three hearing dates the planning commission finds that the variance request does not meet the minimum criteria set out in Section 18.06.003 of the Craig Land Development Code, specifically criteria 1, 2, 5 and criteria 7. Findings for the decision are shown in the Public Hearing and Findings section below.

The Craig Planning Commission passed resolution 548-14-PC by a vote of 3 – 0 denying the variance.

A letter notifying Mr. O'Connor of the decision and the appeal procedures was sent by certified first-class mail on July 1, 2014.

Analysis

Clint O'Connor owns the property at Lot 6, Block 2, USS 1430. There is a building there that has been used as a garage/storage building accessory to the O'Connor's residence on the adjacent lot. The building was built by Mr. O'Connor under building permit 15-94 (an update of permit 28-90) issued in April of 1994. The building permit issued in 1994 does not show any stairs, decks or other structures connected to the building. The building permit site plan shows the building location to be 10' from the north and east property lines. No as-built or other survey of the building is available. The variance request and the subsequent discussion by the planning commission is based on the 10' distance shown on the original building permit. The south side of the property has a tall, steep bank that goes down to an adjacent residential lot located on Beach Road. The current structure is placed on the northeast part of the lot and was located close the north and east property lines (the applicant shows 12' from the east property line and 10' from the north property line in the drawing included with the variance application).

Mr. O'Connor is working to finish a residential apartment on the second floor of the structure and has applied to place the stairs on the north side of the building. The proposed stairs will service the apartment on the second floor. The adjacent Cedar Street has been aligned and paved and the house is approximately 16' from the back edge of the curb.

Construction of these stairs will not interfere with potential utilities, sidewalk or drainage structures along this section of Cedar Street.

Public Hearing and Findings

A public hearing was scheduled and heard by the planning commission at its meeting May 29, 2014. Present at the meeting were commissioners Sharilyn Zellhuber, Barbara Stanley and Bill Russell. Also present was city planner Brian Templin. The applicant was not present at the meeting. The following is an excerpt of the meeting minutes of the May 29, 2014 meeting:

Brian reviewed the staff report included in the packet with the commission. Clint O'Connor was requesting a variance to the setback to place stairs within the 10' setback adjacent to the road.

There was a question about the drawing submitted by the applicant that showed that there was 21 – 23 feet from the curb stop to the house. Brian explained that the back of curb was well within the right-of-way and that there was no as-built of the house but the applicant's original building permit showed the house right at 10' from the property line. The curb and the property line are not the same line and the road design shows that 10-13' of right-of-way is reasonable between the curb and the property line. Brian said that using the original building permit to place the house means that all of the proposed stairs would be within the 10' setback.

After reviewing the required criteria for approval John Moots commented that he would be concerned about the ability of EMS to get a gurney turned at the landing shown on the application.

The commissioners talked about some potential alternatives but wanted more information from the applicant in order to determine if the alternatives were possible.

Brian said that the commission could postpone the variance and that he would contact Clint O'Connor to schedule a meeting date when Clint could be there or be represented.

A motion was made and seconded to postpone PC Resolution 548-14, Clint O'Connor variance to sideyard setback, until Mr. O'Connor could be present to provide additional information.

The motion was unanimously approved.

At the applicant's request a special meeting was scheduled for June 11, 2014 to allow the applicant to provide additional information to the commission. Present at the special meeting were commissioners Sharilyn Zellhuber, Bill Russell and Kevin McDonald. Also present were Brian Templin (city planner) and Clint O'Connor (applicant). Following is an excerpt of the meeting minutes of the June 11, 2014 meeting:

PC Resolution 548-14, Clint O'Connor Variance to Sideyard Setback – postponed from May 29, 2014 Planning Commission Meeting. Brian reminded the commission that this item was on the agenda for the May 29, 2014. Since the planning commission had some questions regarding proposed alternatives and the applicant was not present at the May 29, 2014 meeting the commission postponed action until a meeting could be held with the applicant or their representative present.

The applicant was present to answer questions from the commission.

The chair asked if the applicant had any comments to start. Mr. O'Connor talked about what he wanted to do at the property and why he wanted to put the stairs in the setback.

The applicant and commission looked over application drawings during the remainder of the discussion. The commission and the applicant discussed several alternatives to placing the stairs in the setback on the north side of the building, including placing it on the east side, south side and north side of the building to access the second floor apartment.

Brian reminded the commission of the seven criteria found in the municipal code that were required to be met in order to issue a variance. They were shown in the staff report along with the planners analysis based on the application as:

Criteria 1: There are exceptional physical circumstances or conditions applicable to the property or to its intended use or development which make the variance necessary. Mr. O'Connor's application says that the property south of the building is very steep and would require an excessive amount of rock to fill or a very long set of stairs to access the second floor of the building. The area west of the structure is used for off-street parking and storage. The commission should discuss whether or not the geography of the lot constitutes exceptional physical circumstances.

Criteria 2: The strict application of the provisions of this title would result in practical difficulties or unnecessary hardship. The strict application of the provisions of the setback would require the applicant to abandon the residential use of the structure, place the stairs on the west side in the parking area, place the stairs inside the structure by reducing the usable space or placing the stairs on the south side of the structure on the steep bank. The commission should discuss if the potential construction or access problems constitute practical difficulties or unnecessary hardship.

Criteria 3: Granting the variance will not result in physical damage or prejudice to other properties in the vicinity nor be detrimental to the public health, safety or welfare. The variance will not decrease the usable area for emergency access and will facilitate access from the street side. The proposed stairs will not detrimentally affect development of the right-of-way. The planning commission should discuss whether the stairs are detrimental to the public health, safety or welfare.

Criteria 4: Granting the variance is consistent with the objectives of the comprehensive plan. The proposed use, zoning and location are consistent with the Craig Comprehensive Plan. This condition is met on the basis of the application.

Criteria 5: The special conditions that require the variance are not caused by the person seeking the variance. The topography of the lot is due to natural geography. The commission should discuss whether the need for the variance is caused by the exceptional physical circumstances or by the applicant.

Criteria 6: The variance will not permit a land use in a zone in which that use is prohibited. The proposed use and construction is allowed in the zone that the property is located in. This condition is met based on the application.

Criteria 7: The variance is not sought solely to relieve monetary hardship or inconvenience. The commission should discuss whether the applicant has looked at alternatives to the variance, even if they cause monetary hardship or inconvenience.

Brian commented that the application stated that the “land to east and south drops drastically and stairs would need to be unreasonably long.” The application also said that the land to the west was the only long parking and storage area. There was some additional discussion about how stairs on the west side would impact existing windows to the garage. Bill Russell asked for some clarification on what windows might be obstructed by a single flight of stairs on the west side. The applicant commented that it would partially obstruct or shade shop windows in the lower half of the building. Bill Russell commented that the light should still be able to pass through and that the stairs would not be blocking a “view” window if placed there.

Brian also commented that the building currently sat 12’ from the east property line and would also require a variance if stairs were erected on that side. He also commented that one of the issues in the past when granting variances was the potential impact to the fire department’s ability to keep a fire from spreading from one structure to the next and that the east property line was a shared line with the next lot. If a variance was approved on this side and the neighbor ever built a structure toward the same line it could impact fire response between structures.

Bill Russell commented that during the previous meeting John Moots was concerned about the size of the landing on the proposed stairway and how that might affect EMS response with a gurney at the property.

There was some discussion about alternate ways to construct the stairs that would solve the EMS problem and reduce the amount of encroachment. The commission suggested that a single flight of stairs as opposed to the proposed stairs that went halfway up to a landing and then turned to go the rest of the way up would solve the EMS question and would only require a variance of 3.5’ instead of the 7’ that was being requested.

During discussion about configuring the stairs on the northeast side of the building Mr. O’Connor mentioned that he was considering enclosing the stairs to protect from weather.

Brian clarified that decks and stairs that were less than 30” from grade could extend all the way to the property line without a variance so there was also an option to put some stairs and a landing that was less than 30” above grade as part of the stairway. The stairs and landing that were below 30” could extend toward the north or east property lines without needing additional variance. There was some additional discussion about how a single flight of stairs might be constructed that would meet the need and reduce the amount of encroachment. The applicant said that he thought a single flight of stairs would work. The applicant then asked if the single flight of stairs on the front would make a difference to his plan to replace the stairs on the south side of the building.

Bill Russell asked if the applicant intended to have access stairs on the south side of the building. The applicant said that he intended to extend the fill on the south side and construct or reconstruct stairs there to provide two means of entrance/exit to the residence. There was some discussion about the requirement for two means of exit from the building. Brian said that the city did not require multiple exits from a building and that in Alaska the state Fire

Marshal didn't do plan reviews or exercise code authority for single and duplex residential structures so there was no requirement that he was aware of.

Bill Russell commented that if the applicant intended to extend the fill and put stairs on the south side of the building that the argument for exceptional physical circumstances based on the application could not be met and the variance shouldn't be approved. The commission asked if a single flight of stairs on the west side of the building that ended at the proposed deck on the south side of the building was possible. After some discussion on the alternative the applicant said that he would talk to his contractor to see if that was an option.

Sharilyn expressed that since the applicant had the option to build stairs on both the west and south sides of the property that would not require a variance that the situation would not meet Criteria 7, where the variance is not sought solely to relieve monetary hardship or inconvenience. She explained that while none of the commission members were specifically against the proposed plan the commission was still required to follow the pre-set list of criteria and would not want to set a precedent by ignoring them.

Brian told the commission that they had a number of alternatives as to how to handle the variance request and the resolution that they were considering.

1. The commission could approve the variance as requested or approve a modified variance.
2. The commission could disapprove the variance and state what criteria weren't met and why. Brian said that if the commission chose to disapprove the variance then they should pass a resolution stating that was the case.
3. The commission could postpone the variance resolution to a future meeting if they knew when they wanted to reconsider it.
4. The commission could table the variance resolution. This would allow the applicant to come back to the commission and have them consider the variance at some point in the future.
5. The commission could take no action on the variance resulting in neither approval or disapproval but would most likely result in the requirement for new action by the applicant in the future to bring the request back.

Brian recommended tabling the resolution. He said that would give the applicant the opportunity to talk to their contractor about the alternative placement of the stairs and if the applicant couldn't or didn't want to construct the stairs there then he had the option of having the commission make a decision on the variance. Brian told Mr. O'Connor that if he wanted the commission to bring the variance back for a decision that he just had to let him know so he could put it on the agenda for the planning commission.

A motion was made and seconded to table PC Resolution 548-14, Clint O'Connor Variance to Sideyard Setback. The motion was passed unanimously.

It is important to note that Mr. O'Connor requested a copy of the meeting recording and it was discovered that the recorder had malfunctioned. The planner prepared the minutes on June 13, 2014 and sent copies of the draft to all of the planning commission and to Mr. O'Connor for review. Sharilyn Zellhuber made a number of comments and those changes

were also sent to all planning commissioners and the applicant for review prior to the minutes being approved at the June 26, 2014 meeting. Kevin McDonald responded to the original draft and the updated draft (with Sharilyn's comments included) that he did not see any changes. No other comments were received from commissioners or the applicant.

On June 13, 2014 Mr. O'Connor requested that the variance be placed on the next meeting's agenda so a decision could be made on the variance. The issue was scheduled for another hearing on June 26, 2014 at the commission's regular meeting. The applicant was notified of the time, date and location of the meeting. A reminder letter was sent to the applicant with the amended minutes from the June 11, 2014 special meeting. Present at the meeting were commissioners Sharilyn Zellhuber, Barbara Stanley and John Moots. Also present was Brian Templin, city planner. The applicant was not present at the meeting. Following is an excerpt from the draft minutes for the June 26, 2014 meeting (these minutes will be considered for approval by the commission at the next meeting scheduled for July 24, 2014):

PC Resolution 548-14, Clint O'Connor Variance to Sideyard Setback. Brian reported that this issue had been heard at the May 29, 2014 and the June 11, 2014 and that the commission had postponed or tabled the issue for various reasons. He reported that Mr. O'Connor came in on June 13th and asked for the variance to be placed on the next agenda for a decision. Brian said that he told him that it would be heard at the June 26th commission meeting. Brian said that he sent him an additional reminder with the updated draft of the minutes from the June 11, 2014 meeting. Brian also said that the applicant had not provided any additional information so the commission should use the information from the previous two meetings and the application to consider approval or disapproval of the variance request.

There was some general discussion regarding the format of approval or disapproval. Brian reported that the existing resolution was written to approve the variance and if the commission wanted to disapprove the variance that it should modify the resolution, but that the commission should pass a resolution either way. Brian also commented that if the commission chose to disapprove the variance that it should specifically address which criteria were not met and why.

Sharilyn suggested that the commission go back through the seven required criteria and discuss them. Barb suggested that the commission should vote on whether or not each criteria was met after the discussion.

Criteria 1. There are exceptional physical circumstances or conditions applicable to the property or to its intended use or development which make the variance necessary. Mr. O'Connor's application says that the property south of the building is very steep and would require an excessive amount of rock to fill or a very long set of stairs to access the second floor of the building. The area west of the structure is used for off-street parking and storage. The commission discussed whether or not the geography of the lot constitutes exceptional physical circumstances. Sharilyn commented that at the June 11th meeting the applicant stated that he intended to fill additional area on the south and build a set of stairs there. Barb asked which statement should the commission consider, the application (which stated that the

ground was too steep and indicated that stairs were not feasible on the south side) or the applicant's testimony that he intended to fill that area and construct stairs on the south side regardless of the outcome of the variance request. Brian said that the commission should consider both statements in their discussion. Sharilyn commented that based on the applicant's testimony stairs could be constructed on the south and/or west side of the building without the need for a variance. The commission voted (3-0) that CRITERIA 1 WAS NOT MET because:

1. Stairs could be constructed on the west side of the building without significant impact to parking or layout. (Moots)
2. The applicant's testimony that he intended to fill and build stairs on the south side of the building negated the application's statement that this area was an exceptional physical circumstance. (Zellhuber)

Criteria 2: The strict application of the provisions of this title would result in practical difficulties or unnecessary hardship. The application indicates that the strict application of the provisions of the setback would require the applicant to abandon the residential use of the structure, place the stairs on the west side in the parking area, place the stairs inside the structure by reducing the usable space or placing the stairs on the south side of the structure on the steep bank. The commission discussed this criteria. Sharilyn commented that stairs on the west side of the building would impact the parking for boats and large vehicles that the applicant was used to but it would not preclude the required number of parking spaces for a residential unit on the property. Barb commented that the applicant's discussion about having two exits was still possible by having stairs on the south and west sides of the building. John asked if the potential inability to put two exits on the apartment or the loss of the large vehicle parking constituted practical difficulty or unnecessary hardship or if it simply caused inconvenience. Sharilyn commented that less parking was inconvenient but did not preclude the residential use of the building. Barb asked how many parking spaces were required for the apartment. Brian said that with two bedrooms the unit required two 8'x20' parking spaces which fit easily on the west side of the building, even if stairs were put there. The commission voted (3-0) that CRITERIA 2 WAS NOT MET because:

1. Loss of parking on the west side is not an unnecessary hardship but an inconvenience as an accessory use by the adjoining property.
2. Adequate parking is available on the lot for the residential use if stairs are placed on the west or south side of the building.

Criteria 3: Granting the variance will not result in physical damage or prejudice to other properties in the vicinity nor be detrimental to the public health, safety or welfare. The variance will not decrease the usable area for emergency access and will facilitate access from the street side. The proposed stairs will not detrimentally affect development of the right-of-way. The planning commission discussed this criteria and voted (3-0) that Criteria 3 was met..

Criteria 4: Granting the variance is consistent with the objectives of the comprehensive plan. The proposed use, zoning and location are consistent with the Craig Comprehensive Plan. This condition is met on the basis of the application. The commission voted unanimously that this condition was met.

Criteria 5: The special conditions that require the variance are not caused by the person seeking the variance. The topography of the lot is due to natural geography. The commission discussed whether the need for the variance is caused by the exceptional physical circumstances or by the applicant. The commission commented that since the applicant determined the placement of the original building and approved design of the apartment; and since the applicant filled the lot for construction that unless there was an exceptional physical circumstance of the lot that the need for the variance was caused by the applicant. Since the application stated that the steep fill on the south side of the building was an exceptional physical circumstance but the applicant's testimony was that he intended to fill and construct stairs on the south side of the building the commission determined that the need for the variance was not exceptional physical circumstance but was caused by the placement of the building at the time of construction by the applicant. The commission voted (3-0) that CRITERIA 5 WAS NOT MET because:

1. Applicant chose the amount of fill and building location creating the need for the variance.
2. The commission determined in their analysis of Criteria 1 that the step bank on the south was not an exceptional physical circumstance since the applicant intends on filling additional area and building stairs on the south side.

Criteria 6: The variance will not permit a land use in a zone in which that use is prohibited. The proposed use and construction is allowed in the zone that the property is located in. This condition is met based on the application. The commission voted unanimously that this condition was met.

Criteria 7: The variance is not sought solely to relieve monetary hardship or inconvenience. The commission discussed whether the applicant has looked at alternatives to the variance, even if they cause monetary hardship or inconvenience. The commission during the two previous public meetings suggested that the applicant construct stairs on the west or south side as an alternative to placing them on the north side of the building and requiring a variance. The commission voted (3-0) that CRITERIA 7 WAS NOT MET because:

1. There appeared to be alternatives to placing the stairs in a place that required a variance. While fill on the south would be more costly and stairs on the west would cause an inconvenience by reducing large vehicle parking for the applicant, the commission determined that there were valid alternatives to the variance.

Based on the discussion of the required criteria it was determined that the commission felt that Criteria 1, 2, 5 and 7 were not met and that they could not approve the variance. Brian suggested to the commission some changes to Resolution 548-14-PC to reflect disapproval. Changes included:

1. Changing the title to read “DISAPPROVING A REQUEST BY CLINT O’CONNOR FOR A VARIANCE TO THE SIDEYARD SETBACK REQUIREMENTS ON LOT 6, BLOCK 2, USS 1430”
2. That the first “WHEREAS” be changed to reflect public hearings on May 29th, June 11th and June 26th, 2014.
3. That the second “WHEREAS” be changed to read “the planning commission finds that the specific criteria of Section 18.06.003 of the Craig Land Development Code are not met, specifically Criteria 1, 2, 5, and 7.”
4. That the “NOW, THEREFORE BE IT RESOLVED” section be changed to read “the Craig planning commission disapproves the request for a variance to the setback requirement on Lot 6, Block 2, USS 1430.”

A motion was made and seconded to approve Resolution 548-14-PC with the changes discussed to disapprove the request for the variance. The motion passed (3-0).

CITY OF CRAIG
PLANNING COMMISSION MINUTES
Meeting of May 29, 2014

Roll Call

Present were Sharilyn Zellhuber (chair), John Moots, Bill Russell and Barbara Stanley.
Absent excused was Kevin McDonald.

Also present was Brian Templin, City Planner.

Approval of Minutes

1. Approval of minutes of March 27, 2014. A motion was made and seconded to approve the minutes of the March 27, 2014 meeting.

MOTION TO APPROVE

RUSSELL/MOOTS

APPROVED

Public Comment

1. Non-Agenda Items. There was no comment on non-agenda items.

Public Hearing and New Business

1. PC Resolution 548-14, Clint O'Connor Variance to Sideyard Setback. Brian reviewed the staff report included in the packet with the commission. Clint O'Connor was requesting a variance to the setback to place stairs within the 10' setback adjacent to the road.

There was a question about the drawing submitted by the applicant that showed that there was 21 – 23 feet from the curb stop to the house. Brian explained that the back of curb was well within the right-of-way and that there was no as-built of the house but the applicant's original building permit showed the house right at 10' from the property line. The curb and the property line are not the same line and the road design shows that 10-13' of right-of-way is reasonable between the curb and the property line. Brian said that using the original building permit to place the house means that all of the proposed stairs would be within the 10' setback.

After reviewing the required criteria for approval John Moots commented that he would be concerned about the ability of EMS to get a gurney turned at the landing shown on the application.

The commissioners talked about some potential alternatives but wanted more information from the applicant in order to determine if the alternatives were possible.

Brian said that the commission could postpone the variance and that he would contact Clint O'Connor to schedule a meeting date when Clint could be there or be represented.

A motion was made and seconded to postpone PC Resolution 548-14, Clint O'Connor variance to sideyard setback, until Mr. O'Connor could be present to provide additional information.

MOTION TO POSTPONE STANLEY/RUSSELL APPROVED

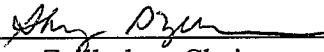
Old Business

There was no old business on the agenda for the meeting.

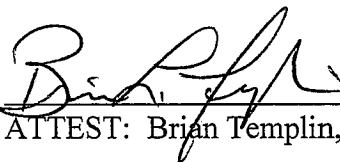
Adjourn

A motion was made and seconded to adjourn the meeting.

MOTION TO ADJOURN STANLEY/MOOTS APPROVED



Sharilyn Zellhuber, Chairman



ATTEST: Brian Templin, City Planner

CITY OF CRAIG
SPECIAL PLANNING COMMISSION MEETING MINUTES
Meeting of June 11, 2014
7:00 p.m., Craig City Council Chambers

Roll Call

Present were Sharilyn Zellhuber (chair), Bill Russell and Kevin McDonald. John Moots and Barbara Stanley were absent.

Also present was Brian Templin (City Planner) and Clint O'Connor

Public Comment

There were no comments on non-agenda items.

Public Hearing and New Business

There was no new business on the agenda for the special meeting.

Old Business

1. PC Resolution 548-14, Clint O'Connor Variance to Sideyard Setback – postponed from May 29, 2014 Planning Commission Meeting. Brian reminded the commission that this item was on the agenda for the May 29, 2014. Since the planning commission had some questions regarding proposed alternatives and the applicant was not present at the May 29, 2014 meeting the commission postponed action until a meeting could be held with the applicant or their representative present.

The applicant was present to answer questions from the commission.

The chair asked if the applicant had any comments to start. Mr. O'Connor talked about what he wanted to do at the property and why he wanted to put the stairs in the setback.

The applicant and commission looked over application drawings during the remainder of the discussion. The commission and the applicant discussed several alternatives to placing the stairs in the setback on the north side of the building, including placing it on the east side, south side and north side of the building to access the second floor apartment.

Brian reminded the commission of the seven criteria found in the municipal code that were required to be met in order to issue a variance. They were shown in the staff report along with the planners analysis based on the application as:

Criteria 1. There are exceptional physical circumstances or conditions applicable to the property or to its intended use or development which make the variance necessary. Mr. O'Connor's application says that the property south of the building is very steep and would require an excessive amount of rock to fill or a very long set of stairs to access the second floor of the building. The area west of the structure is used for off-street

parking and storage. The commission should discuss whether or not the geography of the lot constitutes exceptional physical circumstances.

Criteria 2: The strict application of the provisions of this title would result in practical difficulties or unnecessary hardship. The strict application of the provisions of the setback would require the applicant to abandon the residential use of the structure, place the stairs on the west side in the parking area, place the stairs inside the structure by reducing the usable space or placing the stairs on the south side of the structure on the steep bank. The commission should discuss if the potential construction or access problems constitute practical difficulties or unnecessary hardship.

Criteria 3: Granting the variance will not result in physical damage or prejudice to other properties in the vicinity nor be detrimental to the public health, safety or welfare. The variance will not decrease the usable area for emergency access and will facilitate access from the street side. The proposed stairs will not detrimentally affect development of the right-of-way. The planning commission should discuss whether the stairs are detrimental to the public health, safety or welfare.

Criteria 4: Granting the variance is consistent with the objectives of the comprehensive plan. The proposed use, zoning and location are consistent with the Craig Comprehensive Plan. This condition is met on the basis of the application.

Criteria 5: The special conditions that require the variance are not caused by the person seeking the variance. The topography of the lot is due to natural geography. The commission should discuss whether the need for the variance is caused by the exceptional physical circumstances or by the applicant.

Criteria 6: The variance will not permit a land use in a zone in which that use is prohibited. The proposed use and construction is allowed in the zone that the property is located in. This condition is met based on the application.

Criteria 7: The variance is not sought solely to relieve monetary hardship or inconvenience. The commission should discuss whether the applicant has looked at alternatives to the variance, even if they cause monetary hardship or inconvenience.

Brian commented that the application stated that the “land to east and south drops drastically and stairs would need to be unreasonably long.” The application also said that the land to the west was the only long parking and storage area. There was some additional discussion about how stairs on the west side would impact existing windows to the garage. Bill Russell asked for some clarification on what

windows might be obstructed by a single flight of stairs on the west side. The applicant commented that it would partially obstruct or shade shop windows in the lower half of the building. Bill Russell commented that the light should still be able to pass through and that the stairs would not be blocking a "view" window if placed there.

Brian also commented that the building currently sat 12' from the east property line and would also require a variance if stairs were erected on that side. He also commented that one of the issues in the past when granting variances was the potential impact to the fire department's ability to keep a fire from spreading from one structure to the next and that the east property line was a shared line with the next lot. If a variance was approved on this side and the neighbor ever built a structure toward the same line it could impact fire response between structures.

Bill Russell commented that during the previous meeting John Moots was concerned about the size of the landing on the proposed stairway and how that might affect EMS response with a gurney at the property.

There was some discussion about alternate ways to construct the stairs that would solve the EMS problem and reduce the amount of encroachment. The commission suggested that a single flight of stairs as opposed to the proposed stairs that went halfway up to a landing and then turned to go the rest of the way up would solve the EMS question and would only require a variance of 3.5' instead of the 7' that was being requested.

During discussion about configuring the stairs on the northeast side of the building Mr. O'Connor mentioned that he was considering enclosing the stairs to protect from weather.

Brian clarified that decks and stairs that were less than 30" from grade could extend all the way to the property line without a variance so there was also an option to put some stairs and a landing that was less than 30" above grade as part of the stairway. The stairs and landing that were below 30" could extend toward the north or east property lines without needing additional variance. There was some additional discussion about how a single flight of stairs might be constructed that would meet the need and reduce the amount of encroachment. The applicant said that he thought a single flight of stairs would work. The applicant then asked if the single flight of stairs on the front would make a difference to his plan to replace the stairs on the south side of the building.

Bill Russell asked if the applicant intended to have access stairs on the south side of the building. The applicant said that he intended to extend the fill on the south side and construct or reconstruct stairs there to provide two means of entrance/exit to the residence. There was some discussion about the requirement for two means of exit from the building. Brian said that the city did not require multiple exits from a building and that in Alaska the state Fire Marshal didn't do plan reviews or

exercise code authority for single and duplex residential structures so there was no requirement that he was aware of.

Bill Russell commented that if the applicant intended to extend the fill and put stairs on the south side of the building that the argument for exceptional physical circumstances based on the application could not be met and the variance shouldn't be approved. The commission asked if a single flight of stairs on the west side of the building that ended at the proposed deck on the south side of the building was possible. After some discussion on the alternative the applicant said that he would talk to his contractor to see if that was an option.

Sharilyn expressed that since the applicant had the option to build stairs on both the west and south sides of the property that would not require a variance that the situation would not meet Criteria 7, where the variance is not sought solely to relieve monetary hardship or inconvenience. She explained that while none of the commission members were specifically against the proposed plan the commission was still required to follow the pre-set list of criteria and would not want to set a precedent by ignoring them.

Brian told the commission that they had a number of alternatives as to how to handle the variance request and the resolution that they were considering.

1. The commission could approve the variance as requested or approve a modified variance.
2. The commission could disapprove the variance and state what criteria weren't met and why. Brian said that if the commission chose to disapprove the variance then they should pass a resolution stating that was the case.
3. The commission could postpone the variance resolution to a future meeting if they knew when they wanted to reconsider it.
4. The commission could table the variance resolution. This would allow the applicant to come back to the commission and have them consider the variance at some point in the future.
5. The commission could take no action on the variance resulting in neither approval or disapproval but would most likely result in the requirement for new action by the applicant in the future to bring the request back.

Brian recommended tabling the resolution. He said that would give the applicant the opportunity to talk to their contractor about the alternative placement of the stairs and if the applicant couldn't or didn't want to construct the stairs there then he had the option of having the commission make a decision on the variance. Brian told Mr. O'Connor that if he wanted the commission to bring the variance back for a decision that he just had to let him know so he could put it on the agenda for the planning commission.

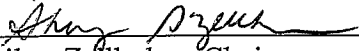
A motion was made and seconded to table PC Resolution 548-14, Clint O'Connor Variance to Sideyard Setback.

MOTION TO TABLE RUSSELL/MCDONALD APPROVED
Unanimously

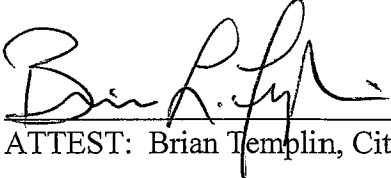
Adjourn

A motion was made and seconded to adjourn the meeting at about 7:45 pm.

MOTION TO ADJOURN MCDONALD/RUSSELL APPROVED



Sharilyn Zellhuber, Chairman



ATTEST: Brian Templin, City Planner

NOTE: Due to a malfunction of the digital recorder there is no audio recording of the meeting. Minutes were prepared from notes by the planner and reviewed by the applicant and the planning commission members present to check for accuracy.

CITY OF CRAIG
PLANNING COMMISSION MINUTES
Meeting of June 26, 2014

Roll Call

Present were Sharilyn Zellhuber (chair), John Moots and Barbara Stanley. Absent excused was Bill Russell. Absent was Kevin McDonald. Also present was Brian Templin (staff).

Approval of Minutes

1. Approval of minutes of May 29, 2014. A motion was made and seconded to approve the minutes of the May 29, 2014 meeting.

MOTION TO APPROVE

MOOTS/STANLEY

APPROVED

2. Approval of minutes of June 11, 2014 (Special Meeting). Brian reported to the commission that the recorder had malfunctioned and because Clint O'Connor had requested a copy of the meeting recording and minutes that Brian prepared the minutes and sent a draft to all commission members and to Mr. O'Connor for comments. After Sharilyn responded with some comments Brian sent an updated draft of the minutes to all commissioners and Mr. O'Connor with the changes. Brian used the "track change" feature so that Mr. O'Connor could see the language that had been changed, added or deleted based on Sharilyn's comments. Brian reported that Kevin McDonald responded with approval of both drafts and that there were no other comments on the drafts from commissioners or Mr. O'Connor. Barb commented that neither her nor John were at the meeting and asked if approval of the minutes needed to be tabled. Brian said that the commission could table the minutes but the approved minutes would be helpful if the decision of the commission was appealed to the council. There was some discussion to ensure that everyone had a chance to comment on the minutes. After the discussion it was felt that all commissioners and the applicant had ample opportunity to comment on the final draft of the minutes and that there was no reason not to approve them. A motion was made and seconded to approved the minutes of the June 11, 2014 special meeting.

MOTION TO APPROVE

ZELHUBER/MOOTS

APPROVED

Public Comment

1. Non-Agenda Items. There was no public present at the meeting.

Public Hearing and New Business

1. There was no new business to discuss.

Old Business

1. PC Resolution 548-14, Clint O'Connor Variance to Sideyard Setback. Brian reported that this issue had been heard at the May 29, 2014 and the June 11, 2014 and that the commission had postponed or tabled the issue for various reasons. He reported that Mr. O'Connor came in on June 13th and asked for the variance to be placed on the next agenda for a decision. Brian said that he told him that it would be heard at the June 26th commission meeting. Brian said that he sent him an additional reminder with the updated draft of the minutes from the June 11, 2014 meeting. Brian also said that the applicant had not provided any additional information so the commission should use the information from the previous two meetings and the application to consider approval or disapproval of the variance request.

There was some general discussion regarding the format of approval or disapproval. Brian reported that the existing resolution was written to approve the variance and if the commission wanted to disapprove the variance that it should modify the resolution, but that the commission should pass a resolution either way. Brian also commented that if the commission chose to disapprove the variance that it should specifically address which criteria were not met and why.

Sharilyn suggested that the commission go back through the seven required criteria and discuss them. Barb suggested that the commission should vote on whether or not each criteria was met after the discussion.

Criteria 1. There are exceptional physical circumstances or conditions applicable to the property or to its intended use or development which make the variance necessary. Mr. O'Connor's application says that the property south of the building is very steep and would require an excessive amount of rock to fill or a very long set of stairs to access the second floor of the building. The area west of the structure is used for off-street parking and storage. The commission discussed whether or not the geography of the lot constitutes exceptional physical circumstances. Sharilyn commented that at the June 11th meeting the applicant stated that he intended to fill additional area on the south and build a set of stairs there. Barb asked which statement should the commission consider, the application (which stated that the ground was too steep and indicated that stairs were not feasible on the south side) or the applicant's testimony that he intended to fill that area and construct stairs on the south side regardless of the outcome of the variance request. Brian said that the commission should consider both statements in their discussion. Sharilyn commented that based on the applicant's testimony stairs could be constructed on the south and/or west side of the building without the need for a variance. The commission voted (3-0) that CRITERIA 1 WAS NOT MET because:

1. Stairs could be constructed on the west side of the building without significant impact to parking or layout. (Moots)
2. The applicant's testimony that he intended to fill and build stairs on the south side of the building negated the application's statement that this area was an exceptional physical circumstance. (Zellhuber)

Criteria 2: The strict application of the provisions of this title would result in practical difficulties or unnecessary hardship. The application indicates that the strict application of the provisions of the setback would require the applicant to abandon the residential use of the structure, place the stairs on the west side in the parking area, place the stairs inside the structure by reducing the usable space or placing the stairs on the south side of the structure on the steep bank. The commission discussed this criteria. Sharilyn commented that stairs on the west side of the building would impact the parking for boats and large vehicles that the applicant was used to but it would not preclude the required number of parking spaces for a residential unit on the property. Barb commented that the applicant's discussion about having two exits was still possible by having stairs on the south and west sides of the building. John asked if the potential inability to put two exits on the apartment or the loss of the large vehicle parking constituted practical difficulty or unnecessary hardship or if it simply caused inconvenience. Sharilyn commented that less parking was inconvenient but did not preclude the residential use of the building. Barb asked how many parking spaces were required for the apartment. Brian said that with two bedrooms the unit required two 8'x20' parking spaces which fit easily on the west side of the building, even if stairs were put there. The commission voted (3-0) that CRITERIA 2 WAS NOT MET because:

1. Loss of parking on the west side is not an unnecessary hardship but an inconvenience as an accessory use by the adjoining property.
2. Adequate parking is available on the lot for the residential use if stairs are placed on the west or south side of the building.

Criteria 3: Granting the variance will not result in physical damage or prejudice to other properties in the vicinity nor be detrimental to the public health, safety or welfare. The variance will not decrease the usable area for emergency access and will facilitate access from the street side. The proposed stairs will not detrimentally affect development of the right-of-way. The planning commission discussed this criteria and voted (3-0) that Criteria 3 was met.

Criteria 4: Granting the variance is consistent with the objectives of the comprehensive plan. The proposed use, zoning and location are consistent with the Craig Comprehensive Plan. This condition is met on the basis of

the application. The commission voted unanimously that this condition was met.

Criteria 5: The special conditions that require the variance are not caused by the person seeking the variance. The topography of the lot is due to natural geography. The commission discussed whether the need for the variance is caused by the exceptional physical circumstances or by the applicant. The commission commented that since the applicant determined the placement of the original building and approved design of the apartment; and since the applicant filled the lot for construction that unless there was an exceptional physical circumstance of the lot that the need for the variance was caused by the applicant. Since the application stated that the steep fill on the south side of the building was an exceptional physical circumstance but the applicant's testimony was that he intended to fill and construct stairs on the south side of the building the commission determined that the need for the variance was not exceptional physical circumstance but was caused by the placement of the building at the time of construction by the applicant. The commission voted (3-0) that CRITERIA 5 WAS NOT MET because:

1. Applicant chose the amount of fill and building location creating the need for the variance.
2. The commission determined in their analysis of Criteria 1 that the step bank on the south was not an exceptional physical circumstance since the applicant intends on filling additional area and building stairs on the south side.

Criteria 6: The variance will not permit a land use in a zone in which that use is prohibited. The proposed use and construction is allowed in the zone that the property is located in. This condition is met based on the application. The commission voted unanimously that this condition was met.

Criteria 7: The variance is not sought solely to relieve monetary hardship or inconvenience. The commission discussed whether the applicant has looked at alternatives to the variance, even if they cause monetary hardship or inconvenience. The commission during the two previous public meetings suggested that the applicant construct stairs on the west or south side as an alternative to placing them on the north side of the building and requiring a variance. The commission voted (3-0) that CRITERIA 7 WAS NOT MET because:

1. There appeared to be alternatives to placing the stairs in a place that required a variance. While fill on the south would be more costly and stairs on the west would cause an inconvenience by reducing large vehicle parking for the applicant, the

commission determined that there were valid alternatives to the variance.

Based on the discussion of the required criteria it was determined that the commission felt that Criteria 1, 2, 5 and 7 were not met and that they could not approve the variance. Brian suggested to the commission some changes to Resolution 548-14-PC to reflect disapproval. Changes included:

1. Changing the title to read "DISAPPROVING A REQUEST BY CLINT O'CONNOR FOR A VARIANCE TO THE SIDEYARD SETBACK REQUIREMENTS ON LOT 6, BLOCK 2, USS 1430"
2. That the first "WHEREAS" be changed to reflect public hearings on May 29th, June 11th and June 26th, 2014.
3. That the second "WHEREAS" be changed to read "the planning commission finds that the specific criteria of Section 18.06.003 of the Craig Land Development Code are not met, specifically Criteria 1, 2, 5, and 7."
4. That the "NOW, THEREFORE BE IT RESOLVED" section be changed to read "the Craig planning commission disapproves the request for a variance to the setback requirement on Lot 6, Block 2, USS 1430."

A motion was made and seconded to approve Resolution 548-14-PC with the changes discussed to disapprove the request for the variance.

MOTION TO APPROVE

STANLEY/MOOTS

APPROVED

2. Tract 18 Development Update. Brian reported to the commission that a representative of R&M Engineers had come into the office with an alternative design for the Tract 18 Development. The primary change to the design was to delete the through street that connected Windy Way/Night Court to East Hamilton Drive through the development. The design presented by R&M showed a dead end street starting at Windy Way/Night Court and ending on the property. Brian said that three structures in the proposed development required conditional use permits (two tri-plexes and a four-plex) and that traffic pattern was a significant part of the discussion in approving those permits. Brian told the commission that he would be inclined to bring the permits back to the commission for review if the street was changed from a through street to a dead end. The commission agreed that the street change would change the nature of the permits that had been issued and that they would like to review them. Barb asked what public notice would take place if this happened. Brian said he would use the same notice requirements as the original permits, which is notice to all property owners within 300' of the property. The commission was in consensus that the permits should be

readvertised and come to the commission for review if the street was changed from a through street.

Adjourn

A motion was made and seconded to adjourn the meeting at about 8:10.

MOTION TO ADJOURN

MOOTS/STANLEY

APPROVED

Sharilyn Zellhuber, Chairman

ATTEST: Brian Templin, City Planner



July 1, 2014

Clint O'Connor
PO Box 112
Craig, AK 99921

RE: Variance 140529
Lot 6, Block 2, USS 1430
Encroachment to 10' Setback

Dear Clint,

This letter is to notify you that the Craig Planning Commission, at its regular meeting on June 26, 2014 passed resolution 548-14-PC which denied your application for a variance to allow you to construct stairs within the sideyard setback on your property at Lot 6, Block 2, USS 1430.

I have included copies of the minutes from the three meetings (May 29, June 11 and June 26) that the issue was heard; a copy of the statement of findings; a copy of the resolution disapproving the variance; and a copy of Section 18.04 of the Craig Municipal Code (outlining the appeal process) for your records. Specific reasons for the denial are contained in the copy of the resolution and the statement of findings attached to this letter.

If you disagree with this decision you may appeal it in writing within thirty (30) days of the date of this letter. In such a review the burden of proof shall be on you. The decision of the Planning Commission may be appealed to the Craig City Council, in writing, within thirty (30) days after the date the decision is mailed. Such further appeal shall be in conformance to Section 18.04 of the Craig Municipal Code.

If you have any questions about this decision, or about the appeal process please feel free to contact me by phone at 907-826-3275 or by stopping by city hall.

Sincerely,

Brian Templin
Craig City Planner

Attachments: Meeting Minutes (May 29, June 11 and June 26, 2014)
Statement of Findings
Resolution 548-14-PC
Section 18.04, Craig Municipal Code

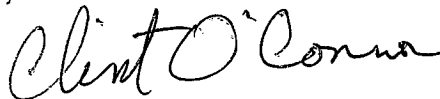
May 25, 2015

To the Planning Commission,

I would like to object to your the decision to not allow me to construct outside stairs on the North side of my building on Cedar Street.

I am requesting that you reconsider your decision.

Thank you,

A handwritten signature in black ink that reads "Clint O'Connor". The signature is written in a cursive style with a large, stylized "C" at the beginning.

Clint O'Connor
PO Box 112
Craig, AK.PPp 99921

**CITY OF CRAIG
PLANNING COMMISSION**

Statement of Findings

June 30, 2015

Applicant: Mr. Clint O'Connor

Requested Action: Variance to set back requirement (originally heard as V052914 and reconsidered as V062915)

Location: Lot 6, Block 2, USS 1430

Zoning: High Density Residential

Surrounding Uses: North: High Density Residential
South: High Density Residential
West: High Density Residential
East: ROW/High Density Residential

Public Hearing: Original hearing on the issue as V052914 was held May 29, 2014 – Commissioners Zellhuber, Moots, Russell and Stanley were present. The applicant was not present and a decision on the issue was postponed.

A second hearing on the issue as V052914 was held at a Special Meeting at the request of the applicant on June 11, 2014. Commissioners Zellhuber, Russell and McDonald were present. The applicant was present. After a discussion of alternatives the commission tabled the issue pending a discussion between the applicant and his contractor regarding the alternatives that were proposed.

A third hearing on the issue as V052914 was held at the request of the applicant at the regular meeting of June 26, 2014. Commissioners Zellhuber, Moots and Stanley were present. The applicant was not present. After further discussion the commission voted to deny the variance by a vote of 3 – 0 finding that four of the seven required criteria were not met.

A request was submitted by the applicant on May 25, 2015 to have the issue reheard. The original application was resubmitted as V062515 with no additional information or changes to the application (confirmed by telephone on June 11, 2015). A public hearing on V062515 was held on June 29, 2015. Commissioners Zellhuber, Stanley, Moots and McDonald were present. Commissioner Bill Russell's term expired on January 31, 2015 and his replacement, Commissioner Millie Schoonover, was not present at the meeting on May 25, 2015. The applicant was not present or represented at the public hearing.

Status of Request: Variance request was denied by a vote of 4 - 0.

Analysis

Clint O'Connor owns the property at Lot 6, Block 2, USS 1430. There is a building there that has been used as a garage/storage building accessory to the O'Connor's residence on the adjacent lot. The building was built by Mr. O'Connor under building permit 15-94 (an update of permit 28-90) issued in April of 1994. The building permit issued in 1994 does not show any stairs, decks or other structures connected to the building. The building permit site plan shows the building location to be 10' from the north and east property lines. No as-built or other survey of the building is available. The variance request and the subsequent discussion by the planning commission is based on the 10' distance shown on the original building permit. The south side of the property has a tall, steep bank that goes down to an adjacent residential lot located on Beach Road. The current structure is placed on the northeast part of the lot and was located close the north and east property lines (the applicant shows 12' from the east property line and 10' from the north property line in the drawing included with the variance application).

Mr. O'Connor is working to finish a residential apartment on the second floor of the structure and has applied to place the stairs on the north side of the building. The proposed stairs will service the apartment on the second floor. The adjacent Cedar Street has been aligned and paved and the house is approximately 16' from the back edge of the curb.

Construction of these stairs will not interfere with potential utilities, sidewalk or drainage structures along this section of Cedar Street.

Decision

At its May 29, 2014 meeting, the Craig Planning Commission deliberated the request by Mr. O'Connor to encroach approximately 7' into the front yard setback. The applicant was not present at the meeting. After a discussion by the commission based on the application, the commission requested additional information. The commission postponed the issue pending scheduling of a special or regular meeting at the applicant's ability to attend. The planner contacted the applicant and set a date for a special meeting of June 11, 2014 at the applicant's request. At the June 11, 2014 meeting the commission met with the applicant regarding the issue. The commission suggested alternatives that would not require a variance and tabled the issue pending the applicant's discussion with their contractor on the feasibility of the suggested alternatives. The applicant contacted the planner on June 13, 2014 requesting that the variance be decided upon based on the application. The planner notified the applicant that the item would be considered at the regular meeting on June 26, 2014. On June 26, 2014 the commission met and deliberated on the issue. Based on discussion by the commission, input from staff and testimony from the applicant during the three hearing dates the planning commission found that the variance request did not meet the minimum criteria set out in Section 18.06.003 of the Craig Land Development Code, specifically criteria 1, 2, 5 and criteria 7. Findings for the decision were shown in the Statement of Findings dated June 26, 2014. The Craig Planning Commission passed resolution 548-14-PC by a vote of 3-0 denying the variance request.

A letter notifying Mr. O'Connor of the decision and the appeal procedures was sent by certified first-class mail on July 1, 2014. Craig Municipal Code Section 18.04.010C allows 30 days for a person to file an appeal of planning commission decisions to the Craig City Council. Attached to the letter were a copy of the statement of findings, relevant portions of CMC 18.04 outlining appeal procedures, a copy of Resolution 548-14-PC and copies of relevant minutes from the three meetings where the issue was discussed and considered.

On May 25, 2015 Mr. O'Connor submitted a letter to the planning commission requesting that the planning commission reconsider its decision regarding the denial of the variance. The city planner contacted Mrs. O'Connor on June 11, 2015 and explained that there was no process for reconsideration outside of an appeal and asked if the applicant wanted to resubmit the variance request as a new application. The city planner also asked if there was additional or changed information that should be submitted to the planning commission as part of the new submission. Mrs. O'Connor said that the application should be resubmitted and that there was no new or additional information to include.

Notice of the variance was posted and letters were sent to all property owners within 300' of the subject property (including the applicant) ten days prior to the public hearing. There were no public comments on the application.

At its June 29, 2015 meeting the Craig Planning Commission reviewed the application, reports prepared as part of the May 25, 2014 application and relevant public hearing minutes from the previous public hearings on the issue. The applicant was not present or represented at the meeting.

Since there were no changes or additional information submitted with the application or presented at the public hearing the planning commission reviewed the statement of findings from the previous deliberation on the issue. The commission noted that during the previous consideration the application did not meet criteria 1, 2, 5 and 7. The commission reviewed each of these criteria to determine if any conditions had changed. The statement of findings dated June 26, 2015 showed the following review of each of these required criteria shown in CMC 18.06.003C:

Criteria 1. There are exceptional physical circumstances or conditions applicable to the property or to its intended use or development which make the variance necessary. Mr. O'Connor's application says that the property south of the building is very steep and would require an excessive amount of rock to fill or a very long set of stairs to access the second floor of the building. The area west of the structure is used for off-street parking and storage. The commission discussed whether or not the geography of the lot constitutes exceptional physical circumstances. Sharilyn commented that at the June 11th meeting the applicant stated that he intended to fill additional area on the south and build a set of stairs there. Barb asked which statement should the commission consider, the application (which stated that the ground was too steep and indicated that stairs were not feasible on the south side) or the applicant's testimony that he intended to fill that area and construct stairs on the south side regardless of the outcome of the variance request. Brian said that the

commission should consider both statements in their discussion. Sharilyn commented that based on the applicant's testimony stairs could be constructed on the south and/or west side of the building without the need for a variance. The commission voted (3-0) that CRITERIA 1 WAS NOT MET because:

1. Stairs could be constructed on the west side of the building without significant impact to parking or layout. (Moots)
2. The applicant's testimony that he intended to fill and build stairs on the south side of the building negated the application's statement that this area was an exceptional physical circumstance. (Zellhuber)

Criteria 2: The strict application of the provisions of this title would result in practical difficulties or unnecessary hardship. The application indicates that the strict application of the provisions of the setback would require the applicant to abandon the residential use of the structure, place the stairs on the west side in the parking area, place the stairs inside the structure by reducing the usable space or placing the stairs on the south side of the structure on the steep bank. The commission discussed this criteria. Sharilyn commented that stairs on the west side of the building would impact the parking for boats and large vehicles that the applicant was used to but it would not preclude the required number of parking spaces for a residential unit on the property. Barb commented that the applicant's discussion about having two exits was still possible by having stairs on the south and west sides of the building. John asked if the potential inability to put two exits on the apartment or the loss of the large vehicle parking constituted practical difficulty or unnecessary hardship or if it simply caused inconvenience. Sharilyn commented that less parking was inconvenient but did not preclude the residential use of the building. Barb asked how many parking spaces were required for the apartment. Brian said that with two bedrooms the unit required two 8'x20' parking spaces which fit easily on the west side of the building, even if stairs were put there. The commission voted (3-0) that CRITERIA 2 WAS NOT MET because:

1. Loss of parking on the west side is not an unnecessary hardship but an inconvenience as an accessory use by the adjoining property.
2. Adequate parking is available on the lot for the residential use if stairs are placed on the west or south side of the building.

Criteria 5: The special conditions that require the variance are not caused by the person seeking the variance. The topography of the lot is due to natural geography. The commission discussed whether the need for the variance is caused by the exceptional physical circumstances or by the applicant. The commission commented that since the applicant determined the placement of the original building and approved design of the apartment; and since the applicant filled the lot for construction that unless there was an exceptional physical circumstance of the lot that the need for the variance was caused by the applicant. Since the application stated that the steep fill on the south side of the building was an exceptional physical circumstance but the applicant's testimony was that he intended to fill and construct stairs on the south side of the building the commission determined that the need for

the variance was not exceptional physical circumstance but was caused by the placement of the building at the time of construction by the applicant. The commission voted (3-0) that CRITERIA 5 WAS NOT MET because:

1. Applicant chose the amount of fill and building location creating the need for the variance.
2. The commission determined in their analysis of Criteria 1 that the step bank on the south was not an exceptional physical circumstance since the applicant intends on filling additional area and building stairs on the south side.

Criteria 7: The variance is not sought solely to relieve monetary hardship or inconvenience. The commission discussed whether the applicant has looked at alternatives to the variance, even if they cause monetary hardship or inconvenience. The commission during the two previous public meetings suggested that the applicant construct stairs on the west or south side as an alternative to placing them on the north side of the building and requiring a variance. The commission voted (3-0) that CRITERIA 7 WAS NOT MET because:

1. There appeared to be alternatives to placing the stairs in a place that required a variance. While fill on the south would be more costly and stairs on the west would cause an inconvenience by reducing large vehicle parking for the applicant, the commission determined that there were valid alternatives to the variance.

Based on the discussion of the required criteria it was determined that the commission felt that there was no change to the application or physical conditions and that Criteria 1, 2, 5 and 7 were still not met and that they could not approve the variance.

A motion was made and seconded to approve Resolution 555-15-PC to disapprove the request for the variance. The motion passed (4-0).

CITY OF CRAIG
PLANNING COMMISSION AGENDA
Meeting of June 25, 2015

Roll Call

The meeting was called to order at 7:02 pm. Sharilyn Zellhuber (chair), John Moots, Kevin McDonald and Barbara Stanley were present. Millie Schoonover was absent excused. Also present was Brian Templin, City Planner. No other staff or members of the public were present at the meeting.

Approval of Minutes

1. Approval of minutes of May 28, 2015. A motion was made and seconded to approve the minutes of the May 28, 2015 meeting as presented. There were no changes.

MOTION TO APPROVE

MCDONALD/STANLEY

APPROVED

Public Comment

1. Non-Agenda Items. No members of the public were present.

Public Hearing and New Business

1. PC Resolution 555-15, V062515, O'Connor Request for Variance to Construct Within 10' Setback. Brian reported to the commission that Mr. O'Connor had submitted a letter to the commission asking for a reconsideration of the commission's decision to deny the variance request in June 2014. Brian said that he contacted Mrs. O'Connor by phone and explained that there was no reconsideration process in the municipal code and that the time for appeal had expired. Brian said he offered to process the original application as a new application for the commission's consideration. Mrs. O'Connor told Brian that would work. Brian also said that he asked Mrs. O'Connor if there was any new or additional information that should be included with the application when it was heard by the planning commission. Brian said that Mrs. O'Connor told him that there was no new or additional information. Brian reported that all public notice was conducted per code. Sharilyn asked if the applicant had been notified of the hearing date and time. Brian said that he had notified them verbally and by letter of the date and time of the hearing. Since the applicant was not present Sharilyn asked Brian and the commission if it should proceed with the hearing or try to reschedule to accommodate the applicant's attendance. Brian told Sharilyn that the commission could postpone the issue but he felt that the rehearing of the original application was intended to allow for an appeal to the city council so he didn't know if the applicant wanted to reschedule or not. After a short discussion the commission decided to proceed with the hearing on the issue.

Brian reported that he had included the staff report and statement of findings dated June 26, 2014 on the issue as part of the commission's packet. He reminded the

commission that they had found that the application as presented in 2014 did not meet several of the required criteria. Brian commented that there were no public comments submitted regarding the application.

Sharilyn recommended to the commission that if there was no objection that they consider the criteria that were met as still met and individually discuss the criteria that were not met in the 2014 application to see if anything had changed. The commission agreed to review the application on this basis. The commission reviewed the application against criteria 1, 2, 5 and 7 as shown in 18.06 of the municipal code. After a review of each of the criteria the commission determined that there was no change in policy, interpretation or circumstances between the 2014 and 2015 applications. The commission determined that criteria 1, 2, 5 and 7 as shown in title 18.06 were still not met for the same reasons outlined in the statement of findings dated June 26, 2014.

A motion was made and seconded to approve PC Resolution 555-15-PC disapproving the request for a variance.

MOTION TO APPROVE MCDONALD/STANLEY APPROVED (4-0)

2. Proposed changes to Sections 18.00.020 and 18.05.001-004 of the Craig Municipal Code regarding stairs and landings within the 10' property setback in residential zones. Brian told the commission that requests for stairs and landings within setbacks often had little or no impact but were generally very difficult to allow because of the state mandated criteria for approving variances. Brian suggested that one way to accommodate these requests would be to amend the municipal code to allow stairs and landings within the setbacks as permitted or conditional use. Brian said that he had provided some sample language that would allow some encroachment as a permitted use and larger encroachments as a conditional use. The commission reviewed and discussed the proposed language.

Commissioners asked Brian how often this situation came up. Brian said that he didn't have solid numbers but that it happened fairly often. Usually the discussion happened during the design phase for a building and that builders often solved the issue by adjusting the location or design of their buildings. He said that it also came up a couple of times a year on existing structures. Sometimes property owners would find an alternative and sometimes they would look at other alternatives such as variances. He said that he only recalled two variances being presented to the commission and only one of those was able to meet the required criteria.

The commission felt that this was a good change to the municipal code but felt that going from a non-allowed standard to a permitted standard was too much and asked Brian to write language that would make stairs and landings located in the setback a conditional use regardless of the size. Brian said he would write that

language and start the public comment period so that the commission could hear the issue and make a recommendation to the council at a meeting in August. Brian explained that there was a 30 day public notice requirement before the commission could make a recommendation.

No action was required by the commission on this item.

3. Brian told the commission that he had one variance scheduled for a hearing at the July 23, 2015 meeting but that wouldn't be enough time to have the 30 day public notice period for the proposed change to the municipal code. Brian suggested that the commission schedule the meeting for some time in early August to accommodate both. Kevin and Barb both said that they would be out of town near the end of July through the first couple weeks of August. Brian said that he didn't know Millie's travel schedule but having two commissioners out of town would make it difficult to get a quorum. Brian said he would get back to the commissioners about dates that might work. No action was required by the commission on this item.

Old Business

1. Sharilyn asked Brian about a variance that had been approved for Tyna Soule to place a non-conforming deck in the setback. She recalled that there was a condition that it had to be removed or the property replatted after a set amount of time. Brian said that he would look into it and get back to the commission.

Adjourn

A motion was made and seconded to adjourn the meeting at 8:15 pm.

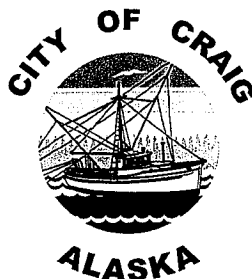
MOTION TO ADJOURN

MOOTS/STANLEY

APPROVED

Chairman Sharilyn Zellhuber

ATTEST: Brian Templin



July 1, 2015

Clint O'Connor
PO Box 112
Craig, AK 99921

RE: Variance 062515
Lot 6, Block 2, USS 1430
Encroachment to 10' Setback

Dear Clint,

This letter is to notify you that the Craig Planning Commission, at its regular meeting on June 25, 2015 passed resolution 555-15-PC which denied your application for a variance to allow you to construct stairs within the sideyard setback on your property at Lot 6, Block 2, USS 1430.

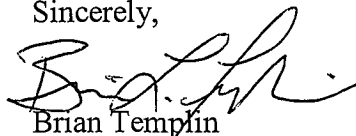
I have included a copy of the statement of findings and a copy of Section 18.04 of the Craig Municipal Code (outlining the appeal process) for your records. Specific reasons for the denial are contained in the copy of the statement of findings attached to this letter.

If you disagree with this decision you may appeal it in writing within thirty (30) days of the date of this letter. In such a review the burden of proof shall be on you. The decision of the Planning Commission may be appealed to the Craig City Council, in writing, within thirty (30) days after the date the decision is mailed. Such further appeal shall be in conformance to Section 18.04 of the Craig Municipal Code.

It may interest you to note that the planning commission is currently considering changes to the municipal code which would allow requests to place stairs and landings within the 10' setback to be considered as conditional uses. If this change is ultimately passed by the city council it would likely apply to this request. If you have questions about the proposed change please contact me.

If you have any questions about this decision, or about the appeal process please feel free to contact me by phone at 907-826-3275 or by stopping by city hall.

Sincerely,



Brian Templin
Craig City Planner

Attachments: Statement of Findings
Section 18.04, Craig Municipal Code

RECEIVED

JUL 14 2015

CITY OF CRAIG
CRAIG, ALASKA

June 11, 2015

To the City Council,

Clint O'Connor owns the property at Lot 6, Block 2, USS 1430. There is a building there that has been used as a garage/storage accessory to the O'Connor residence on the adjacent lot. The building was built under building permit 15-94 (an update of permit 28-90) issued in April of 1994. The building permit issued in 1994 does not show any stairs, decks or other structures connected to the building. The building permit shows the building location to be 10' from the north and east property line. No as-built or other survey of the building is available. The variance and the subsequent discussion by the planning commission is based on the 10' distance shown on the original building permit. The south side of the property has a tall, steep bank that goes down to an adjacent residential lot located on Beach Road. The structure is placed on the north and east property lines.

I am working to finish a residential apartment on the second floor of the structure and have applied to place the stairs on the north side of the building. The proposed stairs will service the apartment on the second floor. The adjacent Cedar Street has been aligned and paved. Construction of these stairs will not interfere with potential utilities, sidewalk or drainage structures along this section of Cedar Street.

It may interest you to note that the planning commission is currently considering changes to the municipal code which would allow requests to place stairs and landings within the 10' setback to be considered as conditional uses.

I am requesting the Council overturn the Planning Commission's refusal to allow us a variance.

Clint O'Connor



July 14, 2015

Clint O'Connor
PO Box 112
Craig, AK 99921

RE: Notice of Appeal – Appeal 2015-01
Variance 062515
Lot 6, Block 2, USS 1430
Encroachment to 10' Setback

Dear Clint,

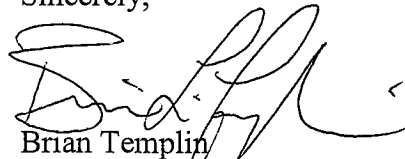
This letter is to notify you that I have received your written appeal to the Craig City Council regarding the Planning Commission's denial of the variance to construct within the setback on Lot 6, Block 2, USS 1430. The written appeal was submitted within the 30 days required in Craig Municipal Code 18.04.010C.

A hearing and deliberation on the issue will be held before the Craig City Council sitting as the Board of Adjustment at its regular meeting on August 6, 2015 at 7:00 pm in the Craig City Council Chambers.

A copy of Craig Municipal Code Title 18.04 regarding appeals was included in the certified letter sent to you July 1, 2015. This section of the municipal code outlines your requirements as the appellant and the procedures for the appeal hearing scheduled on August 6th. If you need another copy of this section of the municipal code please let me know and I will send it to you.

If you have any questions about the appeal process or the scheduled hearing please feel free to contact me by phone at 907-826-3275 or by stopping by city hall.

Sincerely,



Brian Templin
Craig City Planner

ROLL CALL

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

Staff present: Jon Bolling, City Administrator; Jessica Holloway, Aquatic Center Manager; Joyce Mason, Treasurer; Kassi Bateman, City Clerk; Brian Templin, City Planner; Mike Peel, Harbormaster; Amy Marshall, Librarian; RJ Ely, Police Chief; Ron McIntosh, Public Works Director, Chaundell Piburn, EMS Coordinator.

Audience present: Gretchen Klein, DJ Hansen, Mark Hargit.

CONSENT AGENDA

PIERCE/STORBAKKEN

moved to approve the consent agenda.

MOTION CARRIED UNANIMOUSLY

HEARING FROM THE PUBLIC

REPORTS FROM CITY OFFICIALS

Mayor/IFA- Mayor Watson attended the inspection of the dam with the state workers. The inspectors were impressed with the construction. Mayor Watson attended a transportation meeting through Southeast Conference today. The schedule for the Alaska Marine Highway will remain largely the same as it has the past year. The Taku will be taken offline for the most part. Service will be slow during January and February 2016.

Administrator- Provided a written report.

Treasurer- Joyce passed out a summary of the financials for school funding, as well as the reserve funds in some departments. The wellness screening done by staff and some health service professionals went well, and Joyce anticipates a 4-5% decrease in health insurance costs. Deductible amounts have changed for the insurance plan, but the plan still has the HRA to compensate for the expense.

Aquatic Manager- Provided a written report.

City Clerk- Provided a written report.

City Planner- Provided a written report, and also added that Loraine Cordova at the Army Corps reported that the Corps is in the final process of fine tuning the Harbor report and then sending to the Washington DC headquarters. Craig is on the review board October 22 pending the approval by their headquarters.

EMS Coordinator- Absent Excused

Harbormaster- Mike Peel reported that the Ice house is running well, and the employee that is working full time has been a real asset to the Harbor Department. There was a water leak at the North Cove Harbor which has been repaired.

Library- Amy Marshall reported that summer reading is going well. There has been an upswing in the patrons and visitors in the library, and the numbers reflect a higher usage among patrons than was reported last year. Maker Camp began last week, and has been well received among kids in Craig.

Police Chief- Provided a written report.

Public Works- Provided a written report.

Parks and Rec- Absent. Greg Dahl commented that it would be beneficial to keep the Parks and Recreation volunteer on at least in a small part time capacity. The youth center is benefiting by having the volunteer to do activities with the youth. Jon will look into this possibility.

Parks and Public Facilities- Doug reported that Parks and Public Facilities Staff have been working on finishing existing projects, and gearing up for the yearly maintenance on the wood boiler. Staff will also be putting a new steel roof on the float plane building.

READING OF CORRESPONDENCE

Mark Hargit from was present to speak about the Work Boat Races that happens annually in Anacortes. Jan Storbakken introduced him and would like to see something like this happen in Craig. Mark explained that this festival is a tribute to the fisherman that pass through or fish out of Anacortes. Seattle and Tacoma and other cities have something similar every year, and it brings tourists and residents to the festival. Some members of the council commented this would be nice to have in Craig.

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

Resolution 15-12, Naming Healing Heart Totem Park

PIERCE/STORBAKKEN

moved to approve Resolution 15-12, Naming Healing Heart Totem Park.

MOTION CARRIED UNANIMOUSLY BY ROLL CALL VOTE

Resolution 15-13, Supporting the 2015 National Library Challenge

PIERCE/DAHL

moved to approve Resolution 15-13, Supporting the 2015 National Library Challenge.

MOTION CARRIED UNANIMOUSLY BY ROLL CALL VOTE

UNFINISHED BUSINESS

Marijuana Regulations Update

Jon explained that staff is working to draft comments for the council to review prior to submittal. The deadline is August 8, and the next scheduled council meeting is August 6. Brian commented that staff will send out comments prior for the council to review and edit as needed. Jon mentioned that Alaska Municipal League will hold a summer meeting that will focus partially on the new marijuana regulations. Jim See commented that it may be worthwhile to comment on the regulation for the distance from schools and daycares seem too short. Jon commented that it is likely that municipalities will be able to regulate those sorts of topics more thoroughly if needed.

NEW BUSINESS

Consider Project Funding from \$400,000 Budget Line Item

PIERCE/BAZINET moved to approve a re-appropriation of up to \$300,000 from the school financing line item in the FY2016 budget to specified capital projects.
MOTION CARRIED UNANIMOUSLY

Consider Approval of POWHA Operation Agreement, PSN Hatchery Facility

PIERCE/DAHL moved to approve the FY 2016 operating agreement with the City of Coffman Cove and POWHA, and authorize appropriation of up to \$61,000 to meet city’s cost share of the agreement.
MOTION CARRIED UNANIMOUSLY

Consider Authorization of Mike Weyhmiller Property Tax Senior Exemption

PIERCE/STORBAKKEN moved to approve Mike Weyhmiller’s property tax exemption application.
MOTION CARRIED UNANIMOUSLY

ADJOURNMENT

DOUVILLE/STORBAKKEN moved to adjourn at 8:06 p.m.
MOTION CARRIED

APPROVED _____

MAYOR DENNIS WATSON

ATTEST _____
KASSI BATEMAN, CITY CLERK

CITY OF CRAIG MEMORANDUM

To: Mayor and City Council
From: Brian Templin, City Planner
Date: July 29, 2015
RE: Resolution 15-14 – Resolution of Support for an Application for Funding for a
Micro Hydro Power Generator at the Craig Water Treatment Plant

Staff is currently working on a grant application to the Alaska Energy Authority under the Alaska Renewable Energy Grant Program. This grant will fund feasibility; design and permitting of a micro-hydro generator in line with the raw water feed line to the water treatment plant. Energy generated from this project would be used to power the city's water treatment plant and the Port St. Nicholas hatchery. Excess energy generated by this project may be sold back to AP&T under the net metering process if AP&T approves.

The recent master plan prepared for the city by DOWL HKM contains a section on the conceptual feasibility of a system in the raw water line. As the current line is configured a small facility can be put in place that would generate approximately 153,000 kWh annually and save the city about \$32,000 in annual energy costs. If the city builds based on potential expansion of the raw water line and increased future flow demands the hydro generator could be built that would generate approximately 276,000 kWh annually and offset \$58,000 in annual energy cost.

The attached resolution supports the application.

Recommendation: Approve Resolution 15-14.

**CITY OF CRAIG
RESOLUTION 15-14**

**SUPPORTING AN APPLICATION TO THE ALASKA ENERGY AUTHORITY FOR
FUNDING FOR A FEASIBILITY STUDY, DESIGN AND PERMITTING FOR A
HYDROELECTRIC GENERATOR AT THE CRAIG WATER TREATMENT PLANT
UNDER THE ALASKA RENEWABLE ENERGY PROGRAM**

WHEREAS, the City of Craig is a municipality organized under Alaska Statute; and

WHEREAS, the City of Craig is permitted to draw raw water from North Fork Lake for use at the Port Saint Nicholas Hatchery and for treatment for municipal drinking water; and

WHEREAS, electrical consumption for the municipal water treatment plant and hatchery facilities are expensive and a major cost factor for these facilities; and

WHEREAS, the Craig water treatment plant benefits users at Port Saint Nicholas and Craig; and

WHEREAS, the Port Saint Nicholas hatchery supports subsistence, sport and commercial fishing for communities on the west coast of Prince of Wales Island; and

WHEREAS, much of the power currently generated for use by these facilities is diesel generated; and

WHEREAS, a feasibility study conducted by DOWL engineering found that a small hydroelectric generator could be placed in line with the raw water feed; and

WHEREAS, an in line hydroelectric generator would reduce reliance on fossil fuel, reduce operations costs and benefits area residents; and

WHEREAS, this project is eligible for funding under the Alaska Renewable Energy Program as administered by the Alaska Energy Authority.

NOW THEREFORE, BE IT RESOLVED, the City of Craig hereby supports an application for funding for design and permitting for a hydroelectric generation system to be installed in line with the current raw water line at the Craig water treatment plant using funds from the Alaska Renewable Energy Fund.

APPROVED _____, 2015.

Dennis Watson, Mayor

ATTEST _____
Kassi Bateman, City Clerk

CITY OF CRAIG MEMORANDUM

To: Mayor and City Council
From: Brian Templin, City Planner
Date: July 29, 2015
RE: Resolution 15-15 – Resolution of Support for an Application for Funding for a Biomass Boiler at the Craig High School

The Craig City School District and city staff are currently working on a grant application to the Alaska Energy Authority under the Alaska Renewable Energy Grant Program. This grant will fund construction, purchase and installation of a biomass (wood chip) boiler installation at the Craig High School.

The city passed a similar resolution the last two years for an application for the same grant. While the school scored well the project did not make the cut. Last year the project was ranked very high statewide but missed the funding cut due to last minute restructuring of the list to meet regional and economic spreads required by the Renewable Energy Fund Advisory Committee (REFAC).

If approved for funding this project will save the district \$55,000 - \$60,000 per year in heating costs for the high school. A feasibility report was prepared for the school district by Robert Deering, Biomass Program Manager for the USDA Forest Service, Tongass National Forest. The feasibility report shows that this would be a highly beneficial project and should be competitive for this grant program.

The attached resolution supports the application.

Recommendation: Approve Resolution 15-15.

**CITY OF CRAIG
RESOLUTION 15-15**

**SUPPORTING AN APPLICATION TO THE ALASKA ENERGY AUTHORITY FOR
FUNDING FOR A BIOMASS BOILER SYSTEM FOR THE CRAIG HIGH SCHOOL
UNDER THE ALASKA RENEWABLE ENERGY PROGRAM**

WHEREAS, the Craig City School District is a municipal school district organized under Alaska Statute to serve the students of the City of Craig; and

WHEREAS, the Craig City School District operates the 52,200 square foot Craig High School and currently heats that facility using expensive diesel fuel; and

WHEREAS, the Craig City School District currently operates a biomass boiler system to heat the Craig Elementary and Craig Middle Schools; and

WHEREAS, the City of Craig is in an area with high fuel costs and an abundance of woody biomass; and

WHEREAS, the City of Craig operates a biomass fueled boiler and has an established contract with Viking Lumber to provide biomass fuel; and

WHEREAS, a biomass fueled boiler will result in significant cost savings to the Craig City School District and support the goal of renewable energy; and

WHEREAS, this project is eligible for funding under the Alaska Renewable Energy Program as administered by the Alaska Energy Authority.

NOW THEREFORE, BE IT RESOLVED, the City of Craig hereby supports an application for funding for a biomass fueled boiler system to be installed at the Craig High School using funds from the Alaska Renewable Energy Fund.

APPROVED _____, 2015.

Dennis Watson, Mayor

ATTEST _____
Kassi Knock, City Clerk

CITY OF CRAIG MEMORANDUM

To: Craig Mayor and City Council

From: Brian Templin, City Planner

Date: July 30, 2015

RE: Sale of City Property to Tyler Rental Inc. – Ordinance 673 Final Reading

Tyler Rental Inc purchased several lots on JS Drive, including one city owned Lot 6, Park Place Subdivision in 2013 for the purpose of retail, rental and maintenance space for their equipment rental business. Tyler Rental is currently looking for property that would have a lower impact on residential areas for their business.

The city currently owns two 5 acre tracts of land on the west side of the Craig-Klawock Highway along Crab Bay. Tyler Rental has applied to purchase Lot D-2, Crab Cove Subdivision, the tract closer to town. This tract currently has a small material storage/parking area across from the Sunnahae Mountain trail head but is otherwise undeveloped.

Tyler Rental Inc. has proposed a trade of Lots 5-7, Park Place Subdivision as part of the purchase price of the parcel.

The sale notice for the sale and public hearing was published as required.

Funds from this sale will be placed in the city's land development fund.

Recommendation: Approve the final reading of Ordinance 673, authorizing the city administrator to negotiate the sale of city owned property to Tyler Rental Inc.

**CITY OF CRAIG
ORDINANCE No. 673**

AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE WITH TYLER RENTAL INC., THE TERMS OF A SALE OF CITY OWNED LANDS AT LOT D-2, CRAB COVE SUBDIVISION

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. This ordinance authorizes the City Administrator to negotiate the sale of approximately 5.0 acres of city owned land, Lot D-2, Crab Cove Subdivision. Final terms of said sale are subject to the approval of the Craig city council.

Passed and approved this 6th day of August 2015.

Mayor Dennis Watson

Attest _____
Kassi Bateman, City Clerk

CITY OF CRAIG

ORDINANCE NO. 675

PROVIDING FOR THE ADOPTION OF THE FISCAL YEAR 2015 SUPPLEMENTAL
OPERATING BUDGET

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

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

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

Section 3. Authorization and Appropriation. The appropriations identified in "Attachment A" hereto are adopted and authorized for the period of July 1, 2014 through June 30, 2015 and are the budget for that period. The Administrator may modify line item expenditures within an authorized appropriation to another line item in any amount which would not annually exceed ten (10) percent or \$10,000, whichever is more.

Section 4. Unexpended Balances. All unexpended balances lapse as of June 30, 2015.

APPROVED this ____ day of _____, 2015.

MAYOR DENNIS WATSON

ATTEST: KASSI BATEMAN, CITY CLERK

July 10, 2015

To: City Council

From: Joyce Mason, Treasurer

Re: Supplemental Budget

Attached is the ordinance to adopt the supplemental budget for fiscal year, 2015. According to AS 29.35.100 a supplemental budget is prepared to authorize payments of appropriations not previously approved in the original budget.

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

- The general fund revenues were \$315,725 **higher** than the original budget. This was mainly due to additional sales tax revenue, fish tax, PILT, and state jail contract.
- Administration Personnel benefits expenditures decreased from staff turnover. Contract Services was increased due to additional legal fees. The capital item was the painting of City Hall.
- The Aquatic Center's budget was decreased because the boiler chips were \$17,430 and the item was budgeted at \$40,000. The personnel line items saved an additional \$20,000.
- The council's budget increased due to council members' medical coverage.
- The police department's salaries and benefits were under budget due to staff turnover.
- The revenues for the Utilities (Garbage, Sewer, Water) in Enterprise fund were considerably less than we anticipated. The consumption of water has decreased since the city is charging per 1000 gallons.
- The Water department spent \$35,200 to have water value installed on waterline from the tank during the grant/loan project waterline. The personnel for the water department continues to be over budget and will be addressed this coming fiscal year.
- The ice house was the large expense this year with an additional repairs cost of \$132,184. Otherwise the ice sales match the normal cost of operation.
- Overall the city was able to finish in the black even with the extraordinary expenses.

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

Recommendation: Approve first reading of Ordinance number 675, FY 2015 Supplemental Budget.

July 10, 2015

To: City Council

From: Joyce Mason, Treasurer

Re: Supplemental Budget

Attached is the ordinance to adopt the supplemental budget for fiscal year, 2015. According to AS 29.35.100 a supplemental budget is prepared to authorize payments of appropriations not previously approved in the original budget.

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

- The general fund revenues were \$315,725 **higher** than the original budget. This was mainly due to additional sales tax revenue, fish tax, PILT, and state jail contract.
- Administration Personnel benefits expenditures decreased from staff turnover. Contract Services was increased due to additional legal fees. The capital item was the painting of City Hall.
- The Aquatic Center's budget was decreased because the boiler chips were \$17,430 and the item was budgeted at \$40,000. The personnel line items saved an additional \$20,000.
- The council's budget increased due to council members' medical coverage.
- The police department's salaries and benefits were under budget due to staff turnover.
- The revenues for the Utilities (Garbage, Sewer, Water) in Enterprise fund were considerably less than we anticipated. The consumption of water has decreased since the city is charging per 1000 gallons.
- The Water department spent \$35,200 to have water value installed on waterline from the tank during the grant/loan project waterline. The personnel for the water department continues to be over budget and will be addressed this coming fiscal year.
- The ice house was the large expense this year with an additional repairs cost of \$132,184. Otherwise the ice sales match the normal cost of operation.
- Overall the city was able to finish in the black even with the extraordinary expenses.

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

Recommendation: Approve first reading of Ordinance number 675, FY 2015 Supplemental Budget.

CITY OF CRAIG

ORDINANCE NO. 675

PROVIDING FOR THE ADOPTION OF THE FISCAL YEAR 2015 SUPPLEMENTAL
OPERATING BUDGET

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

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

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

Section 3. Authorization and Appropriation. The appropriations identified in "Attachment A" hereto are adopted and authorized for the period of July 1, 2014 through June 30, 2015 and are the budget for that period. The Administrator may modify line item expenditures within an authorized appropriation to another line item in any amount which would not annually exceed ten (10) percent or \$10,000, whichever is more.

Section 4. Unexpended Balances. All unexpended balances lapse as of June 30, 2015.

APPROVED this ____ day of _____, 2015.

MAYOR DENNIS WATSON

ATTEST: KASSI KNOCK, CITY CLERK

Attachment A

City of Craig
 FY 2015 Supplemental Budget
 June 2015

General Fund	<u>Revised</u>	<u>Original</u>	<u>Change</u>	<u>Actual</u>
Total Revenues	\$ 3,899,689	\$ 3,583,964	\$ 315,725	\$ 3,932,911
Expenditures				
Administration	771,442	756,085	15,357	763112
Aquatic Center	517,165	559,664	(42,499)	508431
Council	98,214	77,590	20,624	97845
EMS	176,928	179,884	(2,956)	158427
Facilities & Parks	229,458	\$ 211,303	18,155	228064
Fire	16,105	22,588	(6,483)	15955
Library	111,492	124,828	(13,336)	110853
Planning	83,430	80,420	3,010	87568
PS Hatchery	35,000	35,000	0	39394
Police	919,105	942,893	(23,788)	916134
Public Works	245,137	270,405	(25,268)	243267
Recreation	95,079	98,040	(2,961)	95847
Total General Fund Expenditures	3,298,555	3,358,700	(60,145)	3,264,897
Net Assets before Transfers	\$ 601,134	\$ 225,264	\$ 375,870	\$ 668,014
Transfers				
School	(350,000)	(350,000)	0	
To Balance Enterprise Fund	(210,239)	(154,492)	(55,747)	
To Capital Harbor Fund	(57,000)	(75,000)	18,000	
Endowment Fund	120,000	120,000	0	
Transfer to Equipment Reserve	(57,000)	(8,811)	(48,189)	
Net Assets	\$ 46,895	\$ (243,039)	289,934	

Attachment A

City of Craig
 FY 2015 Supplemental Budget
 June 2015

Enterprise Fund	<u>Revised</u>	<u>Original</u>	<u>Change</u>	<u>Actual</u>
Revenue	<u>Budget</u>	<u>Budget</u>		
Sewer Fees	\$ 280,925	\$ 314,000	\$ (33,075)	\$ 280,948
Water Sales	287,586	330,000	(42,414)	287,596
Garbage Fees	309,545	330,000	(20,455)	309,546
Harbor Services	268,389	243,500	24,889	268,424
JTB Industrial Services	367,189	353,956	13,233	367,196
Cannery Revenue	8,575	6,500	2,075	8,575
Total Revenue	1,522,209	1,577,956	(55,747)	\$ 1,522,285
<u>Expenses</u>				
Sewer Expenses	278,825	316,746	(37,921)	276,965
Water Expenses	380,794	328,524	52,270	380,564
Garbage Expenses	334,093	328,839	5,254	314,227
Harbor Expenses	276,436	316,577	(40,141)	275,732
JTB Industrial Park Expenses	456,008	262,857	193,151	454,780
Cannery Expenses	6,292	9,460	(3,168)	6,261
Total Fund Expenses	1,732,448	1,732,448	169,445	1,708,529
Net Revenue Over Expense	(210,239)	(154,492)	(225,192)	(186,244)
Transfer from General Fund	210,239	154,492		
Change in Net Assets	\$ -	\$ -		

City of Craig
Revenue and Expense YTD
June 30, 2015

	Revised Budget	Original Budget	Change	Actual
01 11 Administration				
Expenditures				
Total Personnel Expenditures	306,900.00	305,555.00	1,345.00	300,790.08
Total Benefits Expenditures	153,603.00	190,702.00	(37,099.00)	153,426.92
Total Contract Expenditures	199,930.00	169,300.00	30,630.00	199,810.04
Total Travel & Expenditures	10,923.00	26,120.00	(15,197.00)	10,900.58
Total Materials Expenditures	20,146.00	11,450.00	8,696.00	20,073.15
Total Utilities Expenditures	15,400.00	16,900.00	(1,500.00)	15,206.41
Total Repairs & Maint Expenditures	2,220.00	3,808.00	(1,588.00)	2,146.90
Total Other Expenditures	32,320.00	30,250.00	2,070.00	31,313.99
Total Capital & Debt Expenditures & Transfers	30,000.00	2,000.00	28,000.00	29,444.21
Total Expenditures	<u>\$ 771,442.00</u>	<u>\$ 756,085.00</u>	<u>\$ 15,357.00</u>	<u>\$ 763,112.28</u>
01 12 Council				
Expenditures				
Total Personnel Expenditures	15,500.00	14,700.00	800.00	15,272.71
Total Benefits Expenditures	72,927.00	51,600.00	21,327.00	72,830.41
Total Contract Expenditures	710.00	2,500.00	(1,790.00)	744.84
Total Travel & Expenditures	8,575.00	7,925.00	650.00	8,509.38
Total Materials Expenditures	450.00	150.00	300.00	435.90
Total Utilities Expenditures	0.00	0.00	0.00	0.00
Total Repairs & Maint Expenditures	0.00	0.00	0.00	0.00
Total Other Expenditures	52.00	715.00	(663.00)	52.00
Total Capital & Debt Expenditures & Transfers	0.00	0.00	0.00	0.00
Total Expenditures	<u>\$ 98,214.00</u>	<u>\$ 77,590.00</u>	<u>\$ 20,624.00</u>	<u>\$ 97,845.24</u>
01 13 Planning				
Expenditures				
Total Personnel Expenditures	48,000.00	43,776.00	4,224.00	52,560.95
Total Benefits Expenditures	33,160.00	35,174.00	(2,014.00)	32,779.54
Total Contract Expenditures	340.00	0.00	340.00	322.30
Total Travel & Expenditures	330.00	500.00	(170.00)	313.08
Total Materials Expenditures	340.00	550.00	(210.00)	336.92
Total Utilities Expenditures	0.00	0.00	0.00	0.00
Total Repairs & Maint Expenditures	0.00	0.00	0.00	0.00
Total Other Expenditures	650.00	420.00	230.00	644.50
Total Capital & Debt Expenditures & Transfers	610.00	0.00	610.00	610.96
Total Expenditures	<u>\$ 83,430.00</u>	<u>\$ 80,420.00</u>	<u>\$ 3,010.00</u>	<u>\$ 87,568.25</u>
01 14 Parks &Facilities				
Expenditures				
Total Personnel Expenditures	115,500.00	110,831.00	4,669.00	114,897.82
Total Benefits Expenditures	60,805.00	52,139.00	8,666.00	60,419.64
Total Contract Expenditures	5,100.00	7,200.00	(2,100.00)	5,154.84
Total Travel & Expenditures	4,000.00	0.00	4,000.00	4,039.50
Total Materials Expenditures	7,425.00	7,800.00	(375.00)	7,345.61
Total Utilities Expenditures	15,600.00	12,700.00	2,900.00	15,338.29
Total Repairs & Maint Expenditures	13,903.00	5,000.00	8,903.00	13,833.45
Total Other Expenditures	5,325.00	10,133.00	(4,808.00)	5,321.40
Total Capital & Debt Expenditures & Transfers	1,800.00	5,500.00	(3,700.00)	1,713.36
Total Expenditures	<u>\$ 229,458.00</u>	<u>\$ 211,303.00</u>	<u>\$ 18,155.00</u>	<u>\$ 228,063.91</u>

City of Craig
Revenue and Expense YTD
June 30, 2015

	Revised Budget	Original Budget	Change	Actual
01 15 Public Works				
Expenditures				
Total Personnel Expenditures	108,100.00	125,431.00	(17,331.00)	108,257.61
Total Benefits Expenditures	71,267.00	81,409.00	(10,142.00)	70,679.02
Total Contract Expenditures	520.00	500.00	20.00	518.75
Total Travel & Expenditures	0.00	1,675.00	(1,675.00)	0.00
Total Materials Expenditures	18,300.00	18,740.00	(440.00)	17,835.83
Total Utilities Expenditures	17,050.00	18,600.00	(1,550.00)	16,976.71
Total Repairs & Maint Expenditures	18,000.00	17,000.00	1,000.00	21,153.76
Total Other Expenditures	4,000.00	5,050.00	(1,050.00)	3,949.14
Total Capital & Debt Expenditures & Transfers	7,900.00	2,000.00	5,900.00	3,896.10
Total Expenditures	<u>\$ 245,137.00</u>	<u>\$ 270,405.00</u>	<u>\$ (25,268.00)</u>	<u>\$ 243,266.92</u>
01 16 Police				
Expenditures				
Total Personnel Expenditures	518,002.00	518,194.00	(192.00)	516,011.79
Total Benefits Expenditures	303,715.00	339,094.00	(35,379.00)	302,942.93
Total Contract Expenditures	3,870.00	1,000.00	2,870.00	3,850.69
Total Travel & Expenditures	5,055.00	2,000.00	3,055.00	5,044.68
Total Materials Expenditures	50,858.00	39,300.00	11,558.00	50,695.05
Total Utilities Expenditures	21,910.00	24,500.00	(2,590.00)	21,895.79
Total Repairs & Maint Expenditures	2,646.00	1,000.00	1,646.00	2,643.43
Total Other Expenditures	12,549.00	16,805.00	(4,256.00)	12,520.26
Total Capital & Debt Expenditures & Transfers	500.00	1,000.00	(500.00)	529.00
Total Expenditures	<u>\$ 919,105.00</u>	<u>\$ 942,893.00</u>	<u>\$ (23,788.00)</u>	<u>\$ 916,133.62</u>
01 17 EMS				
Expenditures				
Total Personnel Expenditures	88,760.00	92,640.00	(3,880.00)	88,109.58
Total Benefits Expenditures	49,603.00	51,834.00	(2,231.00)	31,931.75
Total Contract Expenditures	4,000.00	3,700.00	300.00	3,956.73
Total Travel & Expenditures	4,200.00	3,250.00	950.00	4,122.47
Total Materials Expenditures	15,850.00	15,900.00	(50.00)	15,861.96
Total Utilities Expenditures	5,420.00	6,300.00	(880.00)	5,376.06
Total Repairs & Maint Expenditures	3,660.00	3,000.00	660.00	3,641.47
Total Other Expenditures	2,135.00	3,260.00	(1,125.00)	2,133.45
Total Capital & Debt Expenditures & Transfers	3,300.00	0.00	3,300.00	3,293.33
Total Expenditures	<u>\$ 176,928.00</u>	<u>\$ 179,884.00</u>	<u>\$ (2,956.00)</u>	<u>\$ 158,426.80</u>
01 18 Fire Department				
Expenditures				
Total Personnel Expenditures	0.00	0.00	0.00	0.00
Total Benefits Expenditures	1,000.00	4,788.00	(3,788.00)	998.35
Total Contract Expenditures	4,350.00	4,500.00	(150.00)	4,369.25
Total Travel & Expenditures	375.00	2,100.00	(1,725.00)	375.00
Total Materials Expenditures	2,525.00	1,400.00	1,125.00	2,512.79
Total Utilities Expenditures	5,300.00	3,800.00	1,500.00	5,142.39
Total Repairs & Maint Expenditures	25.00	2,000.00	(1,975.00)	25.38
Total Other Expenditures	2,530.00	4,000.00	(1,470.00)	2,532.00
Total Capital & Debt Expenditures & Transfers	0.00	0.00	0.00	0.00
Total Expenditures	<u>\$ 16,105.00</u>	<u>\$ 22,588.00</u>	<u>\$ (6,483.00)</u>	<u>\$ 15,955.16</u>

City of Craig
Revenue and Expense YTD
June 30, 2015

	Revised Budget	Original Budget	Change	Actual
01 19 Library				
Expenditures				
Total Personnel Expenditures	72,680.00	62,620.00	10,060.00	72,227.34
Total Benefits Expenditures	14,585.00	42,260.00	(27,675.00)	14,585.68
Total Contract Expenditures	2,247.00	0.00	2,247.00	2,247.75
Total Travel & Expenditures	200.00	235.00	(35.00)	200.14
Total Materials Expenditures	14,480.00	9,150.00	5,330.00	14,334.14
Total Utilities Expenditures	5,860.00	8,760.00	(2,900.00)	5,837.22
Total Repairs & Maint Expenditures	1,040.00	1,000.00	40.00	1,032.82
Total Other Expenditures	400.00	803.00	(403.00)	388.00
Total Capital & Debt Expenditures & Transfers	0.00	0.00	0.00	0.00
Total Expenditures	<u>\$ 111,492.00</u>	<u>\$ 124,828.00</u>	<u>\$ (13,336.00)</u>	<u>\$ 110,853.09</u>
01 24 Recreation				
Expenditures				
Total Personnel Expenditures	39,500.00	43,224.00	(3,724.00)	40,992.24
Total Benefits Expenditures	31,525.00	29,905.00	1,620.00	30,947.67
Total Contract Expenditures	2,030.00	2,500.00	(470.00)	2,020.25
Total Travel & Expenditures	0.00	0.00	0.00	0.00
Total Materials Expenditures	2,442.00	1,000.00	1,442.00	2,414.78
Total Utilities Expenditures	11,750.00	17,000.00	(5,250.00)	11,665.65
Total Repairs & Maint Expenditures	0.00	1,000.00	(1,000.00)	0.00
Total Other Expenditures	2,382.00	3,411.00	(1,029.00)	2,374.47
Total Capital & Debt Expenditures & Transfers	5,450.00	0.00	5,450.00	5,432.64
Total Expenditures	<u>\$ 95,079.00</u>	<u>\$ 98,040.00</u>	<u>\$ (2,961.00)</u>	<u>\$ 95,847.70</u>
01 25 Aquatic Center				
Expenditures				
Total Personnel Expenditures	145,075.00	153,244.00	(8,169.00)	141,108.44
Total Benefits Expenditures	82,735.00	95,245.00	(12,510.00)	82,204.41
Total Contract Expenditures	11,250.00	4,000.00	7,250.00	11,189.11
Total Travel & Expenditures	3,710.00	7,900.00	(4,190.00)	3,706.20
Total Materials Expenditures	19,470.00	22,800.00	(3,330.00)	19,391.99
Total Utilities Expenditures	107,350.00	134,700.00	(27,350.00)	106,980.36
Total Repairs & Maint Expenditures	9,100.00	10,500.00	(1,400.00)	8,907.91
Total Other Expenditures	5,975.00	7,365.00	(1,390.00)	5,796.63
Total Capital & Debt Expenditures & Transfers	132,500.00	123,910.00	8,590.00	129,146.20
Total Expenditures	<u>\$ 517,165.00</u>	<u>\$ 559,664.00</u>	<u>\$ (42,499.00)</u>	<u>\$ 508,431.25</u>
01 31 PSN Hatchery				
Expenditures				
Total Personnel Expenditures	0.00	0.00	0.00	0.00
Total Benefits Expenditures	0.00	0.00	0.00	0.00
Total Contract Expenditures	0.00	35,000.00	(35,000.00)	39,233.27
Total Travel & Expenditures	0.00	0.00	0.00	0.00
Total Materials Expenditures	0.00	0.00	0.00	0.00
Total Utilities Expenditures	0.00	0.00	0.00	85.97
Total Repairs & Maint Expenditures	0.00	0.00	0.00	75.00
Total Other Expenditures	0.00	0.00	0.00	0.00
Total Capital & Debt Expenditures & Transfers	0.00	0.00	0.00	0.00
Total Expenditures	<u>\$ 0.00</u>	<u>\$ 35,000.00</u>	<u>\$ (35,000.00)</u>	<u>\$ 39,394.24</u>

City of Craig
Revenue and Expense YTD
June 30, 2015

	Revised Budget	Original Budget	Change	Actual
20 21 Sewer				
Total Revenues	\$ 280,925.00	\$ 314,000.00	\$ (33,075.00)	\$ 280,947.93
Expenditures				
Total Personnel Expenditures	81,850.00	91,745.00	(9,895.00)	81,836.63
Total Benefits Expenditures	42,314.00	49,174.00	(6,860.00)	42,034.92
Total Contract Expenditures	6,410.00	6,700.00	(290.00)	6,377.25
Total Travel & Expenditures	350.00	1,725.00	(1,375.00)	299.99
Total Materials Expenditures	9,775.00	13,900.00	(4,125.00)	9,721.40
Total Utilities Expenditures	37,300.00	39,700.00	(2,400.00)	36,840.92
Total Repairs & Maint Expenditures	23,227.00	33,500.00	(10,273.00)	22,310.31
Total Other Expenditures	7,630.00	6,806.00	824.00	7,577.96
Total Capital & Debt Expenditures & Transfers	69,969.00	73,496.00	(3,527.00)	69,965.63
Total Expenditures	\$ 278,825.00	\$ 316,746.00	\$ (37,921.00)	\$ 276,965.01
Excess Revenue Over (Under) Expenditures	2,100.00	(2,746.00)	4,846.00	3,982.92
20 22 Water				
Total Revenues	\$ 287,586.00	\$ 330,000.00	\$ (42,414.00)	\$ 287,595.68
Expenditures				
Total Personnel Expenditures	136,810.00	115,513.00	21,297.00	136,721.67
Total Benefits Expenditures	66,069.00	57,699.00	8,370.00	65,822.01
Total Contract Expenditures	9,755.00	6,500.00	3,255.00	9,724.70
Total Travel & Expenditures	1,715.00	2,190.00	(475.00)	1,200.19
Total Materials Expenditures	49,475.00	43,700.00	5,775.00	49,236.15
Total Utilities Expenditures	54,715.00	59,800.00	(5,085.00)	55,653.30
Total Repairs & Maint Expenditures	8,885.00	9,200.00	(315.00)	8,850.78
Total Other Expenditures	6,910.00	7,585.00	(675.00)	6,902.46
Total Capital & Debt Expenditures & Transfers	46,460.00	26,337.00	20,123.00	46,452.61
Total Expenditures	\$ 380,794.00	\$ 328,524.00	\$ 52,270.00	\$ 380,563.87
Excess Revenue Over (Under) Expenditures	(93,208.00)	1,476.00	(94,684.00)	(92,968.19)
20 23 Garbage				
Total Revenues	\$ 309,545.00	\$ 330,000.00	\$ (20,455.00)	\$ 309,546.00
Expenditures				
Total Personnel Expenditures	62,559.00	49,007.00	13,552.00	62,555.19
Total Benefits Expenditures	37,936.00	35,397.00	2,539.00	38,009.87
Total Contract Expenditures	215,295.00	226,500.00	(11,205.00)	195,415.68
Total Travel & Expenditures	2,167.00	1,500.00	667.00	2,166.38
Total Materials Expenditures	9,225.00	10,700.00	(1,475.00)	9,121.67
Total Utilities Expenditures	0.00	0.00	0.00	0.00
Total Repairs & Maint Expenditures	2,201.00	2,500.00	(299.00)	2,176.48
Total Other Expenditures	4,710.00	3,235.00	1,475.00	4,708.69
Total Capital & Debt Expenditures & Transfers	0.00	0.00	0.00	73.21
Total Expenditures	\$ 334,093.00	\$ 328,839.00	\$ 5,254.00	\$ 314,227.17
Excess Revenue Over (Under) Expenditures	(24,548.00)	1,161.00	(25,709.00)	(4,681.17)

City of Craig
Revenue and Expense YTD
June 30, 2015

	Revised Budget	Original Budget	Change	Actual
20 27 Harbor				
Total Revenues	\$ 268,389.00	\$ 243,500.00	\$ 24,889.00	\$ 268,423.90
Expenditures				
Total Personnel Expenditures	113,175.00	115,813.00	(2,638.00)	112,965.72
Total Benefits Expenditures	68,987.00	72,100.00	(3,113.00)	68,921.34
Total Contract Expenditures	2,735.00	23,485.00	(20,750.00)	2,733.64
Total Travel & Expenditures	2,825.00	2,895.00	(70.00)	2,823.60
Total Materials Expenditures	16,755.00	19,455.00	(2,700.00)	16,535.15
Total Utilities Expenditures	23,817.00	29,100.00	(5,283.00)	23,638.62
Total Repairs & Maint Expenditures	24,237.00	26,604.00	(2,367.00)	24,218.56
Total Other Expenditures	22,605.00	24,475.00	(1,870.00)	22,594.89
Total Capital & Debt Expenditures & Transfers	1,300.00	2,650.00	(1,350.00)	1,300.00
Total Expenditures	<u>\$ 276,436.00</u>	<u>\$ 316,577.00</u>	<u>\$ (40,141.00)</u>	<u>\$ 275,731.52</u>
Excess Revenue Over (Under) Expenditures	<u>(8,047.00)</u>	<u>(73,077.00)</u>	<u>65,030.00</u>	<u>(7,307.62)</u>
20 28 JTB Industrail Park				
Total Revenues	\$ 367,189.00	\$ 353,956.00	\$ 13,233.00	\$ 367,195.51
Expenditures				
Total Personnel Expenditures	64,376.00	51,137.00	13,239.00	64,237.53
Total Benefits Expenditures	27,660.00	27,696.00	(36.00)	27,309.15
Total Contract Expenditures	1,025.00	0.00	1,025.00	1,001.65
Total Travel & Expenditures	3,200.00	0.00	3,200.00	3,196.50
Total Materials Expenditures	2,307.00	8,923.00	(6,616.00)	2,196.45
Total Utilities Expenditures	36,000.00	55,000.00	(19,000.00)	35,882.04
Total Repairs & Maint Expenditures	134,005.00	5,000.00	129,005.00	133,578.68
Total Other Expenditures	11,510.00	11,564.00	(54.00)	11,489.00
Total Capital & Debt Expenditures & Transfers	175,925.00	103,537.00	72,388.00	175,888.95
Total Expenditures	<u>\$ 456,008.00</u>	<u>\$ 262,857.00</u>	<u>\$ 193,151.00</u>	<u>\$ 454,779.95</u>
Excess Revenue Over (Under) Expenditures	<u>(88,819.00)</u>	<u>91,099.00</u>	<u>(179,918.00)</u>	<u>(87,584.44)</u>
20 29 Ward Cove Cannery				
Total Revenues	\$ 8,575.00	\$ 6,500.00	\$ 2,075.00	\$ 8,575.00
Expenditures				
Total Personnel Expenditures	0.00	0.00	0.00	0.00
Total Benefits Expenditures	0.00	0.00	0.00	0.00
Total Contract Expenditures	900.00	2,000.00	(1,100.00)	870.22
Total Travel & Expenditures	0.00	0.00	0.00	0.00
Total Materials Expenditures	0.00	300.00	(300.00)	0.00
Total Utilities Expenditures	3,335.00	2,100.00	1,235.00	3,330.87
Total Repairs & Maint Expenditures	2,050.00	2,725.00	(675.00)	2,053.05
Total Other Expenditures	7.00	335.00	(328.00)	6.37
Total Capital & Debt Expenditures & Transfers	0.00	2,000.00	(2,000.00)	0.00
Total Expenditures	<u>\$ 6,292.00</u>	<u>\$ 9,460.00</u>	<u>\$ (3,168.00)</u>	<u>\$ 6,260.51</u>
Excess Revenue Over (Under) Expenditures	<u>2,283.00</u>	<u>(2,960.00)</u>	<u>5,243.00</u>	<u>2,314.49</u>

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Jon Bolling, City Administrator
Date: July 31, 2015
RE: August Staff Report

1. Mail Service

On July 30, I met via telephone with representatives from Taquan Air and Pacific Air to discuss the change in postal service practice on the transport of mail between Ketchikan and the Craig/Klawock area. The council will recall from my July staff report that city staff is working to restore the longstanding US Postal Service practice of sharing the transport of first class mail to/from Ketchikan between all the certified local air carriers.

The purpose of the July 30 meeting was to discuss the US Postal Service's response to a previous letter from the Alaska Congressional Delegation asking the US Postal Service to find a way to distribute the mail among the existing carriers. To my surprise the US Postal Service refused in their written response to accommodate the delegation's request. Despite the recalcitrance of postal service officials, the group on the teleconference agreed to continue our efforts to work with the Alaska delegation to convince the US Postal Service restore shared mail transport to all certified local carriers. If we fail to do so Craig will likely see reduced commercial float plane service during the winter months, and a reduced presence at the city's float plane terminal building and float.

2. Port St. Nicholas King Salmon Cost Recovery

I received an e-mail recently from Mr. Mike Bobo giving notice that he will not participate in the cost recovery effort for Port St. Nicholas king salmon in 2016. Mike's decision does not surprise me because the effort he has put into catching and marketing the salmon far exceeds the commensurate income he should receive for those efforts. I am grateful to Mike and his wife Cheryl for their commitment to the cost recovery effort over the past several years.

City staff will now have to consider options for continuing the cost recovery effort. I plan to talk about this with Jeff Lundberg of POWHA, and possibly with staff from the Southern Southeast Regional Aquaculture Association. When I solicited bids for the cost recovery work two years ago I did hear from a small fish buyer based in Bristol Bay about performing the cost recovery work. However, in the end that party did not submit a proposal for the work.

I would appreciate any input from the council or the public on cost recovery options.

3. Wood Dryer Project

On July 15 an engineer from the Alaska Energy Authority was on Prince of Wales Island to conduct a final inspection of the wood drying equipment installed at Viking Lumber. The council will recall that the city applied to AEA for Renewable Energy Fund grant

funding to purchase the wood drying equipment and lease it to Viking Lumber Company to facilitate the drying of sawdust and wood chips at the mill. AEA staff appears satisfied with the installation and the performance of the wood drying equipment. There is ample reason for them to be satisfied. Viking Lumber staff installed the drying equipment and made it operational as required by the grant agreement. The company also doubled its in-kind contribution requirement and added equipment to manufacture bi-bricks from the dried sawdust. In addition, the company now delivers dried wood chips to the Craig wood boiler facility, which enables the wood boiler to burn wood more efficiently, leaving more heat available for the recipient buildings instead of having to use some of that heat to dry out green wood chips. I have begun the process of writing the final report on the project required by AEA and plan to complete the report by July 31.

On a somewhat related note, city staff intends to apply for funding from AEA's Renewable Energy Fund to hire an engineer to determine the viability of installing a hydroelectric generator at or near the city's water treatment plant to offset some of the cost of electricity to operate the plant. An initial look at the project in the city's new Wastewater System Master Plan looks positive, but a more detailed analysis is needed.

4. Meeting with staff from the General Accountability Office

On July 21 Mayor Watson and I met with three representatives from the Government Accountability Office. The three traveled to POW to talk with island residents about the timber program on the Tongass National Forest. The group had made an appointment with me a few weeks in advance of the meeting date. Apparently the GAO received a request from a member of Congress to prepare a report on the timber program, which prompted the GAO staff visit. The GAO staff has apparently centered their review on the following questions.

- To what extent has the U.S. Forest Service assessed the potential environmental and economic effects of the proposed transition to young-growth harvest on the Tongass?
- What actions have the Forest Service and other federal agencies indicated they would take to support the proposed transition to young-growth harvest on the Tongass, and what is the status of those actions?
- What options, if any, exist for improving the Forest Service's management of the Tongass timber program, according to agency officials and external stakeholders?

Dennis and I talked at some length about the city's participation in Tongass land use issues over the years. The meeting included discussions on land use designations, contributions of local sawmills to the island's economy, the city's wood boiler project, energy needs, affects from the roadless rule, and other matters.

The GAO staff stated they expect to complete their report in the first quarter of 2016, and promised to send a copy of that report to the city.

5. July POWCAC Meeting

On July 28 I attended the POWCAC meeting in Whale Pass. Among the items on the meeting agenda were the following.

- State Transportation Improvement Plan (STIP). Andy Hughes from Alaska DOT/PF gave the membership an update on POW projects in the STIP. These include an upgrade of the Neck Lake Road into Whale Pass, and expanded parking at the Hollis ferry and float plane dock facility, both tentatively scheduled for 2019. Andy added that POW projects already funded include resurfacing the Hydaburg Road, resurfacing the Big Salt Lake Road between the Upper Steelhead Road intersection and Control Lake, reconstruction of the Naukati Road, and repair of the portion of the Thorne Bay Road between the Goose Creek and Thorne Bay that have failed and are a driving hazard.
- Alaska Mental Health Trust Land Exchange. Mr. Paul Slenkamp of the Alaska Mental Health Trust Authority (AMHTA) gave the membership an update on the Trust's proposed land exchange with the US Forest Service. The two parties recently signed an Agreement to Initiate the proposed exchange. In short, the AMHTA proposes to exchange about 18,000 acres of land it currently owns in Ketchikan, Wrangell, Petersburg, Sitka, Meyers Chuck, and Juneau for about 12,400 acres of USFS land on POW (most of which is near Naukati), and another 8,700 acres in the Ketchikan area. While the Agreement to Initiate is apparently non-binding, it does demonstrate that there are no significant policy obstacles to a final exchange agreement. Still uncertain are what conditions might go with the exchange. The AMHTA in the past has told POWCAC it is prepared to condition the exchange on POW processing of at least some of the timber that would be logged from the exchanged.
- POW Borough Charter Discussion. The group again talked in general terms about approval of a draft charter for an eventual POW borough. At the May meeting the membership had agreed to final consideration of a draft charter at POWCAC's September meeting. The Hollis Community Council asked if I would attend their community's meeting in August to talk about the draft charter, and I agreed to do so. The September POWCAC meeting is tentatively scheduled for Craig on September 29.

6. Travel Schedule

Personal travel, August 21-27.

SE Conference annual meeting, September 14-17 at Prince Rupert, BC.

Personal travel, September 23-25.

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



Date: July 30, 2015
To: Mayor & City Council
From: Joyce Mason
Re: Monthly Report

The PILT funds from the state were deposited in the checking account in July. The amount was \$272,478.99. Last year's amount was \$308,000 and we budgeted \$300,000 for this year so the city has \$27,521 less revenue than anticipated. The city has also received the state revenue sharing for \$146,041. The 2nd quarter sales tax returns are due July 31 so as of this memo I do not have the amounts to report. We will distribute the sales tax revenue report at the meeting.

The annual supply order for all departments which is normally purchased through Costco was split between Costco and Amazon to save freight. The supplies should be here early August.

The city currently has seven state legislative grants. In the past these grants have been fairly easy to manage as the DCCED only requested a single page report stating the total expenditures and a short summary of the progress. With the June 30 reporting they are now requesting invoices to match the total numbers reported. Basically now that funds are tight, everything has to be justified. The other state and federal grants have always ask for invoice documentation. The federal government has issued new procurement rules which most state agencies have to follow, therefore the municipalities have to also. These rules, commonly known as "super circular", outline that all procurements need to get three quotes or bids and the vendor with the lowest price should be used. Also documentation has to substantiate the quotes, bids and awards to the vendors used for the projects.

The finance department will have some challenges the next few months as Anjuli Hamilton will be on maternity leave from September to December. Lisa Moore has resigned as our receptionist. Both ladies will be leaving September 4. We have posted both jobs and hopefully we will be able to train the new employees prior to September 4. Lisa is moving to Washington and we wish her the best on her new adventure. Also in September we will have our annual audit and Christine will be here for ten days or so.

I will be in Anchorage Thursday, August 7 and Friday, August 8 for AGFOA so I will not be attending the council meeting. If you have any questions please email me at finance@craigak.com.

City Of Craig

Memorandum

To: Mayor Dennis Watson, and Craig City Council
From: Jessica Holloway, Aquatic Center Manager
RE: July 2015 report
Date: July 30, 2015

We are back to normal business hours. I have decided that it is more cost effective to remain closed on Sundays and it has seemed to work. The staff and I enjoy knowing that there is at least on full day of guaranteed time off.

The new elliptical machine and the recumbent bike arrived the week of July 20th and they are a hit. There is a lot less waiting around for the favorite available machines. We now have two treadmills, two elliptical machines, and two bikes. The elliptical and the treadmills are by far the most popular machine and it was a great investment to add the extra machines. In addition we have also received the adjustable dumbbells for the dry lad fitness area. The few patrons that do use that area have made comments on the easier ease of them. They like the fact that they are not carrying numerous sets of hand weights across the building.

Three new staff members have been hired. Danielle Reeves, Maverick Ballard and Shanna Weaver. Danielle and Maverick plan to work though the school year. Shanna is planning to stay employed until March. She comes to us from Ketchikan fully certified in Lifeguarding and WSI. This will be a huge help when school lessons start up.

We are in the middle of doing our first set of summer lessons. We have a group of 3 year olds, 7-9 year olds and 10 -13 year olds. All but two are returning swimmers from previous summers and have shown great improvement since last year.

Kristy is now on maternity leave and as of this morning is now 5 days overdue. We are all awaiting the arrival of her new baby boy. She will be on leave until the first week in December. Until then Matthew Tipton has stepped into her position until she returns.

As we all know the seiners are in town. It has been a trial this week. I have had to ask a few to leave due to intoxication and on one event caught on drinking in the sauna. This patron was asked to leave. He did so without too much complaint.

Please feel free to call or email me with any questions or comments. I will be happy to help. Email is pool@craigak.com phone 826-2794 Have a safe season !

CITY OF CRAIG MEMORANDUM

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: July 30, 2015
RE: Planning Department Staff Report – August 2015

1. Marijuana Issues.

- a. Draft State Regulations. The council packet for the 8/6/15 meeting includes a memo outlining draft regulation set 2, comments prepared by staff and a copy of draft regulation sets 1 and 2. Comments for the draft regulations are due to the Marijuana Control Board (MCB) on August 8th. Staff will compile comments from the discussion at the August 6th council meeting and submit them to the MBC by the deadline. There is likely one more set of regulations which should be out for public review in August. I will prepare a memo and send those out to the council when they are issued.
- b. Advisory Vote. The council packet for the 8/6/15 meeting contains a memo and draft language for an advisory vote regarding the types of marijuana establishments and whether or not they should be allowed in Craig. This advisory vote is non-binding on the council but should provide valuable information on public support to help the council move forward. This vote also does not affect the city's responsibility to enact licensing, zoning and other municipal regulations regarding commercial marijuana establishments in Craig.
- c. Local Regulations. I have been reviewing the draft state regulations specifically looking at how they would be managed within the City of Craig. As expected there are a great many things that the state is leaving to local regulation. Specifically local taxation (i.e. sales tax, use tax), zoning, licensing, etc. Staff is beginning to draft municipal regulations that would apply to marijuana establishments not prohibited by vote or council ordinance. I will continue to work on these regulations as the state regulations are firmed up and an advisory vote provides more guidance. I would like the council to consider a joint work session with the city council and planning commission for some time in November to bring a set of draft regulations to the council and planning commission for discussion. By November we will likely be able to see the final state regulations and will have completed an advisory vote by Craig residents regarding the issue. This work session will allow a more informal setting to get input, answer questions and shape the draft regulations before they are brought back to the council as ordinances. I will work on scheduling for a work session later in the year.
- d. Marijuana Regulation Information. I plan to travel to Ketchikan on August 20th to attend an Alaska Municipal League session led by Cynthia Franklin, ABC/MBC Director. Mayor Watson, Jon and Council Member Dahl are also scheduled to attend. I anticipate that this will be a very valuable briefing and question/answer period.

2. City Website. Kassi and I have been working hard to make the city web site relevant and useful to the public. Between July 1, 2014 and June 30, 2015 the city web site had over 920,000 hits for information from over 86,000 separate visits. The city web site was visited an average of 235 times a day with almost 470 web pages viewed every day. We have been adding content to the site that we hope is useful to the public. We have now added council meeting minutes, planning commission minutes, ordinances, resolutions, plats, building permits, forms, financial documents, planning documents, a calendar of events, the municipal code and information on all city departments. We will continue to increase the amount of information available to the public and expect that use of the web site will continue to grow.

Craig Public Library Report To City Council July 2015



Submitted by: Amy K. Marshall, Library Director

Numbers are reflective of 7/1/2015 – 7/29/2015

Patron Visits:	1,970
Circulations:	2,192
Computer Use:	665
Program Attendance:	260
Reference Questions:	518

Staff has been busy with the Summer Reading Program: *Every Hero Has A Story*, as well as Maker Camp – a virtual and hands-on “making” summer camp that began on July 6th and runs until August 14th. It is open to ages 8 and up and the response has been fantastic. At parents’ request, the Toddler-Preschool Story Time is on hiatus until September 4th. When it returns, the library will be partnering with Brynn Castle to provide early development programming for parents.

The library received word that it had been awarded the IMLS Native American Basic Services Grant in partnership with the Craig Tribal Association. The library will also receive \$6,650 from the state through the Public Library Assistance Grant. We also have an additional \$5,000 on hand from the National Medal Award. That money is to be used exclusively for programming.

Craig Public Library Report To City Council

July 2015

Story Corps will be arriving in Craig on September 9th. Interview days are September 10-12. There will be 36 participants, 18 pairs, who will be telling stories during those interview days. The library is looking for individuals who would like to participate.

Library Card Sign Up Month is in September. We are already making plans, and have requested that Snoopy (really ... SNOOPY) join us on island as we reach out to the kids as well as adults who don't yet have library cards. The event runs from September 1 – 30, but we will be kicking off the event in August during the schools' orientation evenings.

It is with the utmost sadness that I have tendered my resignation effective 30 September 2015. I want to take this opportunity to thank Jon, the Mayor, and the City Council for the wonderful experience the last five years has been. My husband was tapped for the Forest Archaeologist position on the Humboldt-Toiyabe National Forest in Nevada. The career opportunity for him is too good to pass up. I will be available to help via phone for the person who will be hired to replace me. Thanks for everything. I'm truly going to miss being the Craig Public Library Director...

Grants in Process: Technology & Furnishings Grant with Rasmuson

<u>1st Quarter Comparison</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
PATRON VISITS	4905	5728	4493	5492	4512
CIRCULATION: TOTAL ITEMS	6566	7852	7158	7017	6795
COMPUTER USERS SIGNED IN	1857	1696	1492	2077	1877
PROGRAMS: SUMMER READING					
SIGNED UP	103	133	114	193	212
PARTICIPATED	76	92	97	177	190
COMPLETED	58	61	97	162	168
SCHEDULED ACTIVITIES	15	43	49	81	86
ATTENDED	294	411	803	885	566
VOLUNTEERS: NUMBER	14	25	30	15	18
HOURS	155	85	296	80	289
<u>2nd Quarter Comparison</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
PATRON VISITS	3524	4099	3913	3687	3951
CIRCULATION: TOTAL ITEMS	5553	6570	7277	6107	7241
COMPUTER USERS SIGNED IN	1083	1052	1166	1314	1119
PROGRAMS: WINTER BREAK READING			N/A	N/A	
SIGNED UP	91	N/A			
PARTICIPATED	40	N/A			
COMPLETED	40	N/A			
SCHEDULED ACTIVITIES	4	N/A		43	126
ATTENDED	53	N/A		43	126
LIBRARY PROGRAMS (Attendance)	185	267	283	370	785
VOLUNTEERS: NUMBER	16	23	20	6	12
HOURS	112	78	104	52	319
<u>3rd Quarter Comparison</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
PATRON VISITS	4172	3915*	4460	4342	4445
CIRCULATION: TOTAL ITEMS	7548	6500*	7558	7405	6984
COMPUTER USERS SIGNED IN	1205	924*	1376	1636	1441
PROGRAMS: LOVE OF READING					
SIGNED UP	28	N/A	47	76	
PARTICIPATED	28	N/A	41	76	
LIBRARY PROGRAMS (Attendance)	219	314*	412	527	512
VOLUNTEERS: NUMBER	16	25*	20	9	6
HOURS	102	119*	92	118	215
<u>4th Quarter Comparison</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
PATRON VISITS	4875	5366	4978*	4849	5452
CIRCULATION: TOTAL ITEMS	7560	7449	6403*	7341	7596
COMPUTER USERS SIGNED IN	1260	1279	1559	1652	1872
PROGRAMS:					
STORY HOUR (Ended May 19)	453	478	592	524	650
VOLUNTEERS: NUMBER	23	25	23	19	22
HOURS	102	164	157	168	380
Annual Totals: PATRONS	17476	19108	17844	18370	18360
CIRCULATION: TOTAL ITEMS	27227	28371	28396	27870	28616
PROGRAM PARTICIPATION/STORY HOUR:	1348	1562	1719	2306	2513
COMPUTER USERS SIGNED IN	5405	4951	5593	6679	6309

**CITY OF CRAIG
MEMORANDUM**



Date: July 30, 2015
To: Honorable Dennis Watson, Craig City Council
Fr: RJ Ely, Police Chief
Re: Staff Report / July 2015

RJ Ely

ACTIVITY

Activity from June 30, 2015 through July 30, 2015. Dispatch Center took the following amount of calls for service:

Craig	961
Klawock	329
AST	20

DEPARTMENT OF MOTOR VEHICLES

Traci McIntire is set to attending DMV Training in Anchorage, August 2015. This is mandatory training, required before McIntire can start working the DMV Office. Once training completed, she will begin training in Craig DMV, prior to Linda Arrant retiring.

DISPATCHER(S)

Rebecca Glandon is progressing through her training and doing well.

Kathy Kelley has given her notice and will be leaving in September. Am currently advertising to fill this position.

OFFICER(S)

Ofc. Page has completed F.T.O.

OTHER

TWIC Office is picking up, were seeing more people utilizing this service. TSA Pre Screen and Hazmat Prints are also still being used, just not as often.

Working with Craig EMS to implement internet paging system to be able to reach more EMT's to respond to calls. This system has capability of also assisting Hollis Fire & EMS as well.

I attended SEACAD Meeting, via conference call and all departments in Southeast are seeing increase in drug activity.

CPD assisted AST Drug Unit, Ketchikan and together, over 10 pounds of marijuana was seized. Charges are pending on two local Craig citizens.

Memo

To: Mr. Mayor, Craig City Council

From: Ron McIntosh, Public Works Director

CC: Jon Bolling, City Administrator

Date: July 29, 2015

Re: Public Works Council Report for August 6, 2015

Activities and status:

1. The North Fork Lake Dam Project continues. Ketchikan Ready Mix continues on the project with coordination and completion expected in August. Connection to the pipeline will require coordination with the POW Hatchery.
2. CTA continues on 2015 construction on the Port St. Nicholas Road.
3. The busy time of year is here with increase in facility usage (water and garbage). Increase in people for recreation, sport fishing, commercial fishing and the fish processors. Water flows are up and Public Works is prepared to limit water flows if necessary.

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

July 31, 2015

August Report for Craig City Council from Craig Recreation.

Summer is in full swing! August 1st is the date of a Swap Meet and when Soccer started. I have lost most of my soccer coaches but have new ones stepping up this year. Andrew Shadel who is the manager at Wells Fargo and Trish Conaster, Norma Peele and hopefully Mike will also help out.

The Youth Center is hopping on Saturday nights! Mike Tipton has 20 to 30 kids every week. He is doing a great job and I am looking for funding to help hire him to continue weekends and expand into an after school program. He has volunteered since June on Saturday nights, a few Fridays and spent 3 days weed wacking, power washing and getting the center ship shape. The kids enjoy having him there.

Some of the regular activities have slowed down, which is usual for the summer. Skating I lost Paula Price and her family as volunteers when they moved south. There were only 6 kids last week. I was gone the 2 weeks before and it was cancelled on the 10th and the Girl scouts ran it on the 17th. Volleyball has been cancelled due to lack of players, we had 4 on Tuesday and they did play. Yoga has dropped to just Tuesdays. Spanish Conversation took a 2 week break. Roller Derby will be back in the fall and we will have another gymnastics session.

Going to try a Swing Dance workshop on August 11th. Have a volunteer who is one of the El Capitan cave guides for the USFS.

I am working on the Craig-Klawock Salmon Derby Social. Wayne Baxter is helping with donations. The date will be August 22nd at the Web Loft. It is coming together.

The new LED lights in the gym are wonderful! I want to thank the Parks and Public facilities department, Harbor and Public works for their help with the 4th of July. Doug Ward personally helped me after hours to move the tables and chairs back from the ballpark. Hannah Bazinet headed up the 4th of July committee and did a wonderful job. I can't thank everyone enough.

I was gone for my cancer check up from June 9 -21. Good news. They do not expect a reoccurrence. I was also able to spend time with my mother who is in the end stages of life with Parkinsons. And visit with my ace volunteer Tory Houser who has moved to Meeker Colorado with the USFS. Things went smoothly in my absence.

Still doing the weekly radio show on KRBD every Friday at 8:45am. Managing the Rec Calendar and POW site to keep the public informed. I am helping Amy Marshall with Story Corp and with Vista volunteer Katie George. Definitely keeping busy. Thank you for your support.

Submitted by Victoria Merritt



Parks & Public Facilities

7/31/2015

Staff Report - July - August 2015

To: Craig Mayor and City Council

From: Douglas Ward

Projects completed:

- Installed new on demand hot water heater at old clinic building
- Finished siding repair and reinstalled soffit on Harbormaster building
- Built and installed bulletin board at First Bank ATM
- Painted and installed lettering on City Hall Building
- Installed new guardrail top at Seaplane Building

Projects currently in progress:

- Metal roof for Seaplane Building is here. Getting it staged for installation.
- Procurement of materials for wood boiler annual maintenance
- Sheetrock the interior, and put siding on breezeway between daycare and city gym.
- Adding fill and smoothing out parking lot and entrance drive to Sandy Beach trailhead (working with Public Works on this project)
- Procurement of materials, and lighting design for Stan Marsden Memorial Park
- Awaiting delivery of wood chips for city playgrounds and daycare center
- Repair of back deck at Water Treatment Building

Our department performed routine maintenance and repairs on city buildings, facilities, and parks including:

- Unplugged floor drain in cell #4 at Police Station
- Cleaned soot out of heat exchanger for spa pool at aquatic center
- Reset fire alarm at city gym during roller skating event
- Cleaned intake fan screen at new Clinic Building
- Fixed leaking valves at Harbormaster Building
- Cut down two snag trees at Ralph James park
- Cut brush back at Sandy Beach trail
- Preparing nets and field for upcoming soccer season
- Removal and painting of graffiti at various park facilities
- Maintenance and repairs on grass and weed cutting equipment



Parks & Public Facilities

7/31/2015

- Relocate permanent picnic table at Ralph James Park
- Installed culvert across entrance to Tanner Park

We are also in the process of cleaning and organizing the facilities shop and yard.

CITY OF CRAIG

Account Statement - Period Ending June 30, 2015



ACCOUNT ACTIVITY

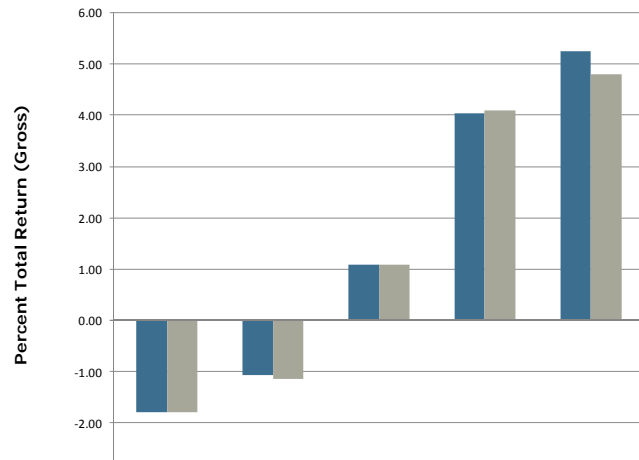
Portfolio Value on 05-31-15	9,503,982
Contributions	0
Withdrawals	-151,118
Change in Market Value	-218,981
Interest	6,600
Dividends	42,288
Portfolio Value on 06-30-15	9,182,771

MANAGEMENT TEAM

Client Relationship Manager:	Amber Frizzell, AIF® Amber@apcm.net
Your Portfolio Manager:	Bill Lierman, CFA®
Contact Phone Number:	907/272 -7575

INVESTMENT PERFORMANCE

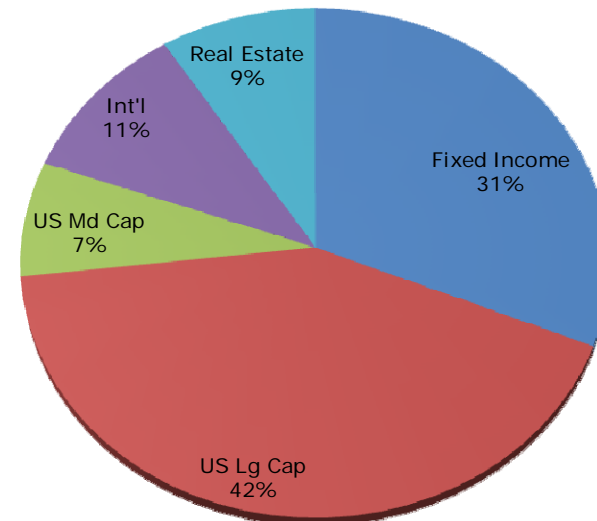
Current Account Benchmark:
Equity Blend



	Current Month	Current Quarter	Year to Date	Latest 1 Year	Inception to Date
Portfolio	-1.79	-1.07	1.08	4.03	5.25
Benchmark	-1.79	-1.15	1.09	4.09	4.80

Performance is Annualized for Periods Greater than One Year

PORTFOLIO COMPOSITION



Alaska Permanent Capital Management Co.
PORTFOLIO SUMMARY AND TARGET
CITY OF CRAIG
June 30, 2015

Asset Class & Target	Market Value	% Assets	Range
FIXED INCOME (34%)			
US Fixed Income (34.0%)	2,802,946	30.5	20% to 45%
Cash (0.0%)	66,450	0.7	na
Subtotal:	2,869,396	31.2	
EQUITY (66%)			
US Large Cap (40.0%)	3,851,248	41.9	30% to 50%
US Mid Cap (6.0%)	669,961	7.3	0% to 10%
Developed International Equity (10.0%)	956,834	10.4	5% to 15%
Real Estate (10.0%)	835,333	9.1	5% to 15%
Subtotal:	6,313,375	68.8	
TOTAL PORTFOLIO	9,182,771	100	

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
CITY OF CRAIG
June 30, 2015

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	99.83	124,785	1.36	781	261	0.71
150,000	US TREASURY NOTES 1.875% Due 09-30-17	102.89	154,336	102.53	153,796	1.67	2,812	707	0.74
100,000	US TREASURY NOTES 3.750% Due 11-15-18	106.48	106,480	108.62	108,617	1.18	3,750	479	1.14
325,000	US TREASURY NOTES 1.500% Due 12-31-18	100.64	327,082	100.98	328,199	3.57	4,875	13	1.21
50,000	US TREASURY NOTES 1.500% Due 10-31-19	99.40	49,701	100.05	50,027	0.54	750	126	1.49
225,000	US TREASURY NOTES 1.250% Due 10-31-19	99.42	223,689	99.10	222,979	2.43	2,812	474	1.46
100,000	US TREASURY NOTES 3.500% Due 05-15-20	104.04	104,039	108.76	108,758	1.18	3,500	447	1.62
215,000	U S TREASURY NOTES 2.125% Due 08-15-21	99.29	213,476	101.12	217,419	2.37	4,569	1,716	1.93
150,000	US TREASURY NOTES 2.000% Due 10-31-21	99.92	149,887	100.18	150,270	1.64	3,000	505	1.97
50,000	US TREASURY NOTES 1.625% Due 11-15-22	98.79	49,396	96.66	48,332	0.53	812	104	2.12
125,000	US TREASURY NOTES 2.500% Due 08-15-23	98.87	123,590	102.16	127,695	1.39	3,125	1,174	2.21
100,000	US TREASURY NOTES 2.375% Due 08-15-24	100.23	100,227	100.54	100,539	1.09	2,375	892	2.31
	Accrued Interest				6,899	0.08			
			1,726,641		1,748,317	19.04		6,899	
AGENCIES									
100,000	FHLMC 3.750% Due 03-27-19	101.41	101,410	108.64	108,643	1.18	3,750	979	1.37
	Accrued Interest				979	0.01			
			101,410		109,622	1.19		979	
FNMA & FHLMC									
12,067	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	104.56	12,617	106.83	12,892	0.14	483	40	1.61
	Accrued Interest				40	0.00			
			12,617		12,932	0.14		40	
CORPORATE BONDS									
100,000	HSBC FINANCE CORP 5.500% Due 01-19-16	100.21	100,206	102.43	102,426	1.12	5,500	2,475	1.08

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
CITY OF CRAIG
June 30, 2015

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
50,000	BRITISH COLUMBIA PROV OF 2.100% Due 05-18-16	99.98	49,990	101.41	50,707	0.55	1,050	125	0.49
50,000	BANK AMER CORP 5.625% Due 10-14-16	107.18	53,592	105.40	52,702	0.57	2,812	602	1.38
50,000	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	117.91	58,955	105.72	52,859	0.58	2,812	594	1.15
50,000	STATOIL ASA 3.125% Due 08-17-17	107.07	53,533	103.89	51,947	0.57	1,562	582	1.27
100,000	UNITED PARCEL SERVICE 5.500% Due 01-15-18	121.23	121,230	110.28	110,278	1.20	5,500	2,536	1.37
100,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	99,572	110.44	110,442	1.20	5,750	2,396	1.61
75,000	UNITED HEALTH GROUP INC 6.000% Due 02-15-18	121.46	91,093	111.18	83,384	0.91	4,500	1,700	1.63
75,000	GENERAL ELECTRIC CAP CORP. 5.625% Due 05-01-18	88.27	66,205	110.68	83,011	0.90	4,219	703	1.75
50,000	TOYOTA MOTOR CREDIT CORP 2.100% Due 01-17-19	100.48	50,239	100.42	50,209	0.55	1,050	478	1.98
100,000	GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19	116.51	116,514	117.46	117,461	1.28	7,500	2,833	2.44
50,000	JPMORGAN CHASE & CO 3.875% Due 02-01-24 Accrued Interest	105.18	52,590	101.63	50,815	0.55	1,937	807	3.65
			913,722		932,075	10.15		15,831	
DOMESTIC LARGE CAP EQUITY FUNDS/ETF									
18,709	SPDR S&P 500 ETF	137.86	2,579,251	205.85	3,851,248	41.94	NA		
DOMESTIC MID CAP EQUITY FUNDS/ETF									
4,467	ISHARES CORE S&P MIDCAP 400 ETF	80.79	360,882	149.98	669,961	7.30	NA		
INTERNATIONAL EQUITY FUNDS/ETF									
24,132	VANGUARD FTSE DEVELOPED MARKETS ETF	37.73	910,436	39.65	956,834	10.42	NA		
REAL ESTATE									
11,184	VANGUARD REIT ETF	56.44	631,270	74.69	835,333	9.10	NA		
CASH AND EQUIVALENTS									
	DIVIDEND ACCRUAL		40,174		40,174	0.44			
	FEDERATED GOVERNMENT OBLIGATION		26,277		26,277	0.29			
			66,450		66,450	0.72			
TOTAL PORTFOLIO			7,302,678		9,182,771	100	219,282	23,750	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
CITY OF CRAIG
From 06-01-15 To 06-30-15

Trade Date	Settle Date	Security	Quantity	Trade Amount
PURCHASES				
U.S. TREASURY				
06-26-15	06-29-15	US TREASURY NOTES 1.500% Due 12-31-18	325,000	327,082.03
				327,082.03
DEPOSITS AND EXPENSES				
MANAGEMENT FEES				
06-30-15	06-30-15	MANAGEMENT FEES		2,295.69
				2,295.69
DIVIDEND				
DOMESTIC LARGE CAP EQUITY FUNDS/ETF				
06-19-15	07-31-15	SPDR S&P 500 ETF		19,271.58
DOMESTIC MID CAP EQUITY FUNDS/ETF				
06-30-15	06-30-15	ISHARES CORE S&P MIDCAP 400 ETF		2,114.11
INTERNATIONAL EQUITY FUNDS/ETF				
06-26-15	07-02-15	VANGUARD FTSE DEVELOPED MARKETS ETF		12,379.72
REAL ESTATE				
06-26-15	07-02-15	VANGUARD REIT ETF		8,522.21
				42,287.62
INTEREST				
CASH AND EQUIVALENTS				
06-02-15	06-02-15	FEDERATED GOVERNMENT OBLIGATION		1.83

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
CITY OF CRAIG
From 06-01-15 To 06-30-15

Trade Date	Settle Date	Security	Quantity	Trade Amount
FNMA & FHLMC				
06-15-15	06-15-15	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26		41.29
U.S. TREASURY				
06-30-15	06-30-15	US TREASURY NOTES 1.500% Due 12-31-18		2,437.50
				2,480.62
PRINCIPAL PAYDOWNS				
FNMA & FHLMC				
06-15-15	06-15-15	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	319.86	319.86
				319.86
PURCHASED ACCRUED INTEREST				
U.S. TREASURY				
06-26-15	06-29-15	US TREASURY NOTES 1.500% Due 12-31-18		2,424.03
				2,424.03
SALES, MATURITIES, AND CALLS				
U.S. TREASURY				
06-29-15	06-29-15	US TREASURY NOTES 1.875% Due 09-30-17	150,000	153,708.98
				153,708.98
SOLD ACCRUED INTEREST				
U.S. TREASURY				
06-29-15	06-29-15	US TREASURY NOTES 1.875% Due 09-30-17		691.60
				691.60

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
CITY OF CRAIG
From 06-01-15 To 06-30-15

Trade Date	Settle Date	Security	Quantity	Trade Amount
WITHDRAW				
CASH AND EQUIVALENTS				
06-29-15	06-29-15	FEDERATED GOVERNMENT OBLIGATION		150,948.00
06-30-15	06-30-15	FEDERATED GOVERNMENT OBLIGATION		170.00
				151,118.00
				151,118.00

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES
CITY OF CRAIG
From 06-01-15 Through 06-30-15

Date	Quantity	Security	Avg. Cost Basis	Proceeds	Gain Or Loss
06-15-15	319.86	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	334.45	319.86	-14.59
06-29-15	150,000	US TREASURY NOTES 1.875% Due 09-30-17	154,335.94	153,708.98	-626.96
TOTAL GAINS					0.00
TOTAL LOSSES					-641.55
			154,670.39	154,028.84	-641.55

Alaska Permanent Capital Management Co.

CASH LEDGER

CITY OF CRAIG

From 06-01-15 To 06-30-15

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
DIVIDEND ACCRUAL					
06-01-15			Beginning Balance		0.00
06-19-15	07-31-15	dp	Dividend	SPDR S&P 500 ETF	19,271.58
06-26-15	07-02-15	dp	Dividend	VANGUARD FTSE DEVELOPED MARKETS ETF	12,379.72
06-26-15	07-02-15	dp	Dividend	VANGUARD REIT ETF	8,522.21
06-30-15			Ending Balance		40,173.51
FEDERATED GOVERNMENT OBLIGATION					
06-01-15			Beginning Balance		347,585.88
06-02-15	06-02-15	dp	Interest	FEDERATED GOVERNMENT OBLIGATION	1.83
06-15-15	06-15-15	dp	Paydown	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	319.86
06-15-15	06-15-15	dp	Interest	FHLMC 4.00% POOL G14203 4.000% Due 04-01-26	41.29
06-26-15	06-29-15	wd	Purchase	US TREASURY NOTES 1.500% Due 12-31-18	-327,082.03
06-26-15	06-29-15	wd	Accrued Interest	US TREASURY NOTES 1.500% Due 12-31-18	-2,424.03
06-29-15	06-29-15	dp	Sale	US TREASURY NOTES 1.875% Due 09-30-17	153,708.98
06-29-15	06-29-15	dp	Accrued Interest	US TREASURY NOTES 1.875% Due 09-30-17	691.60
06-29-15	06-29-15	wd	Withdrawal	from Portfolio	-150,948.00
06-30-15	06-30-15	dp	Interest	US TREASURY NOTES 1.500% Due 12-31-18	2,437.50
06-30-15	06-30-15	dp	Dividend	ISHARES CORE S&P MIDCAP 400 ETF	2,114.11

Alaska Permanent Capital Management Co.

CASH LEDGER

CITY OF CRAIG

From 06-01-15 To 06-30-15

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
06-30-15	06-30-15	wd	Withdrawal	from Portfolio	-170.00
06-30-15			Ending Balance		26,276.99

CITY OF CRAIG MEMORANDUM

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: July 29, 2015
RE: Marijuana Regulation Update Memo - Draft Regulation Set 2 Comments

On July 7, 2015 the Alaska Marijuana Control Board (MCB) issued the second set of regulations for public review and comment. This set of regulations deals primarily with Regulation of the Marijuana Industry and outlines requirements for licensing, some facilities, operating requirements and general enforcement of commercial marijuana in Alaska. Comments on Set 2 (and the updated version of Set 1) of the regulations are due to the MBC no later than August 8, 2015.

A copy of the draft regulations is attached to this memo. I have outlined some of the more pertinent issues from Set 2 below:

License Requirements/Restrictions

- A license is required for all marijuana establishments in the state
- No licenses will be issued for establishments within 200' of child centered facilities (including school, daycare or other building providing services to children), buildings in which religious services are held regularly or a correctional facility
- No license will be issued when a municipality protests an application on the grounds that the proposed location is prohibited by zoning ordinance
- No licenses will be issued for establishments located in or immediately adjacent to liquor license premises
- No license will be issued to persons (sole proprietors, partners in a limited liability company, or shareholders in a corporation) who have been convicted of a felony within the previous five years or who are still on probation for a felony
- No licenses will be issued to anyone who has operated an unlicensed marijuana delivery service, a marijuana club or a marijuana establishment illegally within two years before the effective date of the regulations
- Licenses will be issued to Alaska residents only
- Licenses are given to a specific individual/partnership/corporation and a specific location
- Applicants for licenses must make public notice of their application and provide a copy of the application to the local government
- Licenses must be renewed by June 30th of each year
- Local governments may protest applications or recommend specific conditions
- Application fee for new establishments is \$1,000
- Annual License fees for limited cultivation facilities, extract only manufacturing facilities and testing facilities are \$1,000
- Annual License fees for retail, cultivation facilities, broker licenses, and manufacturing facilities are \$5,000

- AS 17.38.100(c) the state will remit one half of the application fee to the local regulatory authority

Marijuana Retail Stores

- May sell marijuana purchased from a cultivation facility or products purchased from a manufacturing facility on the licensed premises that are properly packaged and labeled
- Stores may NOT
 - Sell to any person under the age of 21
 - Sell marijuana or product that is not labeled and packaged correctly
 - Exceed limits set out in 3AAC 306.335
 - One ounce of marijuana
 - 16 ounces of marijuana infused product in solid form
 - 7 grams of marijuana infused extract for inhalation
 - 72 ounces of marijuana infused product in liquid form
 - Sell over the internet
 - Sell to any consumer not physically present
 - Conduct business between 12 midnight and 8:00 am each day
 - Allow any person to consume marijuana on the premises
 - Deliver free or sample marijuana or marijuana products
 - Sell marijuana or products below the acquisition cost
 - Sell other consumable products other than marijuana (including cigarettes, tobacco products, alcoholic or non alcoholic beverages or food)
 - Purchase marijuana or product for resale without a certificate showing that the tax due to the state has been paid
- Stores will require handler permits for all employees
- Stores must comply with health and safety requirements
- Stores may have one sign on the premises (not exceeding 1600 square inches) identifying the store visible to the general public
- Stores must meet standards for advertising (including content and location)
- Stores must use a marijuana inventory tracking system tracking all inventory from the time the store receives marijuana or product through sale or disposal

All Marijuana Establishments

- Must make the premises available for inspection by the MBC – the MBC may also request an inspection by local fire protection agencies or other state agencies with health and safety responsibilities
- Each employee or agent of establishments who sell, cultivate, manufacture, test or transport marijuana or marijuana products or who checks identification of patrons or visitors must have a marijuana handler permit
- Establishments must meet security, lock and video surveillance standards
- Establishments must meet health and safety standards
- All establishments shall use a marijuana inventory tracking system implemented by the MBC

Additional information on cultivation and brokerage licenses; products manufacturing licenses; testing facilities and enforcement will likely be included in Set 3 of the regulations.

The City Administrator, Craig Police Chief and City Planner have reviewed the regulations and have compiled some comments and questions regarding sets 1 and 2 of the draft regulations. Staff's comments are as follows:

1. 306.010 Can municipalities use a different method of measuring the distance or simply require a greater distance? Craig uses distances measured from the "exterior property boundary" for most notice requirements rather than the "shortest pedestrian route". This would result in distances greater than 200'.
2. 306.010 Restrictions on licenses between sections 306.010(d)(1) and (2) do not seem consistent. While it makes sense to restrict licenses from applicants who have operated illegal establishments it creates a situation where a person convicted of any felony can apply for a license after five years but someone operating an illegal establishment within the two years prior to enactment of the regulations is potentially permanently banned. It also creates the situation where a person who operates an illegal establishment after the regulations are enacted but not convicted of a felony would be able to immediately apply for a license. To be consistent this section should be changed to restrict licenses to persons who have operated illegal establishments within a set previous period, similar to the restriction on felony convictions. This will allow a future path for illegal operators to secure licenses and will continue to deter illegal operations even after the regulations are enacted.
3. 306.025 The City of Craig strongly supports provisions that require notice to the local municipality.
4. 306.030(a) This section should include a provision that requires the applicant or MBC board to notify the municipality when applications are made for renewal of licenses. This notice will ensure that municipalities have an opportunity to review or report any changed conditions regarding the licensee or location prior to renewal.
5. 306.040 This section should include a provision that requires the applicant or MBC board to notify the municipality when ownership changes are made/reported.
6. 306.050 and 306.060 These sections should clearly identify what portions of the application and criminal justice information is available for municipal or public review as part of the application. Section 306.050 states that the "board will use the information obtained under this section to determine if an applicant is qualified for a marijuana establishment license". The section does not include detail on what information is available to the public or municipalities to use in formulating recommendations, conditions or protests.

7. 306.250 and 306.260 (set 1) These sections do not appear to allow any deviation from the 10 mile exclusion area for establishments in the unincorporated areas when there are restrictions on sale or restrictions on sale except in premises operated by municipalities. Municipalities may want to restrict sales within the municipality but may not have an interest in restricting sales outside of the municipality. These sections should include language that allows municipalities that restrict sales or restrict sales except in premises operated by the municipality to reduce or eliminate the exclusion area around the municipality.
8. 306.260(b) (set 1) As written this section appears to compel the municipality to secure a license and operate marijuana establishments if the municipality chooses to restrict the sale except in premises operated by the municipality. Even if this local option is selected, municipalities should not be compelled to secure licenses or operate establishments. Allowing this local option but not compelling a municipality would parallel the local option limiting “damp” communities to community owned package stores for liquor but not compelling them to actually license or operate package stores. This section should be deleted or language should be changed from “shall” to “may” allowing the decision to license and operate a marijuana establishment up to the municipality and not compelled by regulation.
9. 306.350 Signage is traditionally a municipal zoning issue. This section should be amended to allow for signs no larger than sixteen hundred square inches or as limited by municipal ordinance, whichever is smaller.
10. 306.700 The City of Craig strongly supports language requiring applicable local building permits for modifications to marijuana establishments.
11. 306.705 Inspection of licensed premises should include a provision for local law enforcement to inspect premises. This would be similar to current practice of local law enforcement inspecting establishments that sell or serve liquor under AS 4.21.070. While this section says that an “officer charged with the enforcement of this chapter” may inspect premises, it is not clear if local law enforcement are included.
12. 306.730 Inspection of licensed premises should include local law enforcement.

In addition to reviewing the draft regulations published by the MCB, staff has begun drafting potential changes to Craig Municipal Code (particularly titles 5 and 18). If an advisory vote is scheduled for the October election staff will bring draft local regulations to the council for consideration and discussion in November. It may also be helpful to schedule a joint work session with the city council and planning commission in November.

Recommendation: The council should consider draft regulation sets 1 and 2 from the MCB and staff’s comments. The council should add any additional comments or modify staff’s comments and direct staff to submit comments on the regulations to the Alaska Marijuana Control Board before the deadline of August 8, 2015.

Chapter 306. Regulation of Marijuana Industry.

Article

1. Licensing, Fees (3 AAC 306.010-3AAC 306.95)
2. Local Options (3 AAC 306.200-3AAC 306.270)
3. Marijuana Retail Stores (3 AAC 306.300-3AAC 306.355)
4. Marijuana Cultivation and Brokerage Licenses (3 AAC 306.400-3AAC 306.____)
5. Marijuana Products Manufacturing Facilities (3 AAC 306.500-3AAC 306.____)
6. Marijuana Testing Facilities (3 AAC 306.600-3AAC 306.6__)
7. Operating Requirements for All Marijuana Establishments (3 AAC 306.700-3AAC 306.760)
8. Enforcement, Civil Penalties (3 AAC 306.800-3AAC 306.____)
9. General Provisions (3 AAC 306.900-3AAC 306.____)

Article 1. Licensing, fees.

Section

05. License required
10. License restrictions
15. License conditions
20. Application for new license
25. Application procedure
30. Application for renewal of license
35. Ownership change to be reported
40. Application for transfer of a license to another person
45. Relocation of licensed premises not allowed

- 50. Criminal justice information and records
- 55. Protest by local government
- 60. Public participation
- 65. Public hearing
- 70. Procedure for action on license application
- 75. Denial of license application
- 80. Informal conference
- 85. Formal hearing
- 90. Appeals.
- 95. Fees, refund and forfeiture

3 AAC 306.005. License required. A marijuana establishment may not operate in the state unless it has obtained the applicable marijuana establishment license from the board. The board will issue the following marijuana establishment licenses under this chapter:

(1) a retail marijuana store license, granting authority for activities allowed under AS 17.38.070(a), and subject to the provisions of 3 AAC 306.300-3 AAC 306.355 and 3 AAC 306.700-3AAC 306.760;

(2) a marijuana cultivation facility license, as described in 3 AAC 306.4__, granting authority for activities allowed under AS 17.38.070(b), and subject to the provisions of 3 AAC 306.400 -3 AAC 306.4__ and 3 AAC 306.700-3AAC 306.760 ;

(3) a marijuana product manufacturing facility license, as described in 3 AAC 306.5__, granting authority for activities allowed under AS 17.38.070(c), and subject to the provisions of 3 AAC 306.500-3 AAC 306.____and 3 AAC 306.700-3AAC 306.760; and

(4) a marijuana testing facility license, granting authority for activities allowed

under AS 17.38.070(d), and subject to the provisions of 3 AAC 306.600-3 AAC 306.6__ and 3 AAC 306.700-3AAC 306.760. (Eff. ___/___/___, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.010. License restrictions. (a) The board will not issue a marijuana establishment license if the licensed premises will be located within 200 feet of a child-centered facility including a school, daycare, or other facility providing services to children; a building in which religious services are regularly conducted; or a correctional facility. The distance specified in this subsection must be measured by the shortest pedestrian route from the public entrance of the building in which the licensed premises would be located to the outer boundaries of the child-centered facility, or to the main public entrance of the building in which religious services are regularly conducted, or the correctional facility. This section does not prohibit the renewal of an existing marijuana establishment license or the transfer of an existing marijuana establishment license to another person if the licensed premises were in use before the child-centered facility, the building in which religious services are regularly conducted, or the correctional facility began use of a site within 200 feet. If an existing marijuana establishment license for premises located within 200 feet of a child-centered facility, a building in which religious services are regularly conducted, or a correctional facility is revoked, or expires, the board will not issue another marijuana establishment license for the same premises unless the school grounds, the building in which religious services are regularly conducted or the correctional facility no longer occupies the site within 200 feet.

(b) The board will not issue a marijuana establishment license if the licensed premises

will be located in or immediately adjacent to a liquor license premises.

(c) The board will not issue a marijuana establishment license when a municipality protests an application under 3 AAC 306.055 on the grounds that that the applicant’s proposed licensed premises are located in a place within the municipality where a local zoning ordinance prohibits the marijuana establishment, unless the municipality has approved a variance of the local ordinance.

(d) The board will not issue a marijuana establishment license to a person

(1) who is prohibited under AS 17.38.100(i) from receiving a marijuana establishment license because of a conviction of a felony; if the applicant is a partnership, limited liability company, or corporation, the board will not issue a license if any person named in 3 AAC 306.020(a)(1) is prohibited under AS 17.38.100(i) from obtaining a license; in this paragraph, “conviction of a felony” includes a suspended imposition of sentence;

(2) who operated a marijuana delivery service, a marijuana club, or a marijuana establishment illegally without a license within the two years before the effective date of this section, or has been found guilty of a criminal act or violation of AS 04, or a violation of AS 17.38, unless the board finds that person has diligently worked with the board to comply with all current laws relating to marijuana. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.015. License conditions. (a) The board will issue each marijuana establishment license to a specific individual, to a partnership, including a limited partnership, to a limited liability company, or to a corporation. A person other than a licensee may not have a

direct or indirect financial interest in the business for which a marijuana establishment license is issued.

(b) The board will not issue a marijuana establishment license to

(1) an individual or a sole proprietorship unless the individual or proprietor is a resident of the state;

(2) a partnership unless each partner is a resident of the state;

(3) a limited liability company unless the limited liability company is qualified to do business in the state, and each member of the limited liability company is a resident of the state; or

(4) a corporation unless the corporation is incorporated or qualified to do business in the state, and each shareholder who owns the corporation's shares is a resident of the state.

(c) The board will issue each license for a specific location identified on the license as the licensed premises. A marijuana establishment must have a right to possession of a licensed premises at all times, and may not lease a licensed premises to another person for any reason. If a marijuana establishment wishes to reduce or expand the area of the licensed premises used for a marijuana establishment, the marijuana establishment shall submit a new line drawing showing the proposed changes to the premises, and shall obtain the written approval of the board. A marijuana establishment may not relocate its licensed premises to a different place. Any new premises proposed for a marijuana establishment requires a new marijuana establishment license application.

(d) The board will impose other conditions or restrictions on a license issued under this chapter when it finds that it is in the interests of the public to do so.

(e) In this section,

(1) "direct or indirect financial interest" means a legal or equitable interest in the operation of a business licensed under this title; "direct or indirect financial interest" does not include a person's right to receive

(A) rental charges on a graduated or percentage lease-rent agreement for real estate leased to a licensee; or

(B) a consulting fee from a licensee for services that are allowed under this chapter;

(2) "resident of the state" means a person who meets the residency requirement for an Alaska permanent fund dividend in the calendar year in which that person applies for a marijuana establishment license under this chapter. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.020. Application for new license. (a) An applicant for a new marijuana establishment license shall file an application as provided in 3 AAC 306.025, on a form the board prescribes, with the information and documents described in this section, along with the application fee and the annual license fee set out in 3 AAC 306.095, and the fingerprint cards and fees required by 3 AAC 306.050(b). The application must be initiated electronically; the completed application and fees may be filed electronically, or mailed or delivered to the director at the offices of the board.

(b) An application for a new marijuana establishment license must include:

(1) the name of the proposed licensee and any business name the licensee will

use for the proposed marijuana establishment, along with the Alaska business license and employer identification number (EIN) for the proposed marijuana establishment;

(2) the name, mailing address, phone number, and social security number of the applicant and each family member and affiliate of the applicant; unless the context indicates otherwise, all persons named in an application that complies with this section are “licensees” for all purposes in this chapter; the persons to be identified as applicants under this section include

(A) if the applicant is a partnership, including a limited partnership, the information required in this paragraph for each general partner, family member and affiliate of a general partner, and for each partner, family member and affiliate of each partner that holds any interest in the partnership;

(B) if the applicant is a limited liability company, the information required in this paragraph for the limited liability company’s registered agent, and for each member, family member, and affiliate of each member who holds any ownership interest; and

(C) if the applicant is a corporation, the information required in this paragraph for each corporate officer, family member, and affiliate of the corporate officer, and each stockholder, family member, and affiliate of a stockholder who owns any of the corporation’s stock;

(3) for each applicant that is not an individual, the applicable information as follows:

(A) for a partnership, including a limited partnership, the partnership agreement, the name of each general or managing partner, and a list of all partners with percentage of ownership of each partner;

(B) for a limited liability company, the LLC agreement, a list of all

members with percentage of ownership of each member;

(C) for a corporation, the certificate of incorporation, the name of each corporate officer, and a list of all shareholders with percentage of ownership of each shareholder;

(4) for each person listed in compliance with paragraph (2) of this subsection, a statement of financial interest on a form the board prescribes;

(5) for each applicant that is not an individual, the name of the individual listed in the application under paragraph (2) of this subsection who is responsible for

(A) management of the marijuana establishment; and

(B) compliance with all applicable laws;

(6) an electronic mail address at which the applicant agrees to receive any correspondence from the board before and after it receives a license; an applicant and a licensee must ensure that any electronic mail address provided to the board is current so that the board can contact the applicant or licensee at any time;

(7) the type of license the applicant is requesting;

(8) the address of the premises where the applicant intends to operate a marijuana establishment; and a detailed diagram of the proposed licensed premises; the diagram must show all entrances and boundaries of the premises, restricted access areas, and storage areas;

(9) the title, lease or other documentation showing the applicant's right to possession of the proposed licensed premises;

(10) an affidavit showing where and when the applicant posted notice of the application; and proof of advertising as required in 3 AAC 306.025(b); and

(11) additional information required by the board as follows:

(A) for a retail marijuana store, the information set out at 3 AAC 306.315;

(B) for a marijuana cultivation facility, the information set out at 3 AAC 306.4__;

(C) for a marijuana product manufacturing facility, the information set out at 3 AAC 306.5__; and

(D) for a marijuana testing facility, the information set out at 3 AAC 306.6__.

(c) A marijuana establishment license application must include the applicant's operating plan, in a format the board prescribes, describing the proposed marijuana establishment's plans for

- (1) security;
- (2) inventory tracking of all marijuana and marijuana product on the premises;
- (3) employee qualification and training;
- (4) waste disposal;
- (5) transportation and delivery of marijuana and marijuana products; and
- (6) signage and advertising.

(d) An application for a marijuana establishment license must be signed by

- (1) the applicant, if the applicant is an individual;
- (2) an authorized general partner if the applicant is a partnership, including a limited partnership;
- (3) the registered agent or a member of the limited liability company if the applicant is a limited liability company; or

(4) the authorized officers of the corporation if the applicant is a corporation.

(e) Each person signing an application for a marijuana establishment license must

declare under penalty of perjury that

- (1) the application is true, correct and complete;
- (2) the applicant has read and is familiar with AS 17.38 and this chapter; and
- (3) the applicant will provide all information the board requires in support of the

application. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

Editor’s note: Forms and instructions for filing an application for a marijuana establishment license can be obtained online at the Marijuana Control Board’s website or at the board’s office. The board’s Internet address is <http://commerce.state.ak.us/dnn/abc/Home> and its office is at 550 West 7th Ave. Suite 1600, Anchorage, AK 99501. The board’s telephone number is (907) 269-0350.

3 AAC 306.025. Application procedure. (a) An applicant shall initiate a new marijuana establishment license application on a form the board prescribes, using the board’s electronic system.

(b) As soon as practical after initiating a new marijuana license application, the applicant shall give notice of the application to the public by

- (1) posting a true copy of the application for 10 days at
 - (A) the location of the proposed licensed premises; and
 - (B) one other conspicuous location in the area of the proposed premises;

and

- (2) by publishing an announcement once a week for three consecutive weeks in a

newspaper of general circulation in the area, or in areas where no newspaper circulates, twice a week for three successive weeks during triple A advertising time by announcements on a radio station serving the local area where the proposed licensee seeks to operate, stating

- (A) the name of the applicant and the transferee if applicable;
- (B) the name and location of the proposed premises;
- (C) the regulation citation and type of license applied for;
- (D) that any comment or objection may be submitted to the board; and
- (E) whether the application is for a new license or transfer of an existing

license to another person; and

(3) by submitting a true copy of the application to

- (A) the local government; and
- (B) any community council in the area of the proposed licensed premises.

(c) After the applicant completes the notice requirements in subsection (b) of the section and submits all remaining application requirements listed in 3 AAC 306.020, the applicant shall pay the application and licensing fees set out in 3 AAC 306.095. The applicant shall then use the board's electronic system to inform the board that the applicant has submitted a complete application.

(d) When the board receives an application for a marijuana establishment license, the board will determine if the application is complete. Any application for a marijuana establishment license that the board receives without the application fee is incomplete.

(e) When the board receives an incomplete application, the board may, in its discretion,

- (1) return the application in its entirety; or
- (2) request the applicant to provide additional items needed to complete the

application.

(f) When the board informs an applicant that its application is incomplete as provided in (e) of this section, the applicant has 90 days from the date of the board's notice to complete the application. If an applicant fails to complete its application within 90 days after the board's notice, the applicant shall file a new application and pay a new application fee to obtain a marijuana establishment license. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.030. Application for renewal of license. (a) On or before May 1 of each year, the director shall send notice that a marijuana establishment must file a renewal application no later than June 30 of the current year. The director shall send the notice to the marijuana establishment's electronic mailing address on file with the board. The notice will include online access to the electronic renewal application along with instructions on using and submitting the form. The marijuana establishment shall submit the completed renewal application electronically, along with the license renewal fee, to the director no later than June 30 of each year; if June 30 falls on a weekend, the deadline is extended to close of business on the first business day following June 30. Each marijuana establishment is responsible for maintaining a current electronic address on file with the board. A marijuana establishment is not excused from filing a renewal application as required in this section even if the marijuana establishment fails to receive a renewal notice from the director.

. (b) A marijuana establishment's renewal application must:

(1) identify the license sought to be renewed by license number, license type,

establishment name, and premises address;

(2) provide the information required for a new license application under 3 AAC 306.020(a) except that public notice of the application is not required;

(3) report any change from the marijuana establishment's new license application or last renewal application, and pay the \$250 fee as provided in 3 AAC 306.095 for board review of any change in

(A) the name of the marijuana establishment business;

(B) the licensed premises from the last diagram submitted; and

(C) the marijuana establishment's operating plan;

(4) report, for the licensee, if an individual, or each person listed in 3 AAC 306.020 if the licensee is a corporation, partnership, or limited liability company, a list of

(A) any criminal charge on which the person has been convicted in the previous two calendar years; and

(B) any civil violation of AS 04, AS 17.38, or this chapter in the previous two calendar years; and

(5) declare under penalty of perjury that

(A) the application is true, correct and complete;

(B) the applicant has read and is familiar with AS 17.38 and this chapter;

and

(C) the applicant will provide all information the board requires in support of the renewal application.

(c) The director may require an applicant for renewal of a license under this chapter to submit fingerprints and pay fees as required by 3 AAC 306.050(b).

(d) A licensee that does not deliver a renewal application to the director by June 30 of each year is delinquent, and must pay a non-refundable \$1000 late renewal application fee with the renewal application.

(e) On or before August 15 of each year, the director shall deliver a notice of expiration to each marijuana establishment that has not filed a complete application for renewal of a license, along with any applicable affidavit and the required fee, unless the marijuana establishment has notified the director that it does not intend to seek a renewal of its license. The notice of expiration will be delivered by electronic mail to the address the marijuana establishment has provided to the board. A marijuana establishment is not excused from filing a license renewal application no later than August 31 of each year even if the marijuana establishment does not receive the notice of expiration described in this section.

(f) If a marijuana establishment fails to deliver a complete license renewal application, or fails to pay the required renewal fee and the late renewal application fee by August 31 of each year, that marijuana establishment license expires at 12:00 midnight on August 31 of that year. A holder of an expired license shall immediately return the license to the board. Any holder of an expired license that seeks authority to operate must file a complete new application under 3 AAC 306.020, and 3 AAC 306.025, along with the required fees. The board will not issue a new license for the same premises to the holder of an expired license unless the expired license holder's new application contains proof satisfactory to the board of good cause for the failure to file a license renewal application. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.035. Ownership change to be reported. A licensed marijuana establishment must, within ten days after an ownership change as described in this section, report the change on a form prescribed by the board. An ownership change means

- (1) when the licensee is a partnership, including a limited partnership, any change in the identify of the partners, or in the ownership percentages held by any partners;
- (2) when the licensee is a limited liability company, any change in the identity of the members, or in the ownership percentage held by any member; or
- (3) when the licensee is a corporation, any sale of corporate stock to a person not currently an owner, or any change of the percentage ownership of an existing shareholder.

(b) When any change required to be reported under this section will result in a change in controlling interest of the licensee, the licensee must file an application for transfer of license to another person under 3 AAC 306.040. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.040. Application for transfer of a license to another person. (a) A person may not receive or transfer a marijuana establishment license or a controlling interest in a marijuana establishment license issued to a partnership, including a limited partnership, a limited liability organization, or a corporation, without applying for and receiving the written consent of the board. Transfer of a license includes a sale of all or part of the interest of an individual owner.

(b) An application for transfer of a marijuana establishment license, or of a controlling interest in a marijuana establishment license issued to a partnership, a limited liability

organization, or a corporation, must be filed in writing on a form the board prescribes, in compliance with the application procedure set out in 3 AAC 306.025. The application must name the current licensee and the proposed transferee, including all persons listed in 3 AAC 306.020 if the transferee is a partnership, limited liability company, or a corporation. The application must contain the following information:

(1) the same information about each transferee as is required of an applicant for a new license under 3 AAC 306.020;

(2) a statement, under oath, executed by the current licensee, listing all debts of the business, all taxes the business owes, current contact information for all creditors, and an affirmation that the current licensee has submitted a copy of the transfer application to all creditors; and

(3) any other information required by the board for the type of marijuana establishment license sought to be transferred.

(d) After the board receives a complete application for transfer of a license to another person, the board will, within 28 days, send written notice of the proposed transfer to each listed creditor of the current licensee, and the amount shown as owed to that creditor.

(e) A current marijuana establishment licensee must submit a license renewal application before or at the same time as an application for a transfer of a marijuana establishment license that is submitted between May 1 and June 30 of any year. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.045. Relocation of licensed premises not allowed. A marijuana

establishment license may not be relocated to any other premises. A marijuana establishment licensee that wishes to operate a marijuana establishment at a different location shall submit a new application for any new premises, and surrender an existing license for a premises where the marijuana establishment does not intend to continue its operation. (Eff. ___/___/____, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.050. Criminal justice information and records. (a) When filing an application for a new marijuana establishment license or transfer of a license, the applicant, including all persons listed in 3 AAC 306.020, must submit the person's fingerprints and the fees required by the Department of Public Safety under AS 12.62.160 for criminal justice information and a national criminal history record check.

(b) The board will submit the fingerprints to the Department of Public Safety to obtain a report of criminal justice information under AS 12.62 and a national criminal history record check under AS 12.62.400. The Department of Public Safety may submit the fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The board will use the information obtained under this section to determine if an applicant is qualified for a marijuana establishment license.

(c) In this section, "criminal justice information" has the meaning given in AS 12.62.900. (Eff. ___/___/____, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100

AS 17.38.900

3 AAC 306.055. Protest by local government. (a) A local government may protest an application for a new license, renewal of a license, or transfer of a license to another person by sending the board and the applicant a written protest and the reasons for the protest within 60 days after the board sends notice of the application. The board will not accept a protest received after the 60-day period. If a local government protests an application for a new or renewal license or for a transfer of a license to another person, the board will deny the application unless the board finds that the protest is arbitrary, capricious, and unreasonable.

(c) A local government may recommend that an application for a new license, renewal of a license, or transfer of a license to another person be approved subject to a condition. The board will impose a condition recommended by a local government unless the board finds the recommended condition is arbitrary, capricious, and unreasonable. If the board imposes a condition a local government recommends, the local government shall, unless the board provides otherwise, assume responsibility for monitoring compliance with the condition.

(d) If a local government determines that a marijuana establishment has violated a provision of AS 17.38, this chapter, or a condition the board has imposed on the licensee, the local government may notify the board. Unless the board finds that the local government's notice is arbitrary, capricious, and unreasonable, the board will prepare the determination as an accusation against the licensee under AS 44.62.360 and conduct proceedings to resolve the matter as described under 3 AAC 306.8___. (*enforcement chapter, not yet written*) (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100

AS 17.38.900

3 AAC 306.060. Public participation. (a) Any person may object to an application for a new license, renewal of a license, or transfer of a license to another person by submitting a written statement of reasons for the objection to the board within 30 days after notice of the application, but no later than the deadline for objections stated in a posted or published notice of application. The objection must be served on the applicant at the street address of the licensed premises or proposed premises, or at the mailing address or electronic mail address provided in the notice of application. If the board determines to conduct a public hearing under this section, any interested person may give oral testimony at the public hearing.

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.065. Public hearing. (a) The board may, on its own initiative or in response to an objection or protest, hold a hearing to ascertain the reaction of the public or a local government to an application. The board will send notice of a hearing 20 days in advance of the hearing to each person that has filed an objection, to each local government that has filed a protest, to each community council in the area of the proposed premises, and to any nonprofit community organization that has requested notice. Any interested person may be heard at a hearing under this subsection. Unless the applicant and the board waive this requirement, the hearing will be held in the area for which the application is requested, or the board will arrange telephonic appearances.

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100

AS 17.38.900

3 AAC 306.070. Procedure for action on license application. (a) The board will decide whether to grant or deny an application within 90 days after receiving the complete application. However, the decision may not be made before the time allowed for objection under 3AAC 306.060 or protest under 3 AAC 306.055 has elapsed unless the local government waives its right to protest.

(b) At least 7 days before the date set for board action on an application for a new license, renewal of a license, or transfer of a license to another person, the board will post a meeting agenda listing the matters scheduled for action at that meeting. The board may review an application for a new license, renewal of a license, or transfer of a license to another person, without additional notice to the applicant.

(c) The board will consider any written objection, protest, suggested condition, or petition, and any testimony received at a public hearing when it considers the application, and will retain the written objection, protest, or suggested condition or petition, and the hearing record as part of the board's permanent record of its review of an application. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.075. Denial of license application. (a) After review of the application and all relevant information, the board will deny an application for a new license if the board finds that

(1) the application is not complete as required under the applicable provisions of

3 AAC 306.040-3 AAC 306.070, or contains any false statement of material fact; or

(2) the license would violate any restriction in 3 AAC 306.010; or

(3) the license would not be in the interest of the public;

(4) the license would violate any restriction applicable to the particular license

under this chapter; or

(5) the license is prohibited under this chapter as a result of an ordinance or election conducted under AS 17.38.110, 3 AAC 306.200, and 3 AAC 306.230.

(b) After review of the application and all relevant information, the board will deny an application for renewal of a marijuana establishment license if the board finds

(1) any cause listed in (a) of this section;

(2) that the license has been revoked for any cause;

(3) that the license has been operated in violation of a condition or restriction the board previously imposed; or

(4) that the applicant is delinquent in the payment of taxes due in whole or in part from operation of the licensed business.

(c) After review of the application and all relevant information, the board will deny an application for transfer of license to another person if the board finds

(1) any cause listed in (a) of this section;

(2) that the transferor has not paid all debts or taxes arising from the operation of the business licensed under this chapter unless the transferor gives security for the payment of the debts or taxes satisfactory to the creditor or taxing authority;

(3) that transfer of the license to another person would result in violation of the provisions of this chapter relating to identity of licensees and financing of licensees; or

(4) that the prospective transferee does not have the qualifications of an original applicant required under this chapter.

(d) If the board denies an application for a new license, renewal, or transfer, the board will, within 15 days, furnish a written notice of denial to the applicant, stating the reason for the denial in clear and concise language, and identifying any statute or regulation relevant to the denial. The notice of denial must inform the applicant of the right to an informal conference and a formal hearing as provided in 3 AAC 306.080 and 3 AAC 306.085. (Eff. ___/___/___, Register _____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.080. Informal conference. (a) An applicant for a new license, renewal of a license, or transfer of a license that is aggrieved by an action of the board denying the application may, within 15 days after the date of the written notice of denial, request an informal conference with the director or the board. An informal conference requested under this section will be held at a time and place convenient to the parties, but not later than the next scheduled meeting of the board. An informal conference may be conducted telephonically.

(b) If the informal conference does not resolve the matter to the applicant's satisfaction, the applicant may, within 15 days after the last day of the informal conference, seek a formal hearing under 3 AAC 306.085 by filing a notice of defense in compliance with AS 44.62.380(b). (Eff. ___/___/___, Register _____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100

AS 17.38.900

3 AAC 306.085. Formal hearing. An applicant for a new license, renewal of a license, or transfer of a license that is aggrieved by an action of the board denying the application may request a formal hearing by filing a notice of defense in compliance with AS 44.62.380(b) within 15 days after the date of the written notice of the denial, or as provided in 3 AAC 306.080(b) if the applicant requested and participated in an informal conference. Failure to file a notice of defense as provided in this section constitutes a waiver of the right to a formal hearing.

(b) When an aggrieved person requests a hearing under the section, the Office of Administrative Hearings will conduct the hearing in compliance with due process, the Alaska Administrative Procedure Act, AS 44.62.330-44.62.630, and the applicable regulations adopted by the Office of Administrative Hearings at 2 AAD 64.100-2 AAC 64.990. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.090. Appeals. (a) An aggrieved applicant or licensee may appeal to the board regarding any action of an officer, employee, or agent of the board relating to the administration or enforcement of this chapter.

(b) An applicant or licensee aggrieved by a final decision of the board regarding an application for a new license, a license renewal, or a transfer of license to another person may appeal to the superior court under AS 44.62.560. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084

AS 17.38.087

AS 17.38.090

AS 17.38.100

AS 17.38.900

3 AAC 306.095. Fees, refund and forfeiture. (a) The non-refundable application fee for a new marijuana establishment license or an application to transfer a license to another person is \$1000.

(b) The non-refundable application fee for a license renewal application is \$600; in addition, a late renewal application fee is \$1000.

(c) The fee to request board approval of a change in business name, licensed premises diagram, or operating plan reported with a license renewal application is \$250.

(d) The annual license fee, to be paid with each application for a new marijuana establishment facility license and each license renewal application is

- (1) for a marijuana retailer license, \$5000;
- (2) for a limited marijuana cultivation facility license, \$1000;
- (3) for a marijuana cultivation facility license, \$5000;
- (4) for a marijuana cultivator's broker license, \$5000;
- (5) for a marijuana extract only manufacturing facility license, \$1000;
- (6) for a marijuana product manufacturing facility license, \$5000;
- (7) for a marijuana testing facility license, \$1000.

(e) If the board denies an application for a license or for renewal of a license, the board will refund the annual license fee. The board will not refund a license fee after the license has been issued.

(f) Processing fees for late renewal after failure to pay taxes are as follows:

- (1) if a licensee pays its delinquent tax after a local government protests renewal

of the license, but before the board denies license renewal, \$200;

(2) if a licensee pays its delinquent tax after appealing the board’s denial of a license renewal, but before a hearing officer is appointed to hear the applicant’s appeal, \$500;

(3) if a licensee pays its delinquent tax after appealing the board’s denial of a license renewal, but before the administrative hearing begins, \$5000; and

(4) if a licensee pays its delinquent tax after an administrative hearing that results in a hearing officer recommendation to deny the license renewal, \$10,000. (Eff. ___/___/___,

Register _____)

- Authority:** AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

Article 3. Marijuana Retail Stores.**Section**

- 300. Marijuana retail store license required
- 305. Marijuana retail store privileges
- 310. Acts prohibited at marijuana retail store
- 315. Application for marijuana retail store license
- 320. Restricted access area at marijuana retail store
- 325. Marijuana handler permit required
- 330. Identification requirement to prevent sale to person under the age of 21
- 335. Limit on quantity sold
- 340. Health and safety requirements for marijuana retail store
- 345. Testing required for marijuana sold at retail store
- 350. Restriction on the advertising of marijuana and marijuana products
- 355. Marijuana inventory tracking system

3 AAC 306.300. Marijuana retail store license required. A person may not sell, give, distribute, or deliver, or offer to sell, give, distribute, or deliver marijuana or any marijuana product to a consumer unless the person has obtained a marijuana retail store license from the board in compliance with this chapter, or is an employee or agent of a licensed marijuana retail store operating in compliance with this chapter. A person seeking a marijuana retail store license must

(1) submit an application for a marijuana retail store license on a form the board prescribes, including the information set out at 3 AAC 306.020 and 3 AAC 306.320;

(2) operate in compliance with the provisions of 3 AAC 306.300-3 AAC

306.355; and

(3) operate in compliance with the provisions of 3 AAC 306-700-3 AAC

306.760. Eff. ___/___/____, Register _____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.305. Marijuana retail store privileges. (a) A licensed marijuana retail store is authorized to carry out the activities listed in AS 17.38.070)(a). In AS 17.38.070)(a),

(1) “deliver” means “hand to a person who purchases the product on the licensed premises only; “deliver” does not mean transfer or transport to a consumer off the licensed premises;”

(2) “possess” means having physical possession or control over property;

(3) “transport” or “transfer” means to deliver between licensed marijuana establishments as provided in 3 AAC 306.745.

(b) A licensed marijuana retail store is authorized to

(1) sell marijuana purchased from a licensed marijuana cultivation facility, packaged and labeled as required under 3 AAC 306.4__, in an amount not exceeding the limits set out in 3 AAC 306.335 a day, to an individual on the licensed premises for consumption off the premises;

(2) sell a marijuana product purchased from a licensed marijuana product manufacturing facility, packaged and labeled as required under 3 AAC 306.4__, in an amount not exceeding the limits set out in 3 AAC 306.335, to an individual on the licensed premises for consumption off the premises;

(3) store marijuana and marijuana products in a restricted area on the licensed premises subject to the requirements of 3 AAC 306.720 and 3 AAC 306.725.

(c) This section does not prohibit a licensed retail store from refusing to sell marijuana or marijuana product to any customer. Eff. ___/___/____, Register _____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.310. Acts prohibited at marijuana retail store. (a) A licensed marijuana retail store may not sell, give, distribute, or deliver, or offer to sell, give, distribute, or deliver, marijuana or any marijuana product

(1) to any person under the age of 21;

(2) that is not labeled and packaged as required in 3 AAC 306.4__ or 3 AAC 306.5__;

(3) in a quantity exceeding the limit set out in 3 AAC 306.335;

(4) over the internet; a licensed marijuana retail store may only sell marijuana or marijuana product to a consumer who is physically present on the licensed premises;

(5) after the expiration date shown on the label of the marijuana or marijuana product.

(c) A licensed marijuana retail store may not

(1) conduct any business on, or allow any person to access, the marijuana retail store’s licensed premises between the hours of 12 midnight and 8:00 a.m. each day;

(2) allow any person to consume marijuana or any marijuana product on the marijuana retail store’s licensed premises;

(3) offer or deliver to a consumer, as a marketing promotion or for any other reason:

(A) free marijuana or marijuana product, including a sample;

(B) marijuana or marijuana product at a price below the marijuana retail store’s acquisition cost; or

(C) a consumable product other than marijuana, including cigarettes, tobacco products, alcoholic or non-alcoholic beverages or food, free or for compensation.

(d) A marijuana retail store may not purchase any marijuana or marijuana product for resale without a certificate showing the tax due under AS 43.61.010 has been paid to the state.

Eff. ___/___/____, Register _____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.315. Application for marijuana retail store license. An applicant for a new marijuana retail store license shall file an application on a form the board prescribes including

(1) the information required under 3 AAC 306.020, including the applicant’s operating plan required under 3 AAC 306.020(c); and

(2) an addition to the applicant’s operating plan showing how marijuana and marijuana products at the retail store are to be displayed and sold. (Eff. ___/___/____, Register _____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100

AS 17.38.900

3 AAC 306.320. Restricted access area at marijuana retail store. (a) Each entry to a marijuana retail store must be posted with a sign that says “No one under 21 years of age allowed.” The sign must be not less than 12 inches long and 12 inches wide, with letters at least one half inch in height in high contrast to the background of the sign.

(b) An area of a marijuana retail store’s licensed premises where marijuana or any marijuana product is stocked for sale, or dispensed for sale is a restricted access area. The marijuana retail store must post signs, require identification, and escort visitors in compliance with 3 AAC 306.710. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.325. Marijuana handler permit required. A marijuana retail store shall ensure that

(1) each licensee, employee, or agent obtains a marijuana handler permit as provided in 3 AAC 306.715 before being licensed or employed at a marijuana retail store; and

(2) each licensee, employee, or agent has that person’s marijuana handler permit card in that person’s immediate possession when on the licensed premises of the marijuana retail store. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.330. Identification requirement to prevent sale to person under the age

of 21. (a) A licensed marijuana retail store shall refuse to sell marijuana or a marijuana product to any person who does not produce a form of valid identification showing that person is 21 years of age or older.

(b) A valid form of identification includes:

(1) an unexpired, unaltered passport;

(2) an unexpired, unaltered driver's license; instruction permit, or identification card of any state or territory of the United States, the District of Columbia, or any jurisdiction of Canada;

(3) an identification card issued by a federal or state agency authorized to issue a driver's license or identification card. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.335. Limit on quantity sold. (a) A licensed marijuana retail store shall not sell more than the following quantity of marijuana or marijuana product in a single transaction:

(1) one ounce of usable marijuana;

(2) sixteen ounces of marijuana-infused product in solid form;

(3) seven grams of marijuana-infused extract for inhalation, or

(4) seventy-two ounces of marijuana-infused product in liquid form. (Eff.

___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.340. Health and safety requirements for marijuana retail store. A

marijuana retail store must comply with applicable health and safety requirements set out in 3 AAC 306.730. Eff. ___/___/____, Register _____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.345. Testing required for marijuana sold at retail store. (a) A

marijuana retail store may not sell, give, distribute, or deliver, or offer to sell, give, distribute, or deliver, marijuana or any marijuana product until all quality assurance testing required in 3 AAC 306.6__ has been completed, and labels required in 3 AAC 306.4__ or 3AAC 306.5__ are affixed. Eff. ___/___/____, Register _____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.350. Restriction on the advertising of marijuana and marijuana

products. (a) A marijuana retail store may have one sign identifying the store by the marijuana retail store 's business name that is visible to the general public from the public right of way.

The sign may be in placed in the store's window or attached to the outside of the licensed premises. The size of the sign may not exceed sixteen hundred square inches.

(b) An advertisement for marijuana or marijuana product may not contain any statement, or illustration that

- (1) is false or misleading;
- (2) promotes excessive consumption;

(3) represents that the use of marijuana has curative or therapeutic effects;

(4) depicts a person under the age of 21 consuming marijuana; or

(5) includes an object or character, including a toy, a cartoon character, or any other depiction designed to be appealing to children or other persons under legal age, promoting consumption of marijuana.

(c) A marijuana retail store may not place an advertisement for marijuana or a marijuana product

(1) within one thousand feet of the perimeter of any child-centered facility, including a school, daycare or other facility providing services to children, a playground or recreation center, a public park, a library, or a game arcade that is open to persons under the age of 21;

(2) on or in a public transit vehicle or public transit shelter; or

(3) on or in a publicly owned or operated property.

(d) A marijuana retail store may not use giveaway coupons, or distribute branded merchandise as promotional materials, or conduct promotional activities such as games or competitions to encourage sale of marijuana or marijuana products.

(e) All advertising for marijuana or any marijuana product must contain the following warnings:

(a) "This product has intoxicating effects and may be habit forming;"

(b) "Marijuana can impair concentration, coordination, and judgment. Do not operate a vehicle or machinery under the influence of this drug;"

(c) "There may be health risks associated with consumption of this product;" and

(d) "For use only by adults twenty-one and older. Keep out of the reach of

children." Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.355. Marijuana inventory tracking system. (a) A marijuana retail store shall use an inventory tracking system as provided in 3 AAC 306.760 to ensure all marijuana and marijuana product in the store's possession is identified and tracked from the time the marijuana retail store receives any batch of marijuana or lot of marijuana product through the sale, transfer to another licensed marijuana establishment, or disposal of the batch of marijuana or lot of marijuana product.

(b) When any marijuana from a marijuana cultivation facility or marijuana product from a marijuana product manufacturing facility is delivered or transported to the licensed premises of a marijuana retail store, the store marijuana retail store shall immediately enter identification information for that batch of marijuana or lot of marijuana product into the inventory tracking system. A marijuana retail store may not accept any marijuana or marijuana product that does not have a valid transport manifest generated from the inventory tracking system.

(c) A marijuana retail store shall reconcile each transaction from the store's point of sale system and current inventory to its inventory tracking system at the close of business each day.

(d) A marijuana retail store shall account for any variance in the quantity of marijuana or marijuana product the store received and the quantity the store sold, transferred or disposed of.

(Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100

AS 17.38.900

Article 7. Operating Requirements for All Marijuana Establishments.**Section**

- 700. Licensed premises, alteration
- 705. Inspection of licensed premises
- 710. Restricted access areas
- 715. Marijuana handler permit
- 720. Security alarm systems and lock standards
- 725. Video surveillance
- 730. Health and safety standards
- 735. Waste disposal
- 740. Certified scales
- 745. Transportation
- 750. Insurance
- 755. Business records
- 760. Marijuana inventory tracking system

3 AAC 306.700. Licensed premises, alteration. (a) A marijuana establishment license will be issued for a specific licensed premises, which is a place clearly designated in a license application and described by a line drawing submitted with the license application. A licensed premises must

- (1) have adequate space for its approved operations, including growing, manufacturing, processing, packaging, or storing marijuana or marijuana products; and
- (2) be located and constructed to facilitate cleaning, maintenance and proper operation.

(b) A marijuana establishment's license must be posted in a conspicuous place within the licensed premises.

(c) A licensee may not change or modify the licensed premises without the written approval of the board. A licensee seeking to change or modify the licensed premises shall pay the fees set out in 3 AAC 306.360 and submit a request for approval of the change on a form prescribed by the board, along with

- (1) a drawing showing the proposed change;
- (2) evidence that the proposed change conforms to any local restrictions; and
- (3) evidence that the licensee has obtained any applicable local building permit.

(Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.705. Inspection of licensed premises. (a) A marijuana establishment or an applicant for a marijuana establishment license under this chapter shall, upon request, make the licensed premises or the proposed licensed premises, including any place for storage, available for inspection by an officer charged with the enforcement of this chapter. An officer charged with enforcement of this chapter include a member of the board and the director or an employee of the director. The board may also specifically request an inspection of licensed premises or proposed licensed premises by a local fire protection agency or any other state agency with health and safety responsibilities.

(b) Inspection under this section includes inspection of the premises, facilities, qualifications of personnel, methods of operation, business and financial records, marijuana

inventory tracking system, policies and purposes of any marijuana establishment and of any applicant for a marijuana establishment license. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.085 AS 17.38.087 AS 17.38.090
AS 17.38.100 AS 17.38.900

3 AAC 306.710. Restricted access areas. (a) A marijuana establishment shall restrict access to any part of the licensed premises where marijuana or a marijuana product is grown, processed, tested, stored, displayed, or sold.

(b) Except as provided in 3 AAC 306.320 for a marijuana retail store, each entrance to a restricted access area must be marked by a sign that says “Restricted access area. Visitors must be escorted.” A marijuana establishment shall limit the number of visitors to not more than five visitors for each licensee, employee, or agent of the licensee who is actively engaged in supervising those visitors.

(c) In a restricted access area, the licensee, any employee, and any agent shall wear a current identification badge bearing the person’s photograph. A person under the age of 21 may not enter any restricted access area. Any visitor to the restricted area must

(1) show identification as required in 3 AAC 306.330 to prove that person is not under the age of 21;

(2) obtain a visitor identification badge before entering the restricted access area;
and

(3) be escorted at all times by the licensee, an employee, or an agent of the licensee. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084

AS 17.38.087

AS 17.38.090

AS 17.38.100

AS 17.38.900

3 AAC 306.715. Marijuana handler permit. (a) A marijuana establishment and each licensee, employee or agent of the marijuana establishment who sells, cultivates, manufactures, tests, or transports marijuana or a marijuana product, or who checks the identification of a patron or visitor, shall obtain a marijuana handler permit from the board before being licensed or beginning employment at a marijuana establishment.

(b) To obtain a marijuana handler permit, a person shall complete a marijuana handler permit education course approved by the board, pass a written test demonstrating an understanding of the course subject, and obtain a certificate of course completion from the course provider. An approved marijuana handler permit education course must cover at least the following topics:

- (1) AS 17.37, AS 17.38, and this chapter;
- (2) the effects of marijuana consumption;
- (3) how to identify a person impaired by consumption of marijuana;
- (3) how to determine valid identification;
- (4) how to intervene to prevent unlawful marijuana consumption; and
- (5) the penalty for an unlawful act by a licensee, an employee or an agent of a

marijuana establishment.

(c) To obtain a marijuana handler permit, a person who has completed the marijuana handler permit course required under (a) of this section shall present the course completion certificate, along with a person of interest report obtained from the Department of Public Safety, to the director. The director shall issue a marijuana handler permit card valid for three years

from the date of issue. A person may renew a card issued under this section by passing a written test demonstrating an understanding of the course subjects.

(d) A licensee, employee, or agent of a marijuana establishment shall keep the marijuana handler permit card described in (c) of this section on the licensed premises during working hours.

(e) The board will review an approved marijuana handler permit education course at least once every three years, and may rescind approval of the course if the board finds that the education course contents are insufficient or inaccurate. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.720. Security systems and lock standards. (a) Each licensee, employee, or agent of a marijuana establishment shall display an identification badge issued by the licensed employer at all times when on the marijuana establishment's licensed premises.

(b) The licensed premises of a marijuana establishment must have

- (1) exterior lighting to facilitate surveillance;
- (2) a security alarm system on all exterior doors and windows; and
- (3) continuous video monitoring as provided in 3 AAC 306.725.

(c) A marijuana establishment shall have policies and procedures that

- (1) are designed to prevent diversion of marijuana or marijuana product;
- (2) prevent loitering;
- (3) describe the use of any additional security devices, such as motion detectors, pressure switches, and duress, panic, or hold-up alarms to enhance security of its licensed

premises; and

(4) describe the actions to be taken by a licensee, employee, or agent of the marijuana establishment when any automatic or electronic notification system alerts any local law enforcement agency of an unauthorized breach of security.

(d) A marijuana establishment must use commercial grade, non-residential door locks on all exterior entry points to the licensed premises. Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084

AS 17.38.087 AS 17.38.090 AS 17.38.100

AS 17.38.900

3 AAC 306.725. Video surveillance. (a) A marijuana establishment shall install and maintain a video surveillance and camera recording system as provided in this section. The video system must cover

(1) each restricted access area and each entrance to a restricted access area within the licensed premises;

(2) each entrance to the exterior of the licensed premises;

(3) each point-of-sale (POS) area.

(b) At any marijuana establishment, any video camera must be placed in a way that produces a clear view adequate to identify any individual inside the licensed premises, or within 20 feet of each entrance to the licensed premises. Both the interior and the exterior of each entrance to the facility must be recorded by a video camera.

(c) Any area where marijuana is grown, cured, or manufactured, or marijuana waste is destroyed, must have a camera placement in the room facing the primary entry door, and in adequate fixed positions, at a height which will provide a clear, unobstructed view of the regular

activity without a sight blockage from lighting hoods, fixtures, or other equipment, allowing for the clear and certain identification of any person and activity in the area at all times.

(d) Surveillance recording equipment and video surveillance records must be housed in a locked and secure area or in a lock box, cabinet, closet or other secure area that is accessible only to a marijuana establishment licensee or authorized employee, and to law enforcement personnel including an agent of the board. A marijuana establishment may use an offsite monitoring service and offsite storage of video surveillance records as long as security requirements at the offsite facility are at least as strict as onsite security requirements as described in this section.

(e) Each surveillance recording must be preserved for a minimum of 40 days, in a format that can be easily accessed for viewing. All recorded images must clearly and accurately display the time and date, and must be archived in a format that does not permit alteration of the recorded image, so that the images can readily be authenticated. After 40 days, a marijuana establishment may erase video recordings, unless the licensee knows or should know of any pending criminal, civil, or administrative investigation for which the video recording may contain relevant information. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.085 AS 17.38.087 AS 17.38.090
 AS 17.38.100 AS 17.38.900

3 AAC 306.730. Health and safety standards. (a) A marijuana establishment is subject to inspection by the local fire department, building inspector, or code enforcement officer to confirm that no health or safety concerns are present.

(b) A marijuana establishment shall take all reasonable measures and precautions to ensure that

(1) any person who has an illness, an open sore or infected wound, or other potential source of infection may not come in contact with marijuana or a marijuana product while the illness or source of infection persists;

(2) the licensed premises have

(A) adequate and readily accessible toilet facilities that are maintained in good repair and sanitary condition; and

(B) convenient hand-washing facilities with running water at a suitable temperature; the marijuana establishment shall require employees to wash or sanitize their hands, and must provide effective hand-cleaning, sanitizing preparations, and drying devices;

(3) each person working in direct contact with marijuana or a marijuana product shall conform to good hygienic practices while on duty, including

(A) maintaining adequate personal cleanliness; and

(B) washing hands thoroughly in an adequate hand-washing area before starting work, after using toilet facilities, and at any other time when the person's hands may have become soiled or contaminated;

(4) litter, waste, and rubbish are properly removed; the waste disposal equipment must be maintained and adequate to

(A) avoid contaminating any area where marijuana or any marijuana product is stored, displayed, or sold; and

(B) prevent causing odors or attracting pests;

(5) floors, walls, and ceilings must be constructed to allow adequate cleaning, and must be kept clean and in good repair;

(6) adequate lighting is installed in any area where marijuana or a marijuana

product is stored, displayed, or sold, and where any equipment or utensil is cleaned;

(7) screening or other protection adequately protects against the entry of pests;

(8) any building, fixture, and other facility is maintained in sanitary condition;

(9) any toxic cleaning compound, sanitizing agent, and pesticide chemical must be identified and stored in a safe manner to protect against contamination of marijuana or marijuana product and in compliance with any applicable local, state, or federal law;

(10) adequate sanitation principles are used in any receiving, inspecting, transporting, and storing of marijuana or marijuana product; and

(11) any marijuana or marijuana product must be held in a manner that prevents the growth of bacteria, microbes, or other undesirable microorganisms.

(c) A marijuana establishment shall ensure that any marijuana or marijuana product that has been stored beyond its usable life, or was stored improperly, is not salvaged and returned to the marketplace; in this section, “stored improperly” means being exposed to extremes in temperature, humidity, smoke, fumes, pressure, or radiation due to a natural disaster, fire, accident, or equipment failure.

(d) If a marijuana establishment does not have reliable information about the age or storage conditions of marijuana or a marijuana product in its possession, the marijuana establishment may salvage the marijuana only if:

(1) a licensed marijuana testing facility determines from quality assurance tests that the marijuana or marijuana product meets all applicable standards of moisture, potency, and contaminants;

(2) inspection of the premises where a disaster or accident occurred shows that the marijuana or marijuana product stored there was not adversely affected by the disaster or

accident; and

(3) the marijuana establishment maintains a record of the salvaged marijuana or marijuana product in its marijuana inventory tracking system, including the name, lot number and final disposition. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.735. Waste disposal. (a) A marijuana establishment shall store, manage, and dispose of any solid or liquid waste, including wastewater generated during marijuana cultivation production, processing, testing, or retail sales, in compliance with applicable federal, state, and local laws and regulations.

(b) Marijuana waste must be rendered unusable for any purpose for which it was grown or produced before it leaves a marijuana establishment. Marijuana waste includes:

- (1) marijuana plant waste, including roots, stalks, leaves, and stems that have not been processed with solvent;
- (2) solid marijuana sample plant waste in the possession of a marijuana testing facility; and
- (3) other waste as determined by the board.

(c) A marijuana establishment must

- (1) give the board at least 3 days notice in the marijuana inventory tracking system required under 3 AAC 306.760 before making the waste unusable and disposing of it; and
- (2) keep a record of the final destination of marijuana waste made unusable.

(d) Marijuana plant waste must be made unusable by grinding the marijuana plant waste

and mixing it with at least an equal amount of other compostable or non-compostable materials.

A marijuana establishment may use other methods to make marijuana waste unusable if the board approves the method in advance. Material that may be mixed with the marijuana waste includes

(1) compostable materials including food waste, yard waste, vegetable based grease or oils, or other wastes approved by the board when the mixed material can be used as compost feedstock or in another organic waste method such as an anaerobic digester with approval of the applicable local health department; or

(2) non-compostable materials including paper waste, cardboard waste, plastic waste, oil, or other wastes approved by the board when the mixed material may be delivered to a permitted solid waste facility, incinerator, or other facility with approval of the applicable local health department. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.740. Certified scales. A marijuana establishment shall have on its licensed premises at least one scale certified in accordance with measurement standards established in AS 45.75.010- AS 45.75.400, the Alaska Weights and Measures Act. A marijuana establishment shall

(1) maintain documentation of the certified scale; and

(2) upon request by an agent or employee of the board, provide a copy of documentation of the certified scale to the board for review. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084

AS 17.38.087

AS 17.38.090

AS 17.38.100

AS 17.38.900

3 AAC 306.745. Transportation. (a) A licensed marijuana establishment shall transport marijuana as follows:

(1) a marijuana cultivation facility may transport marijuana to a marijuana cultivator's broker, another marijuana cultivation facility, a marijuana product manufacturing facility, a marijuana testing facility, or a marijuana retail store;

(2) a marijuana broker may transport marijuana to the broker's own storage area, a marijuana product manufacturing facility, a marijuana testing facility, or a marijuana retail store;

(3) a marijuana product manufacturing facility may transport a marijuana product to another marijuana product manufacturing facility, a marijuana testing facility, or a marijuana retail store;

(4) a marijuana testing facility may transport marijuana or a marijuana product to the facility from which it received the marijuana or another marijuana testing facility; and

(5) a marijuana retail store may transport marijuana or a marijuana product to another marijuana retail store.

(b) A marijuana establishment from which a shipment of marijuana or marijuana product originates is responsible for preparing, packaging, and securing the marijuana or marijuana product during shipment, for recording the transfer in the marijuana inventory tracking system, and for preparing the transport manifest. Any individual transporting marijuana in compliance with this section shall have a marijuana handler permit required under 3 AAC 306.715.

(c) When any marijuana or marijuana product is transported, the marijuana establishment

that originates the transport shall use the marijuana tracking system to record the type, amount and weight of marijuana or marijuana product being transported, the name of the transporter, the time of departure and expected delivery, and the make, model and license plate number of the transporting vehicle. A complete printed transport manifest on a form prescribed by the board must be kept with the marijuana or marijuana product at all times.

(d) During transport, any marijuana or marijuana product must be in a sealed package or container in a locked, safe and secure storage compartment that is fastened to the inside compartment of the vehicle transporting the marijuana or marijuana product. The sealed package may not be opened during transport. Any vehicle transporting marijuana or marijuana product must travel directly from the shipping marijuana establishment to the receiving marijuana establishment, and must not make any unnecessary stops in between except to deliver or pick up marijuana or marijuana product at any other licensed marijuana establishment.

(e) When a marijuana establishment receives marijuana or a marijuana product transported in compliance with this section, the recipient of the shipment shall use the marijuana inventory tracking system to report the type, amount, and weight of marijuana or marijuana product received. The licensed recipient shall refuse to accept any shipment of marijuana or marijuana product that is not accompanied by the transport manifest.

(f) A marijuana establishment must keep records of all marijuana or marijuana product shipped from or received at that marijuana establishment for a minimum of three years. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.750. Insurance. (a) A marijuana establishment shall at all times maintain commercial general liability insurance coverage, and if necessary, commercial umbrella and excess insurance, to protect any consumer from bodily injury and property damage arising from activities of the marijuana establishment, including any negligent or intentional act or omission of its licensee, employee, or agent. An insurance policy obtained to meet the requirement of this section, including any general liability, umbrella, and excess insurance policy, must provide aggregate coverage of not less than one million dollars.

(b) The insurance required in this section must be obtained from an insurance company authorized to do business in the state, and in compliance with all applicable provisions of AS 21.

(c) A marijuana establishment shall furnish a certificate of insurance satisfactory to the board with a new marijuana license application, a license renewal application, and at any time upon request of the board. The board may deny, suspend or revoke the marijuana establishment license of any marijuana establishment that fails to provide proof of the insurance coverage required under this section. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.755. Business records. (a) A marijuana establishment shall maintain, in a format that is readily understood by a reasonably prudent business person, the following information:

(1) all books and records necessary to fully account for the business transactions conducted under its license for the current year and three preceding calendar years; records for the last six months must be maintained on the marijuana establishment's licensed premises;

older records may be archived on or off premises;

(2) a current employee list setting out the full name and marijuana handler permit number of each licensee, employee, and agent who works at the marijuana establishment;

(3) the business contact information for vendors that maintain video surveillance systems and security alarm systems for the licensed premises;

(4) records related to advertising and marketing;

(5) a current diagram of the licensed premises including each restricted access area;

(6) a log recording the name, and date and time of entry of each visitor permitted in a restricted access area;

(7) all records normally retained for tax purposes;

(8) accurate and comprehensive inventory tracking records that account for all marijuana inventory activity from seed or immature plant stage until the retail marijuana or retail marijuana product is sold to a consumer, to another marijuana establishment, or destroyed; and

(9) transportation records for marijuana and marijuana product as required under 3 AAC 306.745(e).

(b) A marijuana establishment shall provide any record required to be kept on the licensed premises to an employee of the board upon request. Any record kept off premises must be provided to the board's employees within three business days after a request for the record.

(c) A marijuana establishment is required to exercise due diligence in preserving and maintaining all required records. Loss of records and data, including electronically maintained records, will not be considered an excuse for a violation of this rule. Failure to retain records required under this section may be interpreted by the board as a license violation affecting public

safety. (Eff. ___/___/___, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.085 AS 17.38.087 AS 17.38.090
AS 17.38.100 AS 17.38.900

3 AAC 306.760. Marijuana inventory tracking system. (a)

A marijuana establishment shall use an inventory tracking system capable of sharing information with the system implemented by the board to ensure all marijuana cultivated and sold in the state, and each marijuana product processed and sold in the state, is identified and tracked from the time the marijuana is propagated from seed or cutting, through transfer to another licensed marijuana establishment, or use in manufacturing a product, to a completed sale of marijuana or marijuana product, or disposal of the batch or lot of marijuana or marijuana product.

(b) All marijuana delivered to a marijuana establishment must be weighed on a scale certified in compliance with 3 AAC 306.740. (Eff. ___/___/___, Register ____)

(Eff. ___/___/___, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC is amended by adding a new chapter to read:

Section

200. Local options

210. Change of local option

220. Removal of local option

230. Procedure for local option election

240. Prohibition of importation or purchase after election

250. Effect on licenses of restriction on sale

260. Licensing after prohibition on sale except in premises operated by municipality

270. Notice of the results of a local option election

3 AAC 306.200. Local options. (a) If a majority of the persons voting on the question vote to approve the option, or if the assembly or city council passes an ordinance to the same effect, a municipality shall adopt a local option to prohibit

(1) the sale of marijuana and marijuana products;

(2) the operation of any marijuana establishment, including one or more of the

following license types:

(A) a marijuana cultivation facility or marijuana brokerage facility;

(B) a marijuana products manufacturing facility;

(C) a marijuana testing facility;

(D) a marijuana retail facility;

(3) the sale of marijuana and marijuana products except on premises operated by the municipality under a retail marijuana license; or

(4) the sale or importation for sale of marijuana and marijuana products.

(b) A ballot question to adopt a local option under this section must at least contain language substantially similar to: "Shall (name of municipality) adopt a local option to prohibit (local option under (a) or (b) of this section)? (yes or no)."

(c) The ballot for an election on the options set out in (a)(2) and (b)(2) of this section must include a brief explanation of the activity that each license type on the ballot may carry out.

(d) If a municipality dissolves under AS 29.06.450(a) or (b), any marijuana establishment license issued to a municipality under 3 AAC 306.____ expires when the municipality dissolves. .

(e) A municipality shall not prohibit the personal use and possession of marijuana and marijuana products as authorized by AS 17.38.020. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.090 AS 17.38.110 AS 17.38.900

3 AAC 306.210. Change of local option. If a majority of persons voting on the question vote to approve a local option different from one previously adopted under this section and currently in effect, or if the assembly or city council passes an ordinance to the same effect, a municipality shall change the local option to the newly approved option. A ballot question to change a local option under this section must at least contain language substantially similar to: "Shall (name of municipality) change the local option currently in effect, that prohibits (current local option), and adopt in its place a local option to prohibit (proposed local option)? (yes or no)." (Eff. ___/___/____, Register ____)

Authority: AS 17.38.090 AS 17.38.110 AS 17.38.900

3 AAC 306.220. Removal of local option. (a) If a majority of the persons voting on the question vote to remove a local option previously adopted under this section and currently in

effect, or if the assembly or city council passes an ordinance to the same effect, that local option is repealed effective the first day of the month following certification of the results of the election. A ballot question to remove a local option under this section must at least contain language substantially similar to: "Shall (name of municipality) remove the local option currently in effect, that prohibits (current local option), so that no local option continues in effect? (yes or no)."

(b) When issuing a license in the municipality that has removed a local option, the board will give priority to any formerly licensed applicant whose license was not renewed because of the results of the previous local option election. However, an applicant described in this subsection does not have a legal right to a license and the board is not required to approve the application. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.090 AS 17.38.110 AS 17.38.900

3 AAC 306.230. Procedure for local option election. (a) When the local government of a municipality receives a petition to adopt, change, or remove a local option, and the petition is signed by a number of registered voters equal to 25 percent or more of the number of votes cast at the last regular municipal election, the government shall place the issue that is the subject of the petition on a separate ballot at the next regular election, or hold a special election, The local government shall conduct the election under the election ordinance of the municipality.

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(b) In a general law municipality, AS 29.26.110 - 29.26.160 apply to a petition under (a) of this section except that the

1an application filed under AS 29.26.110 must at least contain language

substantially similar to the questions set out under 3 AAC 306.200(c), 3 AAC 306.210, or 3 AAC 306.220 rather than language of an ordinance or resolution;

2 a petition must at least contain language substantially similar to the questions set out under 3AAC 306.200(c), 3 AAC 306.210, or 3 AAC 306.220 rather than material required under AS 29.26.120 (a)(1) and (2).

(c) Notwithstanding any other provisions of law, a municipality may not conduct an election to change to a less restrictive option under 3 AAC 306.210, or to remove a local option under 3 AAC 306.220, or pass an ordinance to the same effect, during the first 24 months after the local option was adopted or more than once in a 36-month period, except that if an original prohibition was passed by ordinance, an election as set forth in this article to change the ordinance may be conducted within the 36 month period following the passage of the ordinance

(d) Notwithstanding AS 29.26.140(a), after a petition has been certified as sufficient to meet the requirements of (a) or (b) of this section, no other petition may be filed or certified until after the question presented in the first petition has been voted on or pass an ordinance to the same effect,. Only one local option question may be presented in an election. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.090 AS 17.38.110 AS 17.38.900

3 AAC 306.240. Prohibition of importation or purchase after election. (a) If a majority of the voters vote to prohibit the importation for sale of marijuana and marijuana products under 3 AAC 306.200(a)(4) or (b)(3), or if the assembly or city council passes an ordinance to the same effect, a person, beginning on the first day of the month following certification of the results of the election, may not knowingly send, transport, or bring marijuana or marijuana products for sale into the municipality Such prohibition shall not apply to transport

of marijuana and marijuana products through the boundaries of the municipality by a marijuana establishment whose premises are licensed by the board outside the municipality when such transport is documented by an official manifest authorized by 3 AAC 306. ____.

(b) A person who resides in a municipality that has adopted a local option under 3 AAC 306.200(a) or (b) may not purchase in the municipality marijuana or marijuana products from another person who has sent, transported, or brought marijuana or marijuana products into the municipality for sale in violation of the local option Such prohibition shall not apply to transport of marijuana and marijuana products through the boundaries of the municipality by a marijuana establishment whose premises are licensed by the board outside the municipality when such transport is documented by an official manifest authorized by 3 AAC 306. ____.

(c) In this section,

(1) "bring" means to carry or convey or to attempt or solicit to carry or convey;

(2) "send" means to cause to be taken or distributed or to attempt or solicit to cause to be taken or distributed, and includes use of the United States Postal Service;

(3) "transport" means to ship by any method, and includes delivering or transferring or attempting or soliciting to deliver or transfer marijuana or marijuana products to be shipped to, delivered to, or left or held for pickup by any person. (Eff. ___/___/___,

Register ____)

Authority: AS 17.38.090 AS 17.38.110 AS 17.38.900

3 AAC 306.250. Effect on licenses of restriction on sale. If a majority of the voters vote under 3 AAC 306.200(a) or (b) to prohibit sale of marijuana and marijuana products or the operation of marijuana establishments, or if the assembly or city council passes an ordinance to

the same effect, the board may not issue, renew, or transfer between persons or locations a license for a marijuana establishment with premises located within the boundary of the municipality or in the unincorporated area within ten miles of the boundaries of the municipality, A license for a marijuana establishment within the boundary of the municipality or in the unincorporated area within ten miles of the boundary of the municipality, is void 90 days after the results of the election are certified. A license that expires during the 90 days after the results of a local option election are certified may be extended, until it is void under this section, by payment of a prorated portion of the annual license fee. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.090 AS 17.38.110 AS 17.38.900

3 AAC 306.260. Licensing after prohibition on sale except in premises operated by municipality. (a) If a majority of the voters vote under 3 AAC 306.200(a)(3) to prohibit sale of marijuana and marijuana products except by the municipality, or operation of marijuana establishments except marijuana establishments operated by the municipality, or if the assembly or city council passes an ordinance to the same effect, the board may not issue, renew, or transfer a marijuana establishment license in any other person's name within the boundaries of a municipality and in unincorporated areas within ten miles of the boundaries of the municipality. A license in effect is void 90 days after the results of the election are certified. A license that expires during the 90 days after the results of a local option election are certified may be extended, until it is void under this subsection, by payment of a prorated portion of the annual license fee.

(b) If a majority of the voters approve the sale of marijuana and marijuana products by the municipality, or the operation of a marijuana establishment by the municipality, the municipality's local government shall apply for a license to operate the type of marijuana

establishment listed on the ballot and approved by a majority of the voters. The municipality shall operate the marijuana establishment subject to the conditions and fees applicable to the applicable type of license. Nothing in this section precludes a municipality from applying to be a licensee under other provisions of this title. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.090 AS 17.38.110 AS 17.38.900

3 AAC 306.270. Notice of the results of a local option election. (a) If a majority of the voters vote to adopt, change, or remove a local option under 3 AAC 306.200-3 AAC 306.220 or if the assembly or city council passes an ordinance to the same effect,:

(1) the clerk of the municipality shall notify the board of the results of the election or of the passage of the ordinance immediately after the results of the election are certified or the ordinance is formally adopted;

(2) the municipality shall post public notice of the prohibition in a central location in the municipality before the date the prohibition becomes effective; and

(3) the board shall immediately notify the Department of Law and the Department of Public Safety of the results of the election. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.090 AS 17.38.110 AS 17.38.900

3 AAC 306.990. Definitions. (a) In AS 17.38,

(1) “assist” does not include

(A) using, displaying, purchasing, or transporting marijuana in excess of the amount allowed in AS 17.38.020;

(B) possessing, growing, processing, or transporting marijuana plants in excess of the amount allowed in AS 17.38.020;

(C) growing marijuana plants for another person in a place other than that other

person's residence;

(2) “personal cultivation” does not include

(A) using, displaying, purchasing, or transporting marijuana in excess of the amount allowed in AS 17.38.020;

(B) possessing, growing, processing, or transporting marijuana plants in excess of the amount allowed in AS 17.38.020;

(C) growing marijuana plants for another person in a place other than that other person's residence.

(b) In AS 17.38 and this chapter, unless the context requires otherwise,

“adulterated food or drink product” means a product which is intended to be consumed orally and which existed without marijuana in a form ready for consumption to which marijuana was subsequently added by any process. Adulterated food or drink products do not include raw ingredients which are combined with marijuana in a manufacturing process;

“edible marijuana product” means any marijuana product which is intended to be consumed orally, including but not limited to, any type of food, or drink. Edible marijuana products do not include adulterated food or drink products;

“licensed premises” means any or all designated portions of a building or structure, rooms or enclosures in the building or structure, used, controlled, or operated by a licensee in the conduct of business for which the licensee is licensed by the board at the specific address for which the license is issued;

“marijuana concentrate” means resin, oil, wax, or any other substance produced by extracting or isolating cannabinoids, THC, or other components from the marijuana plant or

harvest thereof;

“marijuana product” means concentrated marijuana and marijuana products that are comprised of marijuana and other ingredients and are intended for use or consumption, such as, but not limited to, edible products, ointments, and tinctures;

“marijuana plant” means a living organism of the genus Cannabis capable of absorbing water and inorganic substances through its roots, and synthesizing nutrients in its leaves by photosynthesis;

“possess” means having physical possession or the exercise of dominion or control over property. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.090 AS 17.38.110 AS 17.38.90

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Jon Bolling, City Administrator
Date: July 29, 2015
RE: Draft Comments on State Transportation Improvement Plan

Attached you will find draft comments to the State of Alaska regarding the proposed State Transportation Improvement Plan (STIP). As the council may recall, each state must develop a STIP in order to receive for federal transportation funds. As part of the development, the State of Alaska holds public meetings and takes public comment on each proposed STIP. The document is adopted every four years, with STIP amendments occurring frequently between adopted documents.

The STIP currently out for review, for fiscal years 2016-2019, has few POW Island projects. All the POW projects are scheduled for fiscal year 2019--late in the life of the STIP. It is not uncommon for projects listed later in the STIP to get pushed off the STIP entirely into an “out year”, meaning in this case sometime beyond 2019. Other projects not in the out years are identified as “ILLU”, meaning that they are illustrative projects that will receive funding only if another project scheduled sooner encounters some difficulty that delays the second project’s implementation. The Neck Lake Road is one example of this; even though it is in the STIP, its status as an ILLU project means it is less likely to be built than a project with definite funding. Even so, the work done in the past several years on the North POW Road between the Coffman Cove Road junction to the Neck Lake Road junction occurred because other projects with higher rankings failed to be ready on time. Because the North POW Road projects were already designed and permitted, those projects were put out to bid when others failed to be ready on time.

Please review the attached draft comment letter in preparation for the council’s August 6 meeting, and bring to the meeting any modifications you wish to make to the draft.

August 7, 2015

Mr. Andy Hughes
Alaska Department of Transportation and Public Facilities
PO Box 112506
Juneau, AK 99801-2506

Dear Mr. Hughes:

The City of Craig has reviewed the proposed 2016-2019 STIP for the State of Alaska and offers the following comments.

1. Need ID No. 28949 – Clark Bay Parking Expansion

The City of Craig supports the placement and funding of this project. The project proposes to add vehicle parking capacity to the parking area that serves both the Clark Bay ferry terminal and the adjacent public seaplane float. The ferry terminal and seaplane float are both used on a daily basis, and the demand for parking is constant.

In 2014, about 2,600 passengers crossed the seaplane float to and from vehicles in the subject parking area. In addition, about 52,000 passengers pass through the ferry terminal facility each year. That averages about 150 passengers per day that rely on the terminal facility and its parking area. Expanding parking capacity will reduce the occurrence of vehicles parking parallel and immediately adjacent to the fog line of the Klawock-Hollis Highway, resulting in much safer conditions for passengers walking to/from parked vehicles to the state-owned intermodal transportation facilities at Clark Bay.

2. Need ID No. 19120 – 5311 funding

The Interisland Ferry Authority is one of a number of public transit entities eligible for funding from this project. This program is an important revenue source for the IFA and its 52,000 annual passengers.

3. Need ID No. 19217 – Highway Safety

Need ID 19217 provides important discretionary funding to make safety upgrades to state highways in Alaska. Among these are much needed safety upgrades to pavement/subgrade failures on the Thorne Bay Road and the Hydaburg Road, both of which are scheduled for construction this year. Provided that a proportionate share of this funding is spent in the Southcoast Region, including Prince of Wales Island, the City of Craig supports this item.

4. AMHS Funding

The AMHS system has ongoing capital needs, for both the ferry fleet and the many terminal facilities along the AMHS system. The City of Craig supports the AMHS projects identified in the STIP.

Sincerely,

**CITY OF CRAIG
MEMORANDUM**

To: Craig City Council
From: Jon Bolling, City Administrator
Date: July 29, 2015
RE: Consider Sponsorship for Southeast Conference Annual Meeting

Mayor Watson asked that the council consider sponsorship of an event at the Southeast Conference annual meeting in September.

Like most membership organizations, SE Conference solicits sponsorships to fund certain events at annual and mid-session membership meetings. A list of sponsorship categories can be found on one of the two attachments to this memorandum.

Recommendation

That the council select an annual sponsor or event sponsor level and, by motion, appropriate funds to pay for the sponsorship.



612 W. Willoughby Ave P.O. Box 21989 Juneau, AK 99802 (907) 586-4360
www.seconference.org * info@seconference.org

Southeast Conference Annual Meeting will be held in Prince Rupert, British Columbia, on September 15,16,17 2015. Our work is focused on building a better economy for Southeast Alaska. This meeting doesn't happen without sponsors like you.

This year our agenda will include panel discussions and workshops relevant to the current economic and social conditions in our region. Along with our scholarship auction & banquet, field trips to the exciting places in Prince Rupert and the election of our FY2016 Board of Directors there will be other important topics discussed.

- **Cross Border Partnerships;** The Transboundary Task Force created by Governor Walker, led by Lt. Governor Mallott and Canadian Government officials will share with our membership information we can use to bridge gaps and create better partnerships with our neighbors.
- **Liquid Natural Gas;** We will discuss what is developing in Prince Rupert and how is it important to Southeast Alaska and the impacts it may have on the NW US, Alaska and Canada
- **Building a Sustainable Future;** Governor Walker will be sending staff to lead a workshop, allowing Southeast Alaskans to participate in planning the financial future for our region and state.
- **Preparing for 2020;** we will get an update on the economy of the region through "Southeast by the Numbers" and continue preparing the next five year economic development plan.

Southeast Conference is a private membership organization that works to advance the collective interests of the people, communities, and businesses of Southeast Alaska. We expect up to 250 attendees and a sponsorship would be a great way to support our organization and will give you and your company some great advertising.

Prince Rupert is currently bursting with economic activity and is anxious to share it with the people of Southeast Alaska. Please contact our office in Juneau if you have any questions. Visit our website to get updates on the agenda, sponsorship forms, registration forms and hotel and transportation details.

<http://www.seconference.org/annual>

Shelly Wright
Executive Director



www.seconference.org



P.O. Box 21989 * 612 W. Willoughby Ave, Juneau, AK 99802 * (907) 586-4360 * info@seconference.org

Sponsorship Program

We invite you to be a sponsor of Southeast Conference and help us support activities that promote strong economies, healthy communities, and a quality environment in Southeast Alaska.

Annual sponsors receive recognition at both the Mid-Session Summit and the Annual Meeting, as well as on our website. Sponsorships are opportunities to advertise and build name recognition in southeast communities. Annual Sponsors support special projects and publications, such as Southeast by the Numbers, The Maritime Economy of Southeast Alaska, Arts and the Economy of Southeast Alaska.

If you would like to participate, call SEC at (907) 523-4360 or complete the form below and fax it to SEC at (907)463-5670, or email to info@seconference.org.

Annual Sponsor

Benefactor	\$5,000
Gold	\$3,500
Silver	\$2,500
Bronze	\$1,500

Event sponsors receive recognition at the event which they agree to sponsor, such as the Mid-Session Summit in the spring or the Annual Meeting in the fall. This is the price structure; however we are willing to take any sponsor amount, no matter how large or small.

Event Sponsor

Delegate Bags	\$4,500		
Partial Snack/ Breakfast	\$350	Breakfast	\$1500
Partial Beverage Service/ Lunch	\$500 / \$1,000	Lunch	\$3,500
Partial Reception/Banquet	\$1,500	Reception	\$5,000
Drink Tickets only	\$2,500		
Banquet	\$7,500		

Name: _____

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Card Number: _____ Exp. Date: _____

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Signature: _____



CITY OF CRAIG MEMORANDUM

To: Mayor and Craig City Council
From: Brian Templin, City Planner
Date: July 30, 2015
RE: Commercial Marijuana Establishment Advisory Vote Language

As the council is aware the Alaska Marijuana Control Board (MCB) will start taking applications for commercial marijuana establishment licenses in February 2016 and anticipates issuing licenses by May 2016. At a number of council meetings over the past several months the council has talked about the prospect of adding an advisory vote to the October 6, 2015 ballot regarding the public's support for or against marijuana establishments in Craig.

With only about 90 days before the municipal election, staff will need time to put ballots together. Staff has prepared draft language that will give the council information on the public's support of retail sales, testing, processing and cultivation facilities in general. This information will help guide the council in setting policy on what types (if any) of marijuana establishments that should be allowed or prohibited.

Under AS 17.38, the enacting legislation from Ballot Measure 2, municipalities may prohibit certain types of establishments by voter referendum or by municipal ordinance. The default statewide is that all types of marijuana establishments licensed by the state are legal within the municipality unless otherwise prohibited by local option vote or ordinance.

It is important to note that the advisory vote language shown below does not affect personal cultivation, use or possession which is already legal statewide. The advisory vote language is an advisory vote and is not binding upon the city council. It is important to note also that the advisory vote does not limit the city's ability to regulate zoning, use, licensing or other municipal issues regarding marijuana establishments. Staff is currently working on draft municipal regulations that will be reviewed by the council starting in November. It will be more useful to the council to review potential municipal regulations after the state regulations are finalized and after any advisory vote has been completed.

Staff proposes that the following language be added to the October 6, 2015 municipal ballot:

Advisory Vote on Marijuana Establishments within the corporate boundaries of the City of Craig

Under Ballot Measure 2, approved by the voters of Alaska in 2014, commercial cultivation, testing, processing and sales of marijuana and marijuana products will become legal in the State of Alaska in 2016 under licenses issued by the Alaska Marijuana Control Board. This ballot issue is to determine if the voters of the City of Craig support licensed marijuana establishments within the corporate boundaries of the City of Craig. If marijuana establishments are allowed within the City of Craig they will be subject to land use, zoning, licensing and other municipal regulations and limitations

as established by ordinance by the Craig City Council. This ballot issue does not apply to personal cultivation and use as allowed under Ballot Measure 2 or resulting Alaska Statutes and regulations. A yes vote for the questions below would indicate support for allowing that type of marijuana establishment in Craig. A no vote for the questions below would indicate support for prohibiting that type of marijuana establishment in Craig. This vote is an advisory vote and is non-binding on decisions made by the city council.

1. Should the City of Craig allow licensed retail sales of marijuana and marijuana products within the municipal boundaries of the City of Craig? Yes or No
2. Should the City of Craig allow licensed commercial cultivation of marijuana within the municipal boundaries of the City of Craig? Yes or No
3. Should the City of Craig allow licensed commercial manufacture or processing of marijuana products within the municipal boundaries of the City of Craig? Yes or No
4. Should the City of Craig allow licensed commercial marijuana and marijuana product testing within the municipal boundaries of the City of Craig? Yes or No

Recommendation

The council should discuss the merits of including an advisory vote on marijuana establishments within the municipal boundaries of the City of Craig and should discuss the provided draft language. If the council finds that there is merit in including this on the October ballot it should move to do so.

Recommended Motion

I move to include an advisory vote on marijuana establishments within the city limits of Craig as shown in the memo prepared by city staff as part of the municipal ballot in the October 6, 2015 election.

CITY OF CRAIG MEMORANDUM

To: Mayor and Craig City Council
From: Brian Templin, City Planner
Date: July 30, 2015
RE: Letter of Support and Financial Self Certification – USACE Harbor Study

As the council is aware we have been working with the US Army Corps of Engineers on a small boat harbor study at the Craig cannery property here in Craig. Earlier this year the USACE published the draft Feasibility Report and Environmental Assessment for the project and included a tentatively selected plan that includes construction of breakwaters to the north and west of the new harbor and a 10 acre basin. This tentatively selected plan aligns with the staff's recommendation.

When the draft study was published a copy was provided to council members for review. There were no comments or objections by the council on the tentatively selected plan.

The study is going through final edits now and the project will be presented to the Civil Works Review Board in Washington DC on October 22, 2015. As part of the approval process for the study the USACE has asked us to provide a letter of support for the tentatively selected plan and a financial self-certificate signed by our treasurer. I have attached copies of both documents for review.

Assuming that the Civil Works Review Board approves the study and the tentatively selected plan the project will move into the Preliminary Engineering and Design (PED) phase. The USACE estimates that this phase will carry a total price tag of approximately \$2 million. Based on the current parameters the city would be responsible for 10% of the cost during the phase with the USACE paying 90% of the cost during the design phase. The city would also be responsible for an additional 10% of the design cost over 30 years.

The city is currently holding about \$100,000 in grant funds expressly for this part of the study. Staff will continue to work on in-kind contributions and will work with state agencies for additional funding. If there is not sufficient in-kind and state funding available to make up the non-federal share of the project staff will make recommendations to the council on how to finance the remainder of the PED phase or will recommend a stopping point. The USACE has assured the city that we can withdraw from the design phase at any point.

Recommendation: Direct staff to submit a letter of support and financial self certification to the USACE to complete the feasibility study and start the preliminary engineering and design phase of the project.



August 7, 2015

Bruce Sexauer
Alaska District Corps of Engineers
CEPOA-PM-CW
P.O. Box 6898
JBER, AK 99506

Dear Mr. Sexauer,

The City of Craig has reviewed the navigation improvements feasibility report for Craig, Alaska and is writing to you to affirm our support as the non-Federal sponsor.

We support the findings of the report and its recommended plan to construct a 10.1 acre basin in an "L-shaped" breakwater that is approximately 1,933 feet in length to accommodate 145 vessels. This design protects against waves from the northerly and westerly direction, allows for fish passage, and will meet the current needs of vessels calling at Craig.

The City of Craig encloses a Self-Certification of Financial Capability with this letter. We look forward to the next phase of this study, the Preconstruction, Engineering, and Design phase, and then moving into construction for this project that is so important to the City.

If you have any questions please feel free to contact the city's project manager Brian Templin or city administrator Jon Bolling at 907-826-3275.

Sincerely,

Dennis Watson
Mayor, City of Craig



August 7, 2015

City Craig
Self Certification of Financial Capability

The City of Craig self-certifies that it is fully capable of being the non-Federal sponsor for the continuing phases of the Craig Navigation study with the Corps of Engineers. Funds are currently available to begin the Preconstruction, Engineering, and Design Phase of this project from the City's governmental restricted funds account.

Funding for future phases of the project will be more fully developed as needed.

Joyce Mason
City of Craig Financial Officer