

**CITY OF CRAIG  
COUNCIL AGENDA  
OCTOBER 20, 2016  
COUNCIL CHAMBERS 7:00 P.M**

**ROLL CALL**

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

**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.*

- Introduction and First Reading of Ordinance No. 693: Troy and Di Thain Land Purchase

**HEARING FROM THE PUBLIC**

- Open for public comment

**READING OF CORRESPONDENCE**

- Anchorage health insurance plan deemed unsustainable
- Monthly Financial Report

**CONSIDERATION OF RESOLUTIONS AND ORDINANCES**

**UNFINISHED BUSINESS**

**NEW BUSINESS**

- Review revenue options for St. Nicholas Road maintenance costs
- Consider approval, AP&T pole placement agreement
- Review AP&T rate increase request to Regulatory Commission of Alaska
- Review General Fund revenue options from Craig Budget Committee
- Notice of Non-Gaming Trust Land Acquisition Application
- Consider change order 5, Craig Aquatic Center Project
- Consider donation to POW health Network.

**ADJOURNMENT**

## **CITY OF CRAIG MEMORANDUM**

To: Craig Mayor and City Council  
From: Brian Templin, City Planner  
Date: July 14, 2016  
RE: Application to Sell City Property to Troy and Di Thain – Ordinance 693 First Reading

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Troy and Di Thain recently purchased 2A-2-B from Ken Owen. The Thains were granted a conditional use permit to operate a bed and breakfast at the site, similar to Ken Owens B&B. The parking at that site has traditionally been on the city owned right of way along that area with little or no room on the road side of the residence for parking or a garage.

In July the Thains applied to purchase some adjacent property from the city. The council did not approve that sale for negotiations. More recently the Thains have submitted a modified proposal and brought it to the council for discussion. Based on the resubmitted drawing the council recommended that Mr. Thain resubmit his application.

The Thains have applied to purchase a portion of Lot 2C and 2E, a wooded area along Hamilton Drive. There are a number of small recreational areas on this parcel. The updated drawing minimally impacts these picnic areas. The additional area that they would like to purchase would be used for parking and a garage. The Thains have prepared a drawing showing the area that they would like to purchase.

I have attached a copy of their application and the updated drawing to provide additional information to the council.

The sale notice will be published in the Island Post with the public hearing scheduled at the regular city council meeting on November 3, 2016.

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

**Recommendation:** Approve the first reading of Ordinance 693, authorizing the city administrator to negotiate the sale of city owned property to Troy and Di Thain.

**CITY OF CRAIG  
ORDINANCE No. 693**

AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE WITH TROY AND  
DI THAIN, THE TERMS OF A SALE OF CITY OWNED LANDS COSNISTING OF  
A PORTION OF LOT 2C AND LOT 2E, USS 3857

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.

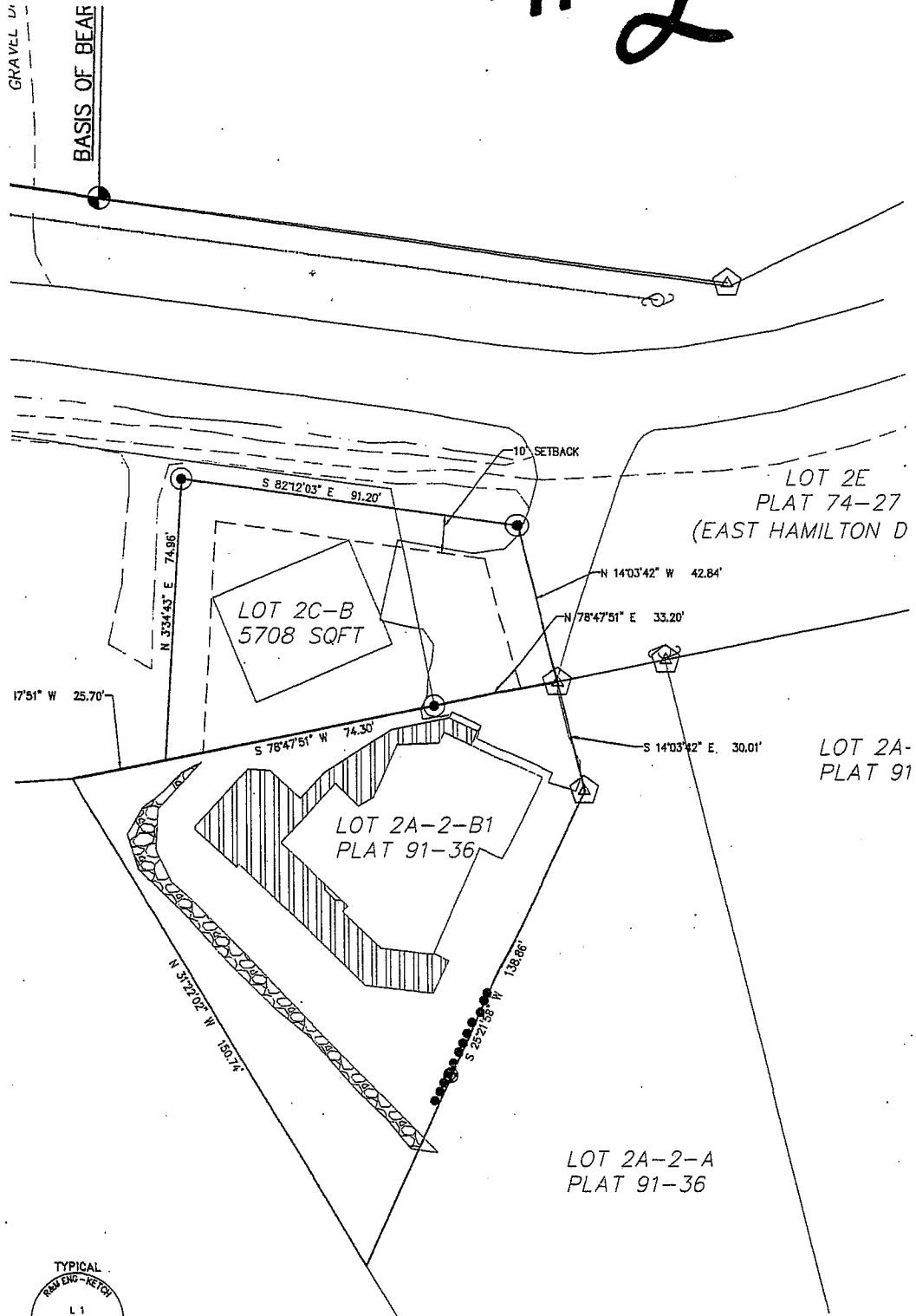
Section 4. Action. This ordinance authorizes the City Administrator to negotiate the sale of approximately 6,300 square feet of city owned land consisting of portions of Lot 2C and Lot 2E, USS 3857. Final terms of said sale are subject to the approval of the Craig city council.

Passed and approved this 3<sup>rd</sup> day of November, 2016.

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

Attest \_\_\_\_\_  
Kassi Bateman, City Clerk

#2



TYPICAL  
ROW DING-RETCH  
L1

RECEIVED

JUL 13 2016

CITY OF CRAIG  
CRAIG, ALASKA

CITY OF CRAIG

APPLICATION FOR PURCHASE OF CITY PROPERTY

NAME Troy + Di Thain

ORGANIZATION Dreamcatcher Bed and Breakfast

ADDRESS 1405 E Hamilton Drive PO Box 824

Craig, AK 99921  
907-

TELEPHONE NUMBER 826-2238 OR 907-965-2360

- Are You:
- a. 18 years of age or over?  Yes  No
  - b. Authorized to conduct business in the State of Alaska?  Yes  No
  - c. Acting as an agent for a third party?  Yes  No

If you answered yes to question c, please specify the party you represent:

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

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

\_\_\_\_\_

Telephone Number \_\_\_\_\_ or \_\_\_\_\_

1. Please provide below the address and legal description of the property you wish to purchase.

We would like to purchase a portion (6262 sq ft)  
of Lot 2C-B adjacent to our 1405 E. Hamilton Dr  
property

2. What is the square footage of the area you wish to purchase?

6262 sq ft

3. Please briefly state your intended use for the property you wish to purchase.

We would like to build a garage as well as  
increase parking for the bed and breakfast

4. What benefit will the community receive in return for selling this property?

- \* We would relocate the existing picnic area 20ft to the  
West and maintain the integrity of the existing walking  
trail.
- \* Provide adequate parking for the existing Bed and  
Breakfast
- \* We will build a structure that is aesthetically  
pleasing and will blend in to the natural surroundings  
with nice landscaping that we will maintain.

5. All applications for purchase of city property must be submitted with a development plot plan showing and stating:

1. The purpose of the proposed purchase;  
We would like to build a garage 30' x 40' for  
storage.

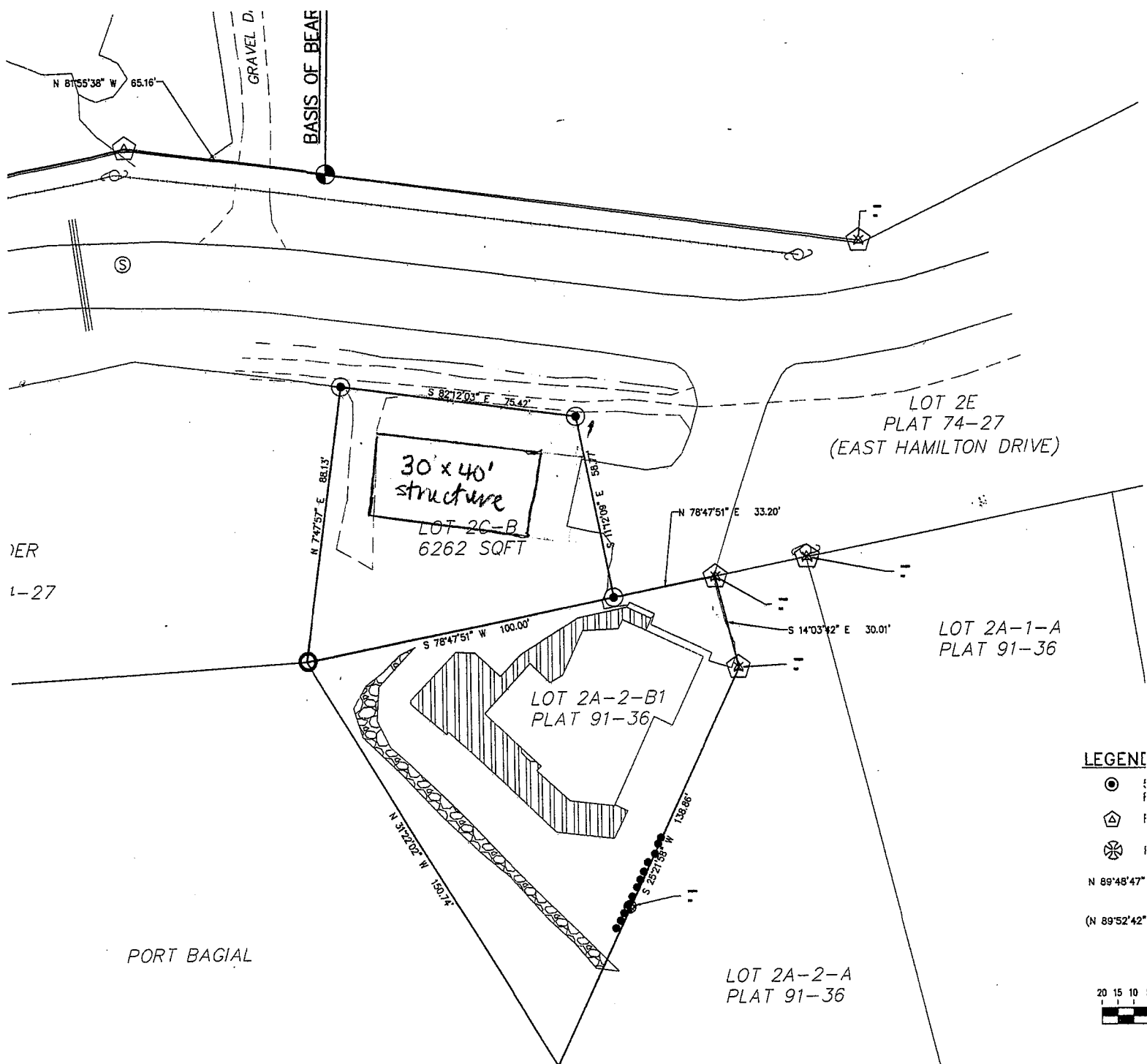


**CITY OF CRAIG  
PURCHASE APPLICATION PROCESS**

1. The applicant completes the purchase application and submits it to the city with the \$100 filing fee.
2. The city will post a public notice for 30 days regarding the purchase application
3. During the 30 day public notice, the city council will hold the first reading of the ordinance authorizing city staff to negotiate the terms of the purchase with the applicant.
4. At the conclusion of the 30 day notice, the city council will hold a second reading of the ordinance. The ordinance is usually either approved or defeated at the second reading.
5. If the ordinance is approved, the applicant hires an MAI certified appraiser who will write an appraisal report attaching a square foot value to the property subject to the purchase. The city sells property at a rate that is no less than the property's fair market value.
6. City staff will negotiate the final terms of the purchase with the applicant.
7. The final terms are sent back to the city council for final approval.
8. If the council gives final approval to the terms, the purchase agreement is signed by both parties and the quitclaim deed is executed upon full payment.

( \$150 after )  
7/11





IER  
L-27

PORT BAGIAL

LOT 2E  
PLAT 74-27  
(EAST HAMILTON DRIVE)

LOT 2A-1-A  
PLAT 91-36

LOT 2A-2-B1  
PLAT 91-36

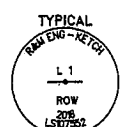
LOT 2A-2-A  
PLAT 91-36

**LEGEND**

- (N 89°48'47"
- (N 89°52'42"



THIS FINAL AND APPROVED LAND DEVELOPMENT ORDINANCE HAVE BEEN CITY OF CR



5/8" X 30" LONG REBAR AND 2" ALUMINUM CAP WITH PLASTIC INSERT SET THIS SURVEY.

THE KETCHIKAN

A HIGH-PRECISION GPS USED AND PROCESSED USING LOTS 2C AND LOT 2A-2B

**SURVEYOR'S CERTIFICATE**

I HEREBY CERTIFY THAT I AM PROPERLY REGISTERED AND LICENSED TO PRACTICE LAND SURVEYING IN THE STATE OF ALASKA, THAT THIS PLAT REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECT SUPERVISION, THAT THE MONUMENTS SHOWN HEREON ACTUALLY EXIST AS DESCRIBED, AND THAT ALL DIMENSIONS AND OTHER DETAILS ARE CORRECT.

CHRISTOPHER G. PIBURN, R.L.S.



**CERTIFICATE OF IMPROVEMENTS**

NO IMPROVEMENTS ARE REQUIRED FOR THE VACATION/REPLAT

PUBLIC WORKS DIRECTOR \_\_\_\_\_ Date \_\_\_\_\_

CITY PLATTING OFFICIAL \_\_\_\_\_ Date \_\_\_\_\_

**TAX STATEMENT**

I HEREBY CERTIFY THAT ALL AD VELORUM TAXES, SPECIAL ASSIGNMENTS AND OTHER CHARGES REQUIRED BY LAW TO BE PLACED ON THE TAX ROLL HAVE BEEN PAID.

CITY CLERK \_\_\_\_\_ DATE \_\_\_\_\_

CITY PLATTING

RESIDING OF

PLANNING CO

## **Berkowitz calls Anchorage's health insurance plan unsustainable**

- Author: [Devin Kelly](#)

Anchorage Mayor Ethan Berkowitz on Friday described the city's health insurance program as "not a sustainable model," as he unveiled proposals aimed at minimizing higher out-of-pocket health care costs for city employees next year.

In a presentation to Anchorage Assembly members, Berkowitz and his deputies described two years of unusually high insurance payouts coming at the same time as the cost of health care is pinching employers nationally, particularly in Alaska.

Berkowitz said the city isn't immune to rising health care costs. He said his administration is examining new partnerships, health care models and ways to cut costs, like the re-launch of an employee wellness program.

"We have got to change how we deliver health care," Berkowitz said. "This is not a sustainable model for delivering health care."

Health care is the second-largest piece of the city budget, exceeded only by wages, Berkowitz said.

In the short term, Berkowitz is proposing benefit changes aimed at cutting costs for the city. If accepted by the Assembly, those benefit changes would include higher deductibles and out-of-pocket costs for prescription drugs, said Juna Penney, the city's director of employee benefits.

Only about 10 percent of city employees would be affected by the benefit changes, said city manager Mike Abbott.

But next year, all city employees enrolled in the health care plan will generally see higher premiums.

Berkowitz is also proposing to the Assembly a \$2 million loan to the program from a reserve workers' compensation fund. He said the loan will be on a five-year term, though the city expects to pay it back sooner.

After two years of paying more for health care than what the city could afford, the city has dipped into its reserves, and it's time to replenish the account, Abbott told Assembly members Friday.

Without any action, the city's health care costs will increase by nearly 17 percent in 2017, officials said, to a total of \$43 million.

The administration's proposals would bring that down to a roughly 6 percent increase, or an increase of \$45 and \$90 per month for employees.

As well as rising costs statewide, Anchorage saw a few anomalies in the past two years that have added to the expenses, officials said.

Most notably, there were an unusual number of individual claims that were higher than \$500,000 in 2015 and 2016, Jennifer Bundy-Cobb, director of health and welfare for a health care consulting agency, told the Assembly.

Several employees had claims that exceeded \$2 million in 2015, where it's unusual to even see a single such claim, Bundy-Cobb said.

Anchorage is self-insured, which means the city assumes the financial risk for providing health care benefits to employees. The city pays up to \$500,000 in claim amounts, with the rest covered by Premera Blue Cross Blue Shield. But the city has to cover individual claims up to that amount.

Assembly member Pete Petersen asked whether the higher claim payouts were related to an aging workforce or "luck of the draw." Bundy-Cobb said she'd call it "luck of the draw."

In addition, the city firefighters union left the city health insurance plan at the end of last year, leading to a sudden rush of claims, Berkowitz said.

At this point, Berkowitz said the city is looking at expanding its coverage pool to include state employees and Anchorage School District employees.

Separate efforts are aimed at regulatory changes. Penney said she's a member of the Alaska Association of Health Underwriters, an advocacy group looking to change regulations on issues like Medicare reimbursement.

Karen Turner, city employee relations director, said her department is in the process of researching long-term ways of lowering costs.

"No stone will be left unturned," Turner said.

City of Craig  
Cash Balances  
9/30/2016

General Fund

Deposit Clearing Account	1,477.67
Checking - First Bank	1,684,878.45
Checking - Wells Fargo	108,291.87
Petty Cash	300.00
Petty Cash-Harbors	200.00
Petty Cash- Aquatic Center	250.00
Petty Cash - Police	150.00
Petty Cash- Library	50.00
Specail Recreation Savings	<u>1,939.04</u>
Total	<u>1,797,537.03</u>

Restricted Fund

Cash, , Police Fund	3,422.11
Cash Evidence, Police	4,393.28
Police Petty Cash	5,000.00
Cash	204,335.16
Cash Salmon Derby	119,402.83
Cash Aquatic Center Bond Fund	976,409.69
MM Park Funds	12,578.84
Fish Quota Funds	15,480.35
MM POW Clinic Funds	39,153.06
MM INVEST MUNI LAND	528,667.85
CASH MMkt NFR -School FB	1,717,778.60
CD /NFR SCHOOL ProEquities	<u>2,279,352.27</u>
Total	<u>5,905,974.04</u>

Endowment

Cash Held Endowment	117,934.11
CD Invest, Endowment	502,952.76
Fixed Inc. Investment Endowment	2,907,245.09
Accr. Int., Endowment	21,910.00
Equity Invest., Endowment	4,215,569.23
Unrealized Gain/Loss Endowment	54,383.16
Unrealized Gain/Loss Equity, Endowment	<u>2,268,086.64</u>
Total	<u>10,088,080.99</u>

Enterprise Fund

Debt Service Savings	14,973.25
Water & Wastewater Cash	4,463.77
Harbor Reserve MM Acct.	<u>148,627.81</u>
Total	<u>168,064.83</u>

**City of Craig**  
**04. Craig Gov Revenue**  
**September 30, 2016**

	M-T-D Actual	Y-T-D Actual	Budget	Variance	% of Budget
<b>Total Local Taxes</b>	<b>10,967</b>	<b>1,037,603</b>	<b>2,219,000</b>	<b>(1,181,397)</b>	<b>47</b>
01 00.4000.00 000 Property Tax	0	616,002	595,000	21,002	104
01 00.4050.00 000 Sales Tax	10,207	390,663	1,500,000	(1,109,337)	26
01 00.4055.00 000 Delinquent Sales Tax	89	245	2,000	(1,755)	12
01 00.4060.00 000 Liquor Sales Tax	0	28,576	120,000	(91,424)	24
01 00.4070.00 000 Property Tax Penalties	0	0	2,000	(2,000)	0
01 00.4080.00 000 Sales Tax Penalties	671	2,117	0	2,117	0
<b>Total State Revenue</b>	<b>0</b>	<b>392,009</b>	<b>625,661</b>	<b>(233,652)</b>	<b>63</b>
01 00.4220.00 000 EMS Service Fees	3,703	12,386	30,000	(17,614)	41
01 00.4250.00 000 EMS Training Fees	1,400	2,345	1,000	1,345	235
01 00.4260.00 000 Aquatic Center Revenue	2,519	2,519	50,000	(47,481)	5
01 00.4270.00 000 Library Fees	486	748	1,000	(253)	75
01 00.4275.00 000 Recreation Revenue	1,081	3,409	12,000	(8,592)	28
01 00.4280.00 000 Senior Card Fees	90	280	1,000	(720)	28
01 00.4620.00 000 Taxi Permit Fees	0	0	100	(100)	0
01 00.4640.00 000 Building Permit Fees	30	150	1,000	(850)	15
01 00.4644.00 000 Access Permit Fees	3,000	4,050	7,000	(2,950)	58
<b>Total Permits &amp; Fees</b>	<b>12,309</b>	<b>25,887</b>	<b>103,100</b>	<b>(77,215)</b>	<b>25</b>
01 00.4300.00 000 Property Lease/Rentals	1,991	10,624	53,000	(42,376)	20
01 00.4400.00 000 Material Sales	0	0	1,000	(1,000)	0
01 00.4450.00 000 K Salmon Hatchery Support	0	2,225	0	2,225	0
<b>Total Local Revenue</b>	<b>1,991</b>	<b>12,849</b>	<b>54,000</b>	<b>(41,151)</b>	<b>24</b>
<b>Total Public Safety Funds</b>	<b>87,706</b>	<b>1,111,222</b>	<b>419,584</b>	<b>(308,362)</b>	<b>27</b>
01 00.4700.00 000 Police-Fines,Citation	(174)	265	10,000	(9,735)	3
01 00.4703.00 000 Motor Vehicle Commission	5,949	17,123	60,000	(42,877)	29
01 00.4704.00 000 Dog Licenses	0	55	0	55	0
01 00.4650.00 000 State Trooper Dispatch	1,250	1,250	10,000	(8,750)	13
01 00.4660.00 000 State Jail Contract Revenue	80,681	80,681	286,584	(205,903)	28
01 00.4665.00 000 Kiawock Dispatch	0	8,848	50,000	(41,152)	18
01 00.4670.00 000 Forest Service Dispatch	0	3,000	3,000	0	100
<b>Total Other Revenue</b>	<b>583</b>	<b>1,921</b>	<b>6,000</b>	<b>(4,079)</b>	<b>32</b>
<b>Total Revenues</b>	<b>\$ 113,556</b>	<b>\$ 1,581,491</b>	<b>\$ 3,427,345</b>	<b>\$ (1,845,856)</b>	<b>\$ 46</b>

# City of Craig

Revenue and Expense MTD and YTD

September 30, 2016

	Y-T-D Current Year	Y-T-D Encumbrance	Total	Revised Budget	Budget
<b>11 Administration</b>					
Total Personnel Expenses	81,609.87	0.00	81,609.87	0.00	298,250.00
Total Personnel Benefits Expenses	36,902.20	0.00	36,902.20	0.00	127,248.00
Total Contract Expenses	27,531.20	0.00	27,531.20	0.00	132,200.00
Personnel Misc Expenses	4,707.78	1,191.84	5,899.62	0.00	16,995.00
Material & Supplies Expenses	4,521.40	425.23	4,946.63	0.00	13,540.00
Utilities Expenses	2,550.12	0.00	2,550.12	0.00	17,500.00
Maintenance Expenses	562.42	0.00	562.42	0.00	4,308.00
Misc Expenses	5,215.34	0.00	5,215.34	0.00	25,335.00
Capital Expenses	0.00	66.00	66.00	0.00	2,000.00
<b>Total Expenditures</b>	<b>163,600.33</b>	<b>1,683.07</b>	<b>165,283.40</b>	<b>0.00</b>	<b>637,376.00</b>
<b>12 Council</b>					
Total Personnel Expenses	1,188.95	0.00	1,188.95	0.00	14,700.00
Total Personnel Benefits Expenses	26,684.20	0.00	26,684.20	0.00	122,046.00
Total Contract Expenses	639.14	0.00	639.14	0.00	2,500.00
Personnel Misc Expenses	3,361.39	0.00	3,361.39	0.00	7,925.00
Material & Supplies Expenses	0.00	0.00	0.00	0.00	150.00
Utilities Expenses	0.00	0.00	0.00	0.00	0.00
Maintenance Expenses	0.00	0.00	0.00	0.00	0.00
Misc Expenses	39.00	0.00	39.00	0.00	300.00
Capital Expenses	0.00	0.00	0.00	0.00	0.00
<b>Total Expenditures</b>	<b>31,912.68</b>	<b>0.00</b>	<b>31,912.68</b>	<b>0.00</b>	<b>147,621.00</b>
<b>13 Planning</b>					
Total Personnel Expenses	15,243.55	0.00	15,243.55	0.00	50,619.00
Total Personnel Benefits Expenses	8,846.83	0.00	8,846.83	0.00	38,313.00
Total Contract Expenses	40.67	500.00	540.67	0.00	180.00
Personnel Misc Expenses	63.25	0.00	63.25	0.00	0.00
Material & Supplies Expenses	0.00	0.00	0.00	0.00	800.00
Utilities Expenses	0.00	0.00	0.00	0.00	0.00
Maintenance Expenses	0.00	0.00	0.00	0.00	0.00
Misc Expenses	174.00	0.00	174.00	0.00	1,384.00
Capital Expenses	0.00	0.00	0.00	0.00	0.00
<b>Total Expenditures</b>	<b>24,368.30</b>	<b>500.00</b>	<b>24,868.30</b>	<b>0.00</b>	<b>91,296.00</b>
<b>14 Parks &amp;Facilities</b>					
Total Personnel Expenses	37,086.79	0.00	37,086.79	0.00	131,330.00
Total Personnel Benefits Expenses	23,447.75	0.00	23,447.75	0.00	91,477.00
Total Contract Expenses	1,406.50	0.00	1,406.50	0.00	7,200.00

# City of Craig

Revenue and Expense MTD and YTD

September 30, 2016

	Y-T-D	Y-T-D	Total	Revised	Budget
	Current Year	Encumbrance		Budget	Budget
Personnel Misc Expenses	0.00	0.00	0.00	0.00	0.00
Material & Supplies Expenses	15,335.83	224.18	15,560.01	0.00	6,760.00
Utilities Expenses	2,434.70	0.00	2,434.70	0.00	12,200.00
Maintenance Expenses	0.00	0.00	0.00	0.00	11,900.00
Misc Expenses	1,668.00	0.00	1,668.00	0.00	8,025.00
Capital Expenses	4,062.13	(4,064.37)	(2.24)	0.00	7,570.00
<b>Total Expenditures</b>	<b>85,441.70</b>	<b>(3,840.19)</b>	<b>81,601.51</b>	<b>0.00</b>	<b>276,462.00</b>
<b>15 Public Works</b>					
Total Personnel Expenses	36,259.26	0.00	36,259.26	0.00	128,984.00
Total Personnel Benefits Expenses	20,742.26	0.00	20,742.26	0.00	94,598.00
Total Contract Expenses	0.00	0.00	0.00	0.00	500.00
Personnel Misc Expenses	0.00	0.00	0.00	0.00	675.00
Material & Supplies Expenses	6,788.66	170.35	6,959.01	0.00	15,600.00
Utilities Expenses	2,430.39	0.00	2,430.39	0.00	18,600.00
Maintenance Expenses	8,114.60	7,747.41	15,862.01	0.00	24,500.00
Misc Expenses	926.00	0.00	926.00	0.00	5,653.00
Capital Expenses	1,251.90	794.25	2,046.15	0.00	1,500.00
<b>Total Expenditures</b>	<b>76,513.07</b>	<b>8,712.01</b>	<b>85,225.08</b>	<b>0.00</b>	<b>290,610.00</b>
<b>16 Police</b>					
Total Personnel Expenses	138,465.12	0.00	138,465.12	0.00	505,810.00
Total Personnel Benefits Expenses	82,644.56	39.64	82,684.20	0.00	347,357.00
Total Contract Expenses	230.00	271.25	501.25	0.00	1,800.00
Personnel Misc Expenses	1,202.12	33.72	1,235.84	0.00	2,000.00
Material & Supplies Expenses	15,514.19	1,271.87	16,786.06	0.00	39,000.00
Utilities Expenses	5,833.18	0.00	5,833.18	0.00	25,018.00
Maintenance Expenses	0.00	0.00	0.00	0.00	0.00
Misc Expenses	3,967.08	278.00	4,245.08	0.00	9,471.00
Capital Expenses	0.00	0.00	0.00	0.00	0.00
<b>Total Expenditures</b>	<b>247,856.25</b>	<b>1,894.48</b>	<b>249,750.73</b>	<b>0.00</b>	<b>930,456.00</b>
<b>17 EMS</b>					
Total Personnel Expenses	22,734.59	0.00	22,734.59	0.00	88,196.00
Total Personnel Benefits Expenses	10,076.62	0.00	10,076.62	0.00	48,278.00
Total Contract Expenses	563.46	0.00	563.46	0.00	2,500.00
Personnel Misc Expenses	220.30	0.00	220.30	0.00	6,320.00
Material & Supplies Expenses	3,165.62	2,215.57	5,381.19	0.00	13,900.00
Utilities Expenses	995.46	0.00	995.46	0.00	4,300.00
Maintenance Expenses	0.00	0.00	0.00	0.00	750.00

# City of Craig

Revenue and Expense MTD and YTD

September 30, 2016

	Y-T-D Current Year	Y-T-D Encumbrance	Total	Revised Budget	Budget
Misc Expenses	1,029.00	0.00	1,029.00	0.00	4,520.00
Capital Expenses	990.00	1,048.00	2,038.00	0.00	1,500.00
Total Expenditures	39,775.05	3,263.57	43,038.62	0.00	170,264.00
<b>18 Fire Department</b>					
Total Personnel Expenses	0.00	0.00	0.00	0.00	0.00
Total Personnel Benefits Expenses	525.00	0.00	525.00	0.00	4,186.00
Total Contract Expenses	0.00	0.00	0.00	0.00	3,600.00
Personnel Misc Expenses	0.00	0.00	0.00	0.00	0.00
Material & Supplies Expenses	66.43	0.00	66.43	0.00	0.00
Utilities Expenses	611.46	0.00	611.46	0.00	3,800.00
Maintenance Expenses	0.00	0.00	0.00	0.00	0.00
Misc Expenses	1,048.00	0.00	1,048.00	0.00	4,020.00
Capital Expenses	0.00	0.00	0.00	0.00	0.00
Total Expenditures	2,250.89	0.00	2,250.89	0.00	15,606.00
<b>19 Library</b>					
Total Personnel Expenses	14,925.34	0.00	14,925.34	0.00	60,750.00
Total Personnel Benefits Expenses	9,578.05	0.00	9,578.05	0.00	46,625.00
Total Contract Expenses	585.00	0.00	585.00	0.00	1,350.00
Personnel Misc Expenses	75.00	0.00	75.00	0.00	235.00
Material & Supplies Expenses	927.15	0.00	927.15	0.00	10,215.00
Utilities Expenses	(5,284.45)	0.00	(5,284.45)	0.00	8,460.00
Maintenance Expenses	0.00	0.00	0.00	0.00	1,803.00
Misc Expenses	140.00	0.00	140.00	0.00	0.00
Capital Expenses	0.00	0.00	0.00	0.00	0.00
Total Expenditures	20,946.09	0.00	20,946.09	0.00	129,438.00
<b>24 Recreation</b>					
Total Personnel Expenses	11,365.84	0.00	11,365.84	0.00	44,524.00
Total Personnel Benefits Expenses	8,869.87	0.00	8,869.87	0.00	31,920.00
Total Contract Expenses	620.00	0.00	620.00	0.00	4,900.00
Personnel Misc Expenses	0.00	0.00	0.00	0.00	0.00
Material & Supplies Expenses	729.16	0.00	729.16	0.00	1,665.00
Utilities Expenses	1,598.99	0.00	1,598.99	0.00	12,500.00
Maintenance Expenses	0.00	0.00	0.00	0.00	0.00
Misc Expenses	651.00	0.00	651.00	0.00	3,340.00
Capital Expenses	0.00	0.00	0.00	0.00	0.00



# City of Craig

Revenue and Expense MTD and YTD

September 30, 2016

	Y-T-D		Y-T-D		Total	Revised	
	Current Year	Encumbrance	Encumbrance	Budget		Budget	Budget
Total Expenditures	23,834.86	0.00	23,834.86	0.00	98,849.00		
25 Aquatic Center							
Total Personnel Expenses	14,224.95	0.00	14,224.95	0.00	139,452.00		
Total Personnel Benefits Expenses	11,341.64	0.00	11,341.64	0.00	104,038.00		
Total Contract Expenses	362.75	0.00	362.75	0.00	4,000.00		
Personnel Misc Expenses	0.00	0.00	0.00	0.00	5,020.00		
Material & Supplies Expenses	9,138.35	1,416.95	10,555.30	0.00	21,720.00		
Utilities Expenses	6,211.78	8.46	6,220.24	0.00	115,700.00		
Maintenance Expenses	1,394.49	0.00	1,394.49	0.00	5,674.00		
Misc Expenses	1,409.85	0.00	1,409.85	0.00	6,550.00		
Capital Expenses	107,688.83	184.59	107,873.42	0.00	142,190.00		
Total Expenditures	151,772.64	1,610.00	153,382.64	0.00	544,344.00		
31 PSN Hatchery							
Total Personnel Expenses	0.00	0.00	0.00	0.00	0.00		
Total Personnel Benefits Expenses	0.00	0.00	0.00	0.00	0.00		
Total Contract Expenses	12,665.97	0.00	12,665.97	0.00	45,000.00		
Personnel Misc Expenses	0.00	0.00	0.00	0.00	0.00		
Material & Supplies Expenses	0.00	0.00	0.00	0.00	0.00		
Utilities Expenses	0.00	0.00	0.00	0.00	0.00		
Maintenance Expenses	0.00	0.00	0.00	0.00	0.00		
Misc Expenses	12.00	0.00	12.00	0.00	0.00		
Capital Expenses	0.00	0.00	0.00	0.00	0.00		
Total Expenditures	12,677.97	0.00	12,677.97	0.00	45,000.00		
99 Inter Governmental Transfers							
Total Personnel Expenses	0.00	0.00	0.00	0.00	0.00		
Total Personnel Benefits Expenses	0.00	0.00	0.00	0.00	0.00		
Total Contract Expenses	0.00	0.00	0.00	0.00	0.00		
Personnel Misc Expenses	0.00	0.00	0.00	0.00	0.00		
Material & Supplies Expenses	0.00	0.00	0.00	0.00	0.00		
Utilities Expenses	0.00	0.00	0.00	0.00	0.00		
Maintenance Expenses	0.00	0.00	0.00	0.00	0.00		
Misc Expenses	0.00	0.00	0.00	0.00	0.00		
Capital Expenses	572.84	0.00	572.84	0.00	26,948.00		
Total Expenditures	572.84	0.00	572.84	0.00	26,948.00		

**City of Craig**  
**Revenue and Expense MTD and YTD**  
**September 30, 2016**

**Sewer**

	M-T-D Actual	Y-T-D Actual	Y-T-D Encumbrance	Y-T-D Revised Budget	Y-T-D Budget
<b>Total Revenues</b>	<b>\$ 23,096.41</b>	<b>\$ 70,483.15</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 275,000.00</b>
Total Personnel Expenditures	6,980.56	23,623.95	0.00	0.00	113,430.00
Total Benefits Expenditures	3,034.35	11,816.44	0.00	0.00	64,929.00
Total Contract Expenditures	120.00	589.20	0.00	0.00	5,100.00
Total Travel & Expenditures	0.00	134.00	0.00	0.00	825.00
Total Materials Expenditures	833.20	1,807.10	149.71	0.00	9,900.00
Total Utilities Expenditures	2,375.76	7,012.03	0.00	0.00	39,700.00
Total Repairs & Maint Expenditures	0.00	427.91	0.00	0.00	11,000.00
Total Other Expenditures	562.39	1,729.19	0.00	0.00	10,588.00
Total Capital & Debt Expenditures	593.50	60,560.23	0.00	0.00	59,997.00

**Total Expenditures**

Excess Revenue Over (Under) Expenditures

**Water**

	<b>\$ 14,499.76</b>	<b>\$ 107,700.05</b>	<b>\$ 149.71</b>	<b>\$ 0.00</b>	<b>\$ 315,469.00</b>
	8,596.65	(37,216.90)	(149.71)	0.00	(40,469.00)
<b>Total Revenues</b>	<b>\$ 22,443.88</b>	<b>\$ 72,377.70</b>	<b>\$ (450.00)</b>	<b>\$ 0.00</b>	<b>\$ 260,500.00</b>
Total Personnel Expenditures	8,695.35	37,736.58	0.00	0.00	117,423.00
Total Benefits Expenditures	3,677.66	17,482.64	0.00	0.00	63,906.00
Total Contract Expenditures	0.00	890.00	0.00	0.00	6,100.00
Total Travel & Expenditures	0.00	335.00	315.00	0.00	1,190.00
Total Materials Expenditures	5,010.41	10,921.71	(3,756.60)	0.00	38,650.00
Total Utilities Expenditures	3,395.94	9,717.45	0.00	0.00	61,100.00
Total Repairs & Maint Expenditures	7,193.05	7,623.92	0.00	0.00	6,000.00
Total Other Expenditures	591.39	1,806.19	0.00	0.00	8,935.00
Total Capital & Debt Expenditures	0.00	22,101.29	1,030.92	0.00	23,835.00

**Total Expenditures**

Excess Revenue Over (Under) Expenditures

**Garbage**

	<b>\$ 28,563.80</b>	<b>\$ 108,614.78</b>	<b>\$ (2,410.68)</b>	<b>\$ 0.00</b>	<b>\$ 327,139.00</b>
	(6,119.92)	(36,237.08)	1,960.68	0.00	(66,639.00)
<b>Total Revenues</b>	<b>\$ 24,387.40</b>	<b>\$ 76,051.20</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 290,000.00</b>
Total Personnel Expenditures	2,719.59	10,231.55	0.00	0.00	38,205.00
Total Benefits Expenditures	1,852.04	8,087.40	0.00	0.00	32,436.00
Total Contract Expenditures	0.00	40,797.16	0.00	0.00	221,500.00
Total Travel & Expenditures	0.00	0.00	0.00	0.00	0.00
Total Materials Expenditures	944.19	1,871.89	544.81	0.00	8,800.00
Total Utilities Expenditures	0.00	0.00	0.00	0.00	0.00
Total Repairs & Maint Expenditures	0.00	0.00	650.00	0.00	2,500.00
Total Other Expenditures	410.38	1,263.17	0.00	0.00	6,004.00
Total Capital & Debt Expenditures	2,000.00	2,650.00	0.00	0.00	0.00

**Total Expenditures**

	<b>\$ 7,926.20</b>	<b>\$ 64,901.17</b>	<b>\$ 1,194.81</b>	<b>\$ 0.00</b>	<b>\$ 309,445.00</b>
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**City of Craig**  
**Revenue and Expense MTD and YTD**  
**September 30, 2016**

	M-T-D Actual	Y-T-D Actual	Y-T-D Encumbrance	Y-T-D Revised Budget	Y-T-D Budget
<b>Harbor</b>					
Excess Revenue Over (Under) Expenditures	16,461.20	11,150.03	(1,194.81)	0.00	(19,445.00)
<b>Total Revenues</b>	<b>\$ 17,115.85</b>	<b>\$ 57,314.18</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 268,500.00</b>
Total Personnel Expenditures	11,211.64	39,455.67	0.00	0.00	112,771.00
Total Benefits Expenditures	5,411.52	20,840.27	0.00	0.00	58,954.00
Total Contract Expenditures	0.00	309.99	0.00	0.00	0.00
Total Travel & Expenditures	0.00	150.00	0.00	0.00	0.00
Total Materials Expenditures	2,113.44	7,460.01	1,460.65	0.00	5,500.00
Total Utilities Expenditures	1,605.45	6,550.60	0.00	0.00	27,100.00
Total Repairs & Maint Expenditures	267.18	1,910.52	2,197.37	0.00	16,620.00
Total Other Expenditures	840.25	15,317.94	0.00	0.00	24,805.00
Total Capital & Debt Expenditures	0.00	0.00	1,095.00	0.00	3,000.00
<b>Total Expenditures</b>	<b>\$ 21,449.48</b>	<b>\$ 91,995.00</b>	<b>\$ 4,753.02</b>	<b>\$ 0.00</b>	<b>\$ 248,750.00</b>
Excess Revenue Over (Under) Expenditures	(4,333.63)	(34,680.82)	(4,753.02)	0.00	19,750.00
<b>JTB Industrial Park</b>					
<b>Total Revenues</b>	<b>\$ 17,197.12</b>	<b>\$ 88,803.61</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 409,031.00</b>
Total Personnel Expenditures	1,786.81	18,481.28	0.00	0.00	53,286.00
Total Benefits Expenditures	1,138.41	5,265.67	0.00	0.00	34,098.00
Total Contract Expenditures	0.00	50.00	0.00	0.00	1,800.00
Total Travel & Expenditures	0.00	0.00	0.00	0.00	0.00
Total Materials Expenditures	966.84	3,267.92	0.00	0.00	20,110.00
Total Utilities Expenditures	5,380.09	21,729.98	0.00	0.00	45,000.00
Total Repairs & Maint Expenditures	1,656.45	7,274.04	0.00	0.00	7,500.00
Total Other Expenditures	570.00	1,710.00	0.00	0.00	9,581.00
Total Capital & Debt Expenditures	0.00	0.00	9,637.20	0.00	156,900.00
<b>Total Expenditures</b>	<b>\$ 11,498.60</b>	<b>\$ 57,778.89</b>	<b>\$ 9,637.20</b>	<b>\$ 0.00</b>	<b>\$ 328,275.00</b>
Excess Revenue Over (Under) Expenditures	5,698.52	31,024.72	(9,637.20)	0.00	80,756.00
<b>Ward Cove Cannery</b>					
<b>Total Revenues</b>	<b>\$ 1,376.90</b>	<b>\$ 3,053.05</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 2,000.00</b>
Total Personnel Expenditures	0.00	0.00	0.00	0.00	0.00
Total Benefits Expenditures	0.00	0.00	0.00	0.00	0.00
Total Contract Expenditures	0.00	0.00	0.00	0.00	0.00
Total Travel & Expenditures	0.00	0.00	0.00	0.00	0.00
Total Materials Expenditures	0.00	0.00	0.00	0.00	0.00
Total Utilities Expenditures	61.30	174.89	0.00	0.00	300.00
Total Repairs & Maint Expenditures	0.00	43.99	0.00	0.00	2,100.00
Total Other Expenditures	0.00	0.00	0.00	0.00	2,750.00
Total Capital & Debt Expenditures	0.00	0.00	0.00	0.00	31.00

**City of Craig**  
**Revenue and Expense MTD and YTD**  
**September 30, 2016**

	M-T-D Actual	Y-T-D Actual	Y-T-D Encumbrance	Y-T-D Revised Budget	Y-T-D Budget
<b>Total Expenditures</b>	<b>\$ 61.30</b>	<b>\$ 218.88</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 5,181.00</b>
Excess Revenue Over (Under) Expenditures	1,315.60	2,834.17	0.00	0.00	(3,181.00)

## **CITY OF CRAIG MEMORANDUM**

To: Craig City Council  
From: Jon Bolling, City Administrator  
Date: October 17, 2016  
RE: Discussion of Port St. Nicholas Road Maintenance Fee

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Several years ago the City of Craig agreed to maintain the paved portion of the Port St. Nicholas Road. That maintenance responsibility includes brushing, sanding, plowing, and other maintenance needs. The city has also made it its practice to minimally maintain the unpaved portion of the road. City crews from time to time grade the road, and occasionally maintain ditches along the road, and when necessary, provide some snow plowing to the gravel portion of the road.

The cost to the city to provide these services is likely to increase. The surface of the unpaved section of the road continues to deteriorate--that section is in need of gravel surfacing and other treatments. The city last year restriped the paved portion of the road at a cost of more than \$20,000. Additional maintenance costs will likely follow over time between the start of the road where it meets the Craig-Klawock Highway and the 5.3 miles to the water treatment plant property. The city should take steps to implement a fee to recover some of the cost of maintaining the road from property owners at Port St. Nicholas, who benefit from PSN Road maintenance and upgrades.

Per Alaska Statute 29.35.020(a) the City of Craig has the statutory authority to provide services outside of its boundaries. The statute reads in part "To the extent a municipality is otherwise authorized by law to exercise the powers necessary to provide the facility or service, the municipality may provide facilities for the confinement and care of prisoners, parks, playgrounds, cemeteries, emergency medical services, solid and septic waste disposal, utility services, airports, streets (including ice roads), trails, transportation facilities, wharves, harbors and other marine facilities outside its boundaries and may regulate their use and operation to the extent that the jurisdiction in which they are located does not regulate them. A regulation adopted under this section must state that it applies outside the municipality." In this context, "regulation" as used in the statute means adoption of an ordinance.

The City of Craig is authorized by law to exercise road and utility powers. Therefore the city has statutory authority to provide road and utility services outside the city limits.

In order to implement the proposed road fee, the council must first adopt an enabling ordinance. An example of what that ordinance might look like is attached. The ordinance provides for the city to assess a fee for road maintenance and capital costs, including maintenance and costs related to the water distribution system within the PSN Road. The ordinance attempts to collect a fee from each lot in the subdivision by one of three methods: based on a water service line; based on an existing driveway; or based on road frontage. Payment of any one of these fees allows the property owner to avoid paying either of the other two. The goal here is to have each lot pay the same amount for road maintenance as any other PSN lot regardless of if or how a lot is developed. The ordinance also requires PSN owners to apply for a permit for construction of a

new driveway connecting a PSN lot to the road. This provision will assist city staff in keeping the billing accounts up to date as lots in the subdivision are developed.

Among the actions called for in the ordinance is the preparation of an annual plan of work for the PSN Road. The plan of work provides the public an opportunity to review the range of work proposed for the PSN Road for the coming year, and the estimated costs of that work. Similarly, the ordinance calls for issuance of a report at the conclusion of any given year on the work completed on the road, and the funds spent to complete that work. These provisions allow PSN property owners to review the maintenance efforts and actual costs associated with those efforts.

Assessing and collecting a fee from PSN property owners to help meet the cost of maintaining the PSN Road will require no small amount of staff time to accomplish. The effort will require establishing an owner's name and valid U.S. Mail address for each PSN lot, and setting up a repetitive billing account for those property owners for whom we have no current account, name, or billing information. The city has a list of PSN properties and property owners that it compiled in June from public record sources at the Alaska Recorder's Office. That list shows that there are about 185 lots in the subdivision between the city limits and the water treatment plant. If the council ultimately approves implementation of the road fee, staff will need to contact each property owner to explain the fee structure and procedures for collection and accounting of the fees collected.

As to the annual maintenance cost, city staff has estimated what that cost might be. The attached two-page itemized spreadsheet gives an example of what the yearly cost may amount to for road maintenance. If the council directs staff to move ahead on this, staff would produce a similar document each year with anticipated road work, and after year's end the city will be ready to issue a report on actual work completed and the actual costs paid. In addition to the maintenance fee, the city would collect a fee to build an account to provide capital funding to replace the asphalt at 20 years. At the estimated maintenance cost of 78,980.09, and estimated capital reserve of \$50,000 per years, the example year cost per lot equals approximately \$697.

As proposed, each year's plan of work and report are available for public review. Rates for the maintenance and other fees would be set by the city council by ordinance, including holding a public hearing prior to adoption, as is the case with all ordinances that come before the city council. These processes provide the opportunity for PSN property owners to comment on the annual proposed fee structure and range of work proposed for the road.

One final note: the draft ordinance has had an initial review by the city attorney. An additional review is likely necessary if the council elects to move forward with the proposed fee.

### **Recommendation**

The council is considering here a policy decision on how to collect fees to fund road and utility maintenance. If the council is inclined to direct staff to implement the fee, it should provide direction to staff on the methods of collection proposed here, for subsequent review and consideration of formal approval.

**CITY OF CRAIG  
ORDINANCE NO. \_\_\_\_\_**

**ADDING SECTION 15.28.140 TO THE CRAIG MUNICIPAL CODE PROVIDING FOR  
STREET MAINTENANCE AND CAPITAL IMPROVEMENTS ALONG THE PORT ST.  
NICHOLAS ROAD AND ESTABLISHING A FEE FOR THOSE IMPROVEMENTS  
AND MAINTENANCE**

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

WHEREAS, the City of Craig provides water services outside the Craig city limits; and,

WHEREAS, the City of Craig is authorized to provide water services and provide facilities for utility services and streets outside its boundaries per Alaska Statutes 29.35.020, and may regulate their use and operation outside its boundaries to the extent that the jurisdiction in which they are located does not regulate them; and,

WHEREAS, there is no jurisdictional entity within the City of Craig's water distribution area that regulates facilities for water services and streets in the manner proposed in this ordinance; and,

WHEREAS, the City of Craig has an ownership interest in the Port St. Nicholas Road; and,

WHEREAS, by adoption of this ordinance, the Craig City Council authorizes the delivery, outside of the city's municipal boundaries, of street operation, repair, maintenance, construction and all other necessary street services and facilities; the council further authorizes the exercise of the powers necessary for the provision of those services.

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

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

Section 3. Effective Date. This ordinance shall be effective July 1, 2017.

Section 4. Action. Set forth in Parts A and B, below.

Part A. Section 15.28 of the Craig Municipal Code is amended by adding the following language.

**15.28.140 Water Service Provided Outside City Limits – Fee for Street Maintenance**

- A. All water service customers located outside the city limits shall pay to the city a per service fee for water utility and street maintenance and capital costs, in addition to the cost for water through the meter. Street maintenance fees collected will be appropriated from time to time by the city council to meet capital and operational costs of the water utility and the street where the water service is located.
- B. The Public Works Department of the city shall prepare an annual plan of work and budget estimating the work tasks and the capital and operational costs for a water utility and street outside the city limits where that street contains city-owned and operated water mains, valves, service lines or other water service infrastructure. The annual plan of work scope may include street brushing, plowing, sanding, striping, surfacing, grading, excavation, repair and replacement of water main, valves, water meters, water service lines, culverts and drainage structures, repair and maintenance of asphalt and concrete, and all other costs reasonably related to operation, maintenance, and improvement of the street and water utility.
- C. Upon request, the Public Works Department shall prepare an annual street maintenance report. The report shall include a description of all capital and maintenance activities performed within the street corridor during the course of the prior calendar or fiscal year. The report shall also include an accounting of all fees collected and all expenses incurred during the reporting period.
- D. The method of setting the street maintenance fee shall be the same as for setting water service fees, as provided in Section 15.48.010 of this code, except that rates under this subsection will be set forth in Schedule "D".
- E. Street maintenance fee bills shall be mailed to property owners on a regular basis.
- F. Each bill rendered shall be due when mailed. All bills not paid by the twentieth day of the month following the mailing shall be considered delinquent.
- G. A new water service may not be installed to any lot where the fee required by 15.28.140.A is delinquent.

Part B. Title 12 of the Craig Municipal Code is amended by adding the following language.

### **12.10 Port St. Nicholas Road - Extraterritorial**

#### **12.10.010 Driveways – Permit Required**

Prior to construction of a driveway intersecting with the Port St. Nicholas Road, the owner of the property upon which the driveway is to be built shall first obtain a driveway permit from the City of Craig. A driveway permit may not be issued if the property to be served by the driveway if the fee required in 12.10.020 is delinquent.

#### **12.10.020 Driveway Fee**

- A. The owner of any lot with a driveway intersecting with or connecting to the Port St. Nicholas Road shall pay to the City of Craig an amount equal to the street maintenance fee set in 15.28.140 of this code; provided, that any owner paying the fee set in 15.28.140 of this code may receive a dollar for dollar credit against the Driveway Access Fee.
- B. All driveway fee bills shall be mailed to property owners on a regular basis.
- C. Each bill rendered shall be due when mailed. All bills not paid by the twentieth day of the month following the mailing shall be considered delinquent.
- D. Within 15 days after an account becomes delinquent, a notice of termination of service shall be sent to the owner. The notice shall state a date on or after which a driveway may



be removed, blocked, and/or obstructed if the delinquent account is not paid in full prior thereto. A delivery to the premises served by the driveway or mailing to the address of record of the owner shall be considered a delivery to the owner.

- E. The city, or an agent of the city, may subsequently remove, block, and/or obstruct the driveway specified in the notice of termination unless the account is paid in full.
- F. Where a driveway has been terminated for any reason, no person may re-establish the driveway without the express written consent of the city.

#### **12.10.030 Road Frontage Fee**

- A. The owner of any lot intersecting with the Port St. Nicholas Road, or any lot where the Port St. Nicholas Road is the primary or only means of overland motor vehicle access shall pay to the City of Craig an amount equal to the street maintenance fee set in 15.28.140 of this code; provided, that any owner paying the fee set in 15.28.140 or 12.10.020 of this code may receive a dollar for dollar credit against the Road Frontage Fee.
- B. All road frontage fee bills shall be mailed to property owners on a regular basis.
- C. Each bill rendered shall be due when mailed. All bills not paid by the twentieth day of the month following the mailing shall be considered delinquent.
- D. Within 15 days after an account becomes delinquent, a notice of termination of service shall be sent to the owner. The notice shall state a date on or after which a driveway may be removed, blocked, and/or obstructed if the delinquent account is not paid in full prior thereto. A delivery to the premises served by the driveway or mailing to the address of record of the owner shall be considered a delivery to the owner.
- E. The city, or an agent of the city, may subsequently remove, block, and/or obstruct the driveway specified in the notice of termination unless the account is paid in full.

#### **12.10.040 Notices to Owner**

Notices from the City of Craig to the owner will normally be given in writing and either mailed to or delivered to the owner's last known address. Where conditions warrant and in emergencies, the city may notify the owner by telephone or messenger.

#### **12.10.050 Notices from Owner**

Notices from owners to the city may be given, in writing, at the office of the city clerk at Craig City Hall or to an authorized agent of the city.

#### **12.10.060 Unauthorized use**

Where a driveway has been terminated for any reason, no person may occupy a city managed road to re-establish the driveway without the express written consent of the city.

#### **12.10.070 Definition**

For the purposes of this section, "Port St. Nicholas Road" is defined as the 60 foot wide road corridor beginning at the intersection of the City of Craig municipal boundary with the Port St. Nicholas Road, and ending at Station 278+89.57, a point 29.57' S88°32'W of Point of Curvature No. 37 of the Port St. Nicholas Road, as shown on Sheet 11 of 14 of Plat 95-57, Ketchikan Recording District.

**PORT ST. NICHOLAS ROAD MAINTENANCE  
2016 CALCULATIONS  
UPDATED 10/17/2016 FOR COUNCIL SUBMITTAL**

ANALYSIS BASED UPON ASSUMPTIONS AS NOTED:

ASPHALT IN CITY LIMITS	1.78 MILES
ASPHALT OUTSIDE CITY LIMITS	1.82 MILES
UNPAVED PORT ST NICK ROAD	1.50 MILES

**MAINTENANCE GRADING THE GRAVEL PORTION**

ALLOW 12 SHIFTS PER YEAR

**EQUIPMENT AND LABOR**

	UNITS	QUANTITY	RATE	TOTAL
MOTOR GRADER	HR	96	90.00	8,640.00
ROLLER	HR	48	55.00	2,640.00
OPERATOR 1	HR	96	39.60	3,801.60
OPERATOR 2	HR	48	39.60	<u>1,900.80</u>

**\$16,982.40**

**INSTALLING AGGREGATE**

ALLOW 8 SHIFTS PER YEAR

**EQUIPMENT, LABOR AND MATERIAL**

	UNITS	QUANTITY	RATE	TOTAL
MOTOR GRADER	HR	64	90.00	5,760.00
ROLLER	HR	32	55.00	1,760.00
OPERATOR 1	HR	64	39.60	2,534.40
OPERATOR 2	HR	32	39.60	1,267.20
D1	LF	2600	6.45	<u>16,770.00</u>

**\$28,091.60**

**ASPHALT MAINTENANCE**

SWEEP SHOULDER FOUR TIMES A YEAR.

MAINTAIN SIGNS AND TRIM ALDERS 5 TIMES PER YEAR(2 MAN CREW)

**EQUIPMENT AND LABOR**

	UNITS	QUANTITY	RATE	TOTAL
BROOM	HR	32	40.00	1,280.00
OPERATOR 1	HR	32	39.60	1,267.20
DUMP TRUCK	HR	40	50.00	2,000.00
LABORER 1	HR	40	39.60	1,584.00
LABORER 2	HR	40	39.60	<u>1,584.00</u>

**\$7,715.20**

## SNOW REMOVAL AND SANDING

CALCULATE ON AN ALLOWANCE OF 10 EVENT DAYS. SANDING/PLOWING TWICE A DAY  
MOTOR GRADER 50% PLOWING

### EQUIPMENT AND LABOR

	UNITS	QUANTITY	RATE	TOTAL
SANDER	HR	80	50.00	4,000.00
LABORER 1	HR	80	39.60	3,168.00
SAND	TON	50	20.00	1,000.00
MOTOR GRADER	HR	40	90.00	3,600.00
OPERATOR 1	HR	40	39.60	<u>1,584.00</u>
				<b>\$13,352.00</b>

## STRIPING

EVERY THIRD YEAR

3.6 MILES FT 76032 0.3 22,809.60

22809.6/3.6 MILES = 6336 PER MILE 11,278.08

PORT ST NICK IN CITY LIMITS = 6336 X 1.78 MILES 11,531.52

PORT ST NICK DEVELOPED ASPHALT=1.82 X 6,336 **\$3,843.84**

Cost every third year

## SHOULDER BRUSHING

ASPHALT	MILE	3.6	2200	7,920.00
DIRT	MILE	1.5	2000	3,000.00
MOBILIZATION IN	LS	1	750	750.00
MOBILIZATION OUT	LS	1	750	750.00

TOTAL 12,420.00

CITY LIMITS	MI	1.78	0	0.00
PSN ASPHALT	MI	1.82	2435.29	4,432.23
PSN DIRT	MI	1.5	2435.29	<u>3,652.94</u>
			TOTAL	8,085.16

Cost every third year

**\$2,695.05**

## SUMMARY

GRADING	\$16,982.40
EVERY THIRD YEAR AGGREGATE	\$28,091.60
ASPHALT MAINTENANCE	\$7,715.20
SNOW REMOVAL/SANDING	\$13,352.00
EVERY 3RD YEAR STRIPING	\$3,843.84
EVERY 4TH YEAR BRUSHING	\$2,695.05
BILLING COST	<u>\$6,300.00</u>
TOTAL OPERATING COSTS	\$78,980.09
ANNUAL CAPITAL RESERVE	<u>\$50,000.00</u>

**OPERATING AND RESERVE COST \$128,980.09**

\* OPERATOR/LABOR CALCULATED FOR AVERAGE DEPARTMENT PAY RATE WITH 1.8 BURDEN.  
RATE DOES NOT ACCOUNT FOR OVERTIME

## **CITY OF CRAIG MEMORANDUM**

To: Craig City Council  
From: Jon Bolling, City Administrator  
Date: October 15, 2016  
RE: Consider Approval, Pole Placement Agreement with Alaska Power & Telephone

---

Attached you will find a proposed agreement between the City of Craig and Alaska Power and Telephone Company. The agreement permits AP&T to continue to place and maintain power poles in city streets.

In August, I reported to the council that the existing agreement was reaching the end of its 30-year term. I prepared a list of three changes I proposed to make to a renewal of the agreement, and after some discussion among the council added a fourth. Those four items are listed below.

1. Reduce the agreement to a ten year term to reduce the city's financial obligation to bear the cost of power pole relocations;
2. Ensure maintenance of the cable TV lines left on AP&T's power poles by Craig Cable TV;
3. Have AP&T implement a public notice process after brownouts and blackouts;
4. Require AP&T to acquire easements where their power and telephone lines cross private property to serve third parties.

All four changes are in the draft agreement in one form or another. With regard to item 1, while the agreement still has a 30-year term, the term "resets" after every ten year period as to determining when the city bears the cost to move power poles, and when AP&T bears that cost. Each reset reduces the quantity of poles for which the city must bear the relocation cost.

As to lines left on power poles by Craig Cable TV, I am told that Craig Cable has defaulted on the agreement between it and AP&T governing placement of cable TV lines, and that AP&T has notified Craig Cable of the default. Apparently the agreement between the two calls for Craig Cable TV to remove the cable TV lines due to the default. AP&T likely will eventually remove the cable TV lines if Craig Cable TV does not. I think it likely that it will be some time before the cable television lines are removed from local poles. Since my goal was to have the lines maintained by AP&T for one year, I expect that goal will be met as the two companies work out a resolution of the default.

Finally, AP&T tells me that they already have plans underway to implement a public notice service to advise the public regarding power interruptions.

The attached agreement is undergone a review from the city attorney, and is ready for council consideration.

### **Recommendation**

Approve, by motion, the attached pole placement agreement between the City of Craig and Alaska Power and Telephone.

**Pole Placement Agreement:**  
**City of Craig**  
**Alaska Power Company**  
**Alaska Telephone Company**

THIS AGREEMENT entered into as of the last date below signed, between the CITY OF CRAIG, a first class City incorporated in the State of Alaska, (hereinafter referred to as "Grantor"), whose address is Post Office Box 725, Craig, Alaska 99921; Alaska Power Company, an Alaskan corporation, (hereinafter referred to as "Grantee"), whose address is Post Office Box 3222, Port Townsend, Washington 98368; and Alaska Telephone Company, an Alaska corporation (hereinafter referred to as "ATC"), whose address is Post Box 3222, Port Townsend, WA 98368.

1. The Grantee is an electric utility, which operates in and in the vicinity of Craig, Alaska under Certificate of Convenience and Necessity #2 issued by the Regulatory Commission of Alaska.
2. The Grantee's parent company, Alaska Power & Telephone Company, owns a subsidiary named Alaska Telephone Company ("ATC") which operates a telephone utility in and in the vicinity of Craig, Alaska under Certificate of Convenience and Necessity # 31 issued by the Regulatory Commission of Alaska. The telephone conductors of ATC, Inc., together with other equipment, are mounted upon the poles of the Grantee.
3. The Grantor does hereby grant unto the Grantee an exclusive permit for a period of 30 (thirty) years from the effective date of this agreement or until the permit is abandoned, rescinded or revoked due to breach of this agreement, or the Grantee's facilities on lands subject to this permit are found by applicable authorities to be in violation of any applicable federal or state law, whichever occurs first, to construct, reconstruct, maintain, and operate an electric and telecommunications distribution system including poles, towers, transformers, guy wires and other appurtenances upon the current and future streets, alleys and public thoroughfares in the City of Craig, and along the Port St. Nicholas Road outside the Craig municipal boundaries to the point identified as "PC52" as shown on sheet 9 of 14 of Plat No. 95-57, Ketchikan Recording District, for the purpose of providing electric and telecommunications utility services to ratepayers within its certificated service areas, on the following terms and conditions.
4. The Grantee may install the facilities in such places as it deems necessary or advisable but the same shall be installed and maintained so as not to interfere with the free and unobstructed public travel over, or public use of or the Grantor's construction, expansion or repair of, all streets, alleys or public thoroughfares.
5. Whenever it become necessary for the Grantee to break up, dig into, disturb or in any manner interfere with any public street, alley, sidewalk or thoroughfare, or any part thereof, for the construction, reconstruction or repair of such facilities, the Grantee shall at its expense, without unnecessary delay, put such street, alley, thoroughfare or sidewalk in as good condition as it was before broken up, dug into, disturbed or interfered with; and, at its

expense, shall remove all surplus sand, earth, rubbish or other excess material from such street, alley, sidewalk or thoroughfare in a manner consistent with and in compliance with all federal and state laws. In event of damage to Grantor's sewer or water system caused by Grantee's activities, Grantee shall be solely liable for all such damage, and shall at its expense, without unnecessary delay, put such system into as good condition as before the damage occurred in a manner consistent with and in compliance with all federal and state laws and in a manner so as to protect the public health and safety of the residents of the City of Craig. In case of failure by the Grantee to do any of the foregoing within a reasonable time, which time shall not be more than thirty days unless a longer time is approved in writing by the Grantor, it will be the duty of the proper officers and employees of the Grantor to place the same in the agreed upon condition and remove such obstructions, and the reasonable expense thereof incurred by the Grantor shall be promptly repaid to the Grantor by the Grantee within ten days of the presentation of the invoice from the Grantor to the Grantee.

6. In consideration for the privileges granted to the Grantee, the Grantee shall pay to the Grantor during the life of this permit the sum of \$100.00 upon the execution of this agreement and the further sum of \$100.00 within 30 days after the first day of each calendar year hereafter during the term of this permit. In addition, the Grantee agrees to furnish at its own cost and expense to the Grantor the following:
  - a. The reasonable use of the poles and towers of the Grantee for such fire alarm circuits, emergency preparedness and response equipment, street light fixtures, water facilities control circuits, as the Grantor shall cause to be installed on the poles and towers of the Grantee. The electricity used in these circuits and fixtures shall be paid for by the Grantor to the Grantee under applicable tariffs. All such installations shall be installed in a manner compliant with state and federal law.
  - b. Grantee agrees to allow reasonable joint use of poles by other nonelectrical utilities pursuant to Alaska Administrative code and other regulatory authorities to the extent practicable to minimize the proliferation of poles within the right of way. The charges and terms for joint use of poles by other nonelectrical utilities will be determined under applicable tariffs or by special contract.
  - c. Reasonable and necessary repair and maintenance services required to install, maintain and repair the fixtures and circuits mentioned in subparagraph (a) above. All materials required for the work described in this subparagraph shall either be furnished by the Grantor at its expense or at the election of the Grantor the same will be furnished by the Grantee, in which event the Grantor will pay the Grantee the landed costs of such materials to the Grantee.
  - d. Any code or other violations by Grantor's aforesaid facilities (subparagraph (a) above) which are the result of improper installation by Grantor shall be corrected at Grantor's sole expense. Any code violations by Grantor's aforesaid facilities which are the result of improper or inadequate maintenance by Grantee shall be corrected at Grantee's sole expense. Fines associated with such violations by Grantor or Grantor's facilities shall be paid by Grantor.

7. The Grantee shall at all times during the term of this permit defend, indemnify and save the Grantor harmless against any and all suits, claims and demands of any kind and any nature, including death, and including any actions or proceedings related to acts or omissions by Grantee under paragraphs 3 and 5 above, and including but not limited to actions or administrative proceedings related to any environmental contamination or pollution or environmental occurrence or remediation (including attorney fees, expert fees, and costs) made against the Grantor or any of its officers, council members, agents or employees by any person, firm, entity or corporation, and arising out of any act or omission by or on the part of the Grantee, its officers, agents or employees, or any of Grantee's subcontractors or representatives (a) in the maintenance, operation, construction, reconstruction or repair of any of the Grantee's facilities, or any part thereof, including but not limited to any act or omission pursuant to paragraphs 3 and 5; or (b) in the maintenance or repair of Grantor's facilities set forth in paragraph 6(a) above.
8. In the event of a party's breach of any of the terms or conditions of this permit, one of the other parties may give the breaching party 30 days written notice thereof, and if such default is not corrected within a reasonable amount of time, which shall not be less than 30 days from breaching party's receipt of notice of breach of contract, then the party providing notice of breach may terminate this permit immediately by notice of termination delivered to the breaching party and without any further action by the breaching party.
9. All of the provisions of this permit shall inure to the benefit of and shall be binding upon the Grantee and any successor of the Grantee. Grantee agrees that insofar as is reasonable and convenient it will not construct duplicate facilities which can reasonably be avoided by using the facilities of the Grantee in its construction, reconstruction, repair, operation and maintenance activities. The Grantee shall not transfer this Agreement to any other party or entity without the approval of the Grantor, which shall not be unreasonably withheld. The Grantor will not approve a transfer to an LLC unless all the members of the LLC guarantee performance of this Permit, including but not limited to the defend and indemnification provisions.
10. Grantee agrees to cooperate with Grantor's street widening and other capital improvement projects by relocating or modifying electrical and telephone plant in a reasonable and timely manner. In the event that Grantee fails to respond to Grantor's request for modification or relocation of electrical and telephone plant in a reasonable and timely manner, Grantee shall be in breach of contract.

If, incident to the widening or lengthening of a City street, the Grantor determines and orders that any of Grantee's facilities constructed or reconstructed subsequent to the date of this permit must be changed, relocated or removed to accommodate such street modifications, then the Grantee shall change, relocate or remove such facility in accordance with the order. The costs of such change, relocation or removal shall be borne:

- a. by the Grantee, if the street modification project extends the street to points lying within the public right-of-way as it existed on the Control Date;

- b. by the Grantor, as to any portions of Grantee's facilities required to be moved from land that is in private ownership as of the Control Date but subsequently is transferred to Grantor ownership, and for which the Grantee had an easement from the private landowner prior to the transfer of ownership from the private landowner to the Grantor.

The Control Date shall initially be set at the effective date of this agreement.

Upon the tenth (10<sup>th</sup>) anniversary of the execution of this agreement, the Control Date shall be reset to be the tenth (10<sup>th</sup>) anniversary of the execution of this agreement.

Upon the twentieth (20<sup>th</sup>) anniversary of the execution of this agreement, the Control Date shall be reset to be the twentieth (20<sup>th</sup>) anniversary of the execution of this agreement.

11. In instances where Grantee's poles, electrical and telephone lines, guy wires, and other fixtures and equipment must cross property owned by parties not subject to this agreement to service utility customers, Grantee will in all cases, whether existing prior to or occurring during the duration of this agreement, take reasonable steps to acquire easements from such parties, make reasonable efforts to relocate its fixtures and equipment such as to eliminate use of third party property, and exercise any other reasonable options which may be legally allowable to assure that utility customers in Craig have access to essential telephone and electrical services. "Reasonable steps to acquire easements" means providing draft easement documents to third party property owners and, upon request of the third party property owner, offering market value compensation for such easements.
12. Within 24 hours of a failure in the supply of electricity (including "blackouts" and "brownouts") or internet service to 50% or more customers in Craig, Grantee will issue a formal public statement describing the cause, location, and duration of the failure. The statements shall be e-mailed to [info@craigak.com](mailto:info@craigak.com).
13. Notices made in response to this agreement shall be made by registered or certified US Mail to the following persons.

Grantor:  
City Administrator  
City of Craig  
PO Box 725  
Craig, AK 99921

Grantee:  
Alaska Power & Telephone  
Attn: Chief Executive Officer  
PO Box 3222  
Port Townsend, WA 98368

14. In the event any provision of this Agreement is adjudicated or held to be invalid or unenforceable, the remaining provisions shall remain in full force and effect.



15. This agreement is the entire understanding between the parties with respect to the subject matter of this agreement, and no modification or amendment hereof shall be effective unless in writing and executed by the Parties hereto.

16. Each person signing this agreement represents and warrants that he or she is duly authorized and has legal capacity to execute this agreement. Each party represents and warrants to the other that the execution of this agreement is a valid and legal agreement binding on such party and enforceable in accordance with its terms.

IN WITNESS WHEREOF, the Grantor has caused this instrument to be executed by its duly authorized officers, and the Grantee has caused this instrument to be executed by its duly authorized officers. This permit becomes effective on the last date signed by either of the parties.

CITY OF CRAIG

Date \_\_\_\_\_

By \_\_\_\_\_

ALASKA POWER COMPANY

Date \_\_\_\_\_

By \_\_\_\_\_

ALASKA TELEPHONE COMPANY

Date \_\_\_\_\_

By \_\_\_\_\_





## **CITY OF CRAIG MEMORANDUM**

To: Craig City Council  
From: Jon Bolling, City Administrator  
Date: October 15, 2016  
RE: Notice of Proposed Rate Increase – Alaska Power and Telephone

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Alaska Power and Telephone has filed a notice with the Regulatory Commission of Alaska that it intends to seek an increase in local electrical rates. A copy of the summary public notice is attached.

AP&T typically divides their rates into two categories: the cost to generate electricity, and the cost to transmit and distribute electricity. As it did in 2014, AP&T proposes to increase the transmission and distribution portion of the rate. The company proposes an increase of residential and small commercial rates in for those communities on the POW power grid from \$0.1414 per kilowatt hour to \$0.1530 per kilowatt hour. Bulk power users would see an increase from \$0.0907 per kilowatt hour to \$0.1138 per kilowatt hour.

When I was notified of the proposed increase by the city's attorney, I authorized him to file a motion to intervene in the proposed rate increase on the city's behalf. Our attorney, who also represents Skagway and Gustavus, filed on behalf of those communities as well. The filing allows the City of Craig an opportunity to formally comment on the proposed rate increase.

Rate changes proposed by private utilities like AP&T are subject to review and approval by the Regulatory Commission of Alaska. The RCA is part of the State of Alaska, housed in the Department of Commerce, Community, and Economic Development. The commission has the authority to approve or deny such requests, or partially approve or deny them.

As I advised the council in 2014, when AP&T applied for and received an increase to our electrical rates, the RCA's process is very formal and legalistic. We cannot successfully navigate that process without assistance from legal counsel.

The council's input is needed at this point as to if it desires the City of Craig to contest the proposed increase in electric rates through the RCA. If yes, I will work with the city's attorney toward that end. If no, I will advise the attorney to notify RCA that the city withdraws its notice to intervene.

### **Recommendation**

After discussion, provide staff direction, by motion, regarding participation in the electricity rate change proposed by AP&T.

## Notice of Utility Tariff Filing

The REGULATORY COMMISSION OF ALASKA (Commission) gives notice that Alaska Power Company (APC) filed tariff advice filing TA857-2, a revenue requirement study, rate redesign, and cost of service study based on a 2015 test year. In addition, APC proposes to integrate the service area of Gustavus Electric Company, Inc. into its tariff and rates as required by Order Nos. U-13-183(4) and U-13-183(7). A selection of the current and proposed permanent rates are shown in the table below. APC is not requesting an interim rate increase.

Description	Current Rates	Proposed Permanent Rates
<b>Residential and Small Commercial Rates</b>		
Haines/Skagway	\$0.1452/kWh	\$0.1418/kWh
South Prince of Wales Island	\$0.1414/kWh	\$0.1530/kWh
North Prince of Wales Island	\$0.2570/kWh	\$0.1530/kWh
Tok/Dot Lake/Tetlin	\$0.1847/kWh	\$0.2047/kWh
Interior Villages	\$0.3770/kWh	\$0.4220/kWh
Customer Charge	\$13.85/month	\$20.00/month
Gustavus	\$0.52326/kWh	\$0.3840/kWh
Gustavus Customer Charge	\$12.312/month	\$20.00/month
<b>Bulk Power Rates</b>		
Haines/Skagway	\$0.1052/kWh	\$0.1112/kWh
South Prince of Wales Island	\$0.0907/kWh	\$0.1138/kWh
North Prince of Wales Island	\$0.2330/kWh	\$0.1138/kWh
Tok/Dot Lake/Tetlin	\$0.1441/kWh	\$0.1777/kWh
Interior Villages	\$0.3691/kWh	\$0.3691/kWh
Customer Charge	\$93.97/month	\$93.97/month
Gustavus	\$0.38988/kWh	\$0.2847/kWh
Gustavus Customer Charge	\$12.312/month	\$93.97/month
Late Fee	\$2.00	5 percent of the bill with a minimum of \$5.00
Connection Fee Single Phase	\$48.00	\$50.00
Connection Fee Three Phase	\$100.00	\$125.00
Reconnection Charge (during business hours)	\$25.00	\$50.00
Reconnection Charge (after hours)	\$50.00	\$100.00

APC proposes to add minimum delivery charges to its residential and small commercial rates. The minimum delivery charge is based on a monthly usage of 150 kWh times the energy charge. The minimum delivery charge will be applied to every service that uses fewer than 150 kWh per month and will replace the actual energy charge. The minimum bill charged to customers using 150 kWh or less per month will consist of the minimum delivery charge plus the customer charge.

APC also proposes adding a decoupling mechanism to establish an annual rate adjustment mechanism that decouples its authorized revenue from kWh sales to customers served under the applicable electric rate schedules. The decoupling adjustment reconciles on an annual basis the allowed revenue to the actual revenues

for each calendar year. Any differences between the two amounts will be placed in a deferral account and collected/refunded to customers in the following year.

This notice may not contain all requested revisions and the Commission may approve a rate or classification which varies from that proposed. You may obtain information about this filing by contacting Michael Garrett, Chief Operating Officer for APC, at P.O. Box 3222 Port Townsend, WA 98368; phone: (360) 385-1733. The complete filing is also available for inspection at the Commission's office at 701 West 8<sup>th</sup> Avenue, Suite 300, Anchorage, AK 99501; phone: (907) 276-6222, or may be viewed at the Commission's website at <http://rca.alaska.gov> by typing Docket "TA857-2" in the *Find a Matter* search box.

To comment on this filing, please file your comments by 5:00 p.m., September 8, 2016, at the Commission's address given above or via our website at:

<https://rca.alaska.gov/RCAWeb/WhatsNew/PublicNoticesComments.aspx>

Please reference TA857-2 and include a statement that you've filed a copy of the comments with APC at its address given above.

Individuals or groups of people with disabilities, who require special accommodations, auxiliary aids or service, or alternative communication formats, please contact Joyce McGowan at (907) 276-6222, toll-free at 1-800-390-2782, TTY (907) 276-4533 or send a request via electronic mail to [rca.mail@alaska.gov](mailto:rca.mail@alaska.gov) by September 1, 2016.

DATED at Anchorage, Alaska, this 9th day of August, 2016.

REGULATORY COMMISSION OF ALASKA



Julie C. Vogler  
Finance Section Manager

## CITY OF CRAIG MEMORANDUM

To: Craig City Council  
From: Jon Bolling, City Administrator  
Date: October 11, 2016  
RE: Budget Committee Discussion of Local Revenue Sources

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During the Fiscal Year 2017 budgeting process last spring, the Craig Budget Committee reviewed the city's revenue sources, as it does every year. At the time, the committee talked in very general terms about methods to increase locally-generated revenues. At the conclusion of the discussion, the committee directed staff to schedule this item for discussion at a subsequent council meeting. With the end of the busy summer season, I have scheduled this follow up item for the October 20 city council agenda.

The Budget Committee was prompted to have a discussion about local revenue generation given the cost of city services and the trend of declining revenues from local sources. The discussion included the merits of reducing services, finding ways to provide services at less cost, and options to raise additional revenues. The budget committee's revenue discussion included the following items.

1. Seasonal Sales Tax. Based on models in other communities, the committee discussed the merits of raising the sales tax rate during the summer months, and leaving the rate the same or lowering the rate during the balance of the year. This methodology would lead to increased sales tax receipts, and would capture more sales tax from non-residents visiting Craig in the busy summer season.

A quick look at sales tax receipts over the past five years shows that if the city had set its sales tax rate to 4.5 percent October through March, and set the rate at 5.5 percent from April-September, sales tax revenues may have increased between \$34,000 and \$48,000 per year (assuming no reduction in sales due to the higher summer tax). \$48,000 is about three percent of the total general sales tax collected in FY 2016.

A seasonal sales tax of 5% in winter, and 6% in summer, would have increase sales tax revenues somewhere between \$182,000 and \$207,000 per year over the previous five years (again, assuming no reduction in total sales due to the higher summer tax).

2. Sales Tax Rate Increase. The budget committee also talked about an overall increase in the year round sales tax rate, perhaps to 5.5% or 6%. These rates are similar to the sales tax rate in Klawock (5.5%), and is closer to the rate in Thorne Bay and Hydaburg (6%), Petersburg (6%), and Wrangell (7%). Based on prior year sales figures, increasing Craig's sales tax to 5.5% year round could increase sales tax revenue between \$148,000 and \$159,000.
3. Bed Tax. Many communities target visitors with taxes designed to raise revenue without burdening community residents. Among those tax options is what's commonly known as a bed tax, or a tax on overnight stays at hotels, bed and breakfasts, lodges, and similar hospitality/tourist accommodations. Typically, a bed tax rate is added to an established sales tax rate, so visitors pay both taxes during their stay. Many communities, especially

larger cities, set high tax rates on accommodations and rental cars to capture tax revenue from non-residents. Smaller communities near Craig with bed taxes include Petersburg (4%), Wrangell (6%), Klawock (6%), and Thorne Bay (4%). Petersburg's 4% tax generated \$61,500, and Wrangell's 6% tax produced \$44,500. One note: One local hotel owner has told me that off-season customers are commonly government employees, who are likely exempt from payment of a bed tax and sales tax on room rentals.

4. Tax on Marijuana Sales. The budget committee also broached the subject of setting a tax on the commercial sale of marijuana in Craig, perhaps at \$1 per gram. Staff is told that commercial marijuana sales are taxable by municipalities, although it is unclear to me at this point if municipalities may levy a special tax on marijuana sales, or if marijuana sales are simply subject to a community's general sales tax. The amount of revenue generated by a tax on marijuana sales is uncertain at this point, as there are no applications yet to open a commercial marijuana establishment in Craig, and there is no commercial sales history from which to make an estimate.
5. Other Options. Municipalities around Alaska impose a host of other taxes. Among these are taxes on fish box sent out of a community; commercial fish landings; extraction taxes on timber, minerals, and rock; and others. Sometimes these sources are significant for local budgets, other times they amount to only an incremental increase in local revenues. The council also can look to the city's endowment fund earnings for additional appropriations.

While it is sometimes instructive to compare tax rates with other, similarly situated municipalities, a local decision on revenues should not be based simply on fees and taxes assessed by other communities. Instead, a community should target a level of service delivery it desires, and set rates and fees to fund that level. At that point a comparison to another community's rates and fees can be made to determine if a community has rates and fees consequentially higher than a nearby community, or to a community that is similarly situated in terms of the range of services delivered.

The discussion of the city's revenue picture is timely. As to our own financial position at the moment, the city is using reserves to balance its budget this fiscal year. Specifically, in order to meet our \$550,000 annual payment to the Craig City School District, we are drawing about \$362,000 from a school reserve account. Ideally, the \$550,000 should come from the city's annual revenues, like any other operational expense. There is no single potential revenue source that, if implemented, can address our current year's financial challenges. If the local economy rebounds, meaning that if the Silver Bay Seafoods plant operates each year in the future, and if local private sector goods and services activity reverses its recent decline (sales tax receipts are down about ten percent from the prior year), the city could be in a position to continue indefinitely its level of service delivery. But those are big "ifs".

For the next few years, the council should be prepared to adjust to reduced revenues from existing state and local sources. Implementation of new taxes and fees can blunt the impact of those reductions; at the same time, the council will want to be cognizant of the effect of those increases on its own residents.

As noted above, this topic is an agenda item for council discussion. Accordingly council members should share their thoughts on reconciling service delivery with revenue options and provide direction to staff on how to proceed.



**CITY OF CRAIG  
MEMORANDUM**

To: Craig City Council  
From: Jon Bolling, City Administrator  
Date: October 17, 2016  
RE: Notice of Trust Land Application

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The Bureau of Indian Affairs notified the city via letter recently that it had received an application from the Craig Tribal Association to take the land on which the CTA Tribal Hall is located into trust land status. A copy of the letter is attached.

Trust land is one component of the myriad of federal laws and regulations that deal with tribal and native issues. There is much about trust lands that I do not understand. In addition, the city has no experience addressing the matter, given that the CTA's application to take land into trust is apparently the first of its kind in Alaska. I have read that trust status allows the federal government to manage certain parcels of land for the benefit of a given Native tribe, group, or individual. I have also read that trust lands are not always subject to state and federal land use regulation, taxation, or other conventional local authorities, but I also do not know exactly the circumstances under which state or local land use and taxation powers either do or do not apply. If trust land status means that the city's land use, taxation, and other authorities do not apply, then I believe the city needs to begin researching the matter, including consulting with the CTA, BIA, and others to attempt to determine how to respond to the proposed presence of trust land in Craig.

This topic has been in the news lately. I received calls from two reporters on early last week on this matter. I declined to comment to either reporter, explaining to them that the city had nothing to say on the matter until we have a chance to talk with CTA. Attached is text from a recent news story about this topic, written by one of the reporters who called me.

Given the lack of local experience dealing with proposed trust land status, staff needs time to prepare sufficient background information for the council's consideration. The letter from BIA says the city has thirty days from the receipt of the letter to make its comments for BIA's consideration. The letter also states that the city can ask for more time provided that it "submit a written justification requesting such an extension" within the initial thirty days. The letter goes on to state that BIA may grant the city between ten and thirty additional days to respond.

Given the great uncertainty about what trust land status means for Craig, and the time it will take for the BIA to respond to the range of questions I am likely to have about trust land in town, I do not believe at this point that thirty days, or even sixty days, is enough time to meaningfully comment on the application.

In order to learn more about this land to trust process, I think we should do the following.

1. Ask the BIA, or CTA, for a copy of the actual written application to place CTA's land to trust status.

2. Ask the BIA to provide information and guidance that describes trust lands, and the range of activities allowed when land is held in trust. This effort should include a formal presentation from the BIA to the city council and staff about how trust land is managed, and the relevant laws and regulations governing trust lands, especially how those laws and regulations affect conventional city authorities. The presentation should include information on the criteria used to decide if land is accepted into trust status, appeal processes, and other relevant information.
3. Meet with CTA to find out their view of what happens if the property is accepted as trust land, and ask the Tribe to support our efforts to gain a better understanding of trust lands.
4. Send a written notification to BIA advising them that the city cannot meaningfully comment on the application until we complete steps 1-3. I expect that it could take all of several months to complete these steps

Given the short timeline we have from BIA to make a response, the council should act on this matter at its October 20 meeting.

**Recommendation**

That the council direct staff to implement the four steps outlined above, in addition to any other steps the council agrees to at its October 20 meeting.



# United States Department of the Interior

RECEIVED  
OCT 12 2016

BUREAU OF INDIAN AFFAIRS  
ALASKA REGION  
3601 C Street, Ste. 1100  
Anchorage, Alaska 99503-5947  
1-800-645-8465

IN REPLY REFER TO:  
Regional Director  
MC-100

OCT 7 2016

## Notice of (Non-Gaming) Trust Land Acquisition Application

Pursuant to the Code of Federal Regulations, Title 25, INDIANS, §§ 151.10 and 151.11, notice is given of the application filed by the Craig Tribal Association to have real property accepted "into trust" for said applicant by the United States of America. The determination whether to acquire this property "in trust" will be made in the exercise of discretionary authority which is vested in the Secretary of the Interior, U.S. Department of the Interior, or her authorized representative.

To assist us in the exercise of that discretion, we invite your comments on the proposed acquisition. In order for the Secretary to assess the impact of the removal of the subject property from the tax rolls, and if applicable to your organization, jurisdictional problems and potential conflicts of land use which may arise, we also request that you provide the following information:

1. If known, the annual amount of property taxes currently levied on the subject property allocated to your organization;
2. Any special assessments, and amounts thereof, that are currently assessed against the property in support of your organization;
3. Any government services that are currently provided to the property by your organization; and
4. If subject to zoning, how the intended use is consistent, or inconsistent, with current zoning.

We provide the following information regarding this application:

### **Applicant:**

Craig Tribal Association, formerly known as Craig Community Association

### **Legal Land Description/Site Location:**

Lot Q-3, subdivision of the unsubdivided remainder of Tract Q, U.S. Survey 2327, according to the plat thereof filed December 7, 1988, as plat No. 88-39, Ketchikan Recording District, State of Alaska, containing 1.08 acres.

This lot is located within the City of Craig, Alaska.

### **Project Description/Proposed Land Use:**

Currently the tribe holds no land in trust and requests Lot Q-3 for self-determination and economic development purposes. This lot currently contains the tribal administration building, which houses tribal offices, a tribal hall, the local head start program, commercial space

presently leased out to the Alaska Court System, and a parking area for employees and guests.

No change in land use is contemplated.

*See Maps*

**Taxes and Zoning:**

The subject lot is located within the City of Craig's taxing district, which is within the larger Prince of Wales Island Borough, an unorganized borough.

Lot Q-3 is zoned commercial.

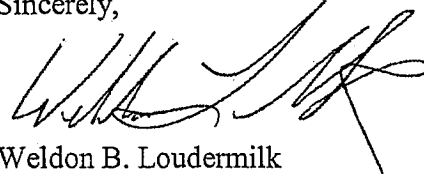
As indicated above, the purpose for seeking your comments regarding the proposed trust land acquisition is to obtain sufficient data that would enable an analysis of the potential impact on local/state government, which may result from the removal of the subject property from the tax roll and local jurisdiction. This notice does not constitute, or replace, a notice that might be issued for the purpose of compliance with the National Environmental Policy Act (NEPA) of 1969.

Your written comments should be addressed to the Bureau of Indian Affairs at the address at the top of this notice. Any comments received within thirty days of your receipt of this notice will be considered and made a part of our record. You may be granted an extension of time to furnish comments, provided that you submit a written justification requesting such an extension within thirty days of receipt of this letter. An extension of ten to thirty days may be granted. Copies of all comments will be provided to the applicant for a response. You will be notified of the decision to approve or deny the application.

If any party receiving the enclosed notice is aware of additional governmental entities that may be affected by the subject acquisition, please forward a copy of this notice to all known interested governmental entities.

A copy of the application, excluding any documentation exempted under the Freedom of Information Act (FOIA), is available for review at the above address. A request to make an appointment to review the application, or questions regarding the application, may be directed to Cyril J. Andrews, Jr., Regional Realty Officer, at (907) 271-4104.

Sincerely,



Weldon B. Loudermilk  
Regional Director

Enclosure: Maps

cc: Craig Tribal Association; Distribution List

**DISTRIBUTION LIST**

Office of the Attorney General – 7015-0640-0004-7216-4449  
State of Alaska  
P.O. Box 110300  
Juneau, AK 99811-0300

Office of the Governor – 7015-0640-0004-7216-4425  
State of Alaska  
P.O. Box 110001  
Juneau, AK 99811-0001

Sealaska Corporation – 7015-0640-0004-7216-4418  
One Sealaska Plaza, Suite 400  
Juneau, AK 99801

City of Craig – 7015-0640-0004-7216-4401  
P.O. Box 725  
Craig, AK 99921

Shaan-Seet Inc. – 7015-0640-0004-7216-4432  
P.O. Box 690  
Craig, AK 99921

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ORIGINAL

IN 2 SHEETS SHEET NO. 2

PLAT

of  
U.S. SURVEY NO. 2327  
of the  
EAST CRAIG GROUP OF HOMESITES

Executed under the Act of Congress,  
Approved MAY 20, 1934  
situated

ON SHELTER COVE AND KLAWAK INLET, OPPOSITE  
CRAIG,

TERRITORY OF ALASKA

Area: 47.92 acres  
Declination:  $31^{\circ}00'$  E.  
Scale: 2 chains to the inch

Latitude  $55^{\circ}28'30''$  N. Longitude  $133^{\circ}08'$  W.

Survey executed by

CHARLES P. SEELYE, SURVEYOR, G.L.O.

JULY 23 TO AUGUST 6, 1936

CERTIFICATE OF APPROVAL  
PUBLIC SURVEY OFFICE

Juneau, Alaska,  
AUGUST 17, 1937

The original field notes of Survey No. 2327, of the

EAST CRAIG GROUP OF HOMESITES

from which this plat has been made, have been examined  
and approved, and are on file in this office, and I hereby  
certify that they furnish such an accurate description of  
said claim as will, if incorporated into a patent, serve fully  
to identify the premises, and that such reference is made  
herein to natural objects and permanent monuments, as  
will perpetuate and fix the locus thereof.

And I further certify that this is a correct plat of  
said claim, made in conformity with said original field  
notes of the survey thereof, and the same is hereby ap-  
proved.

*E. A. Parker*  
District Cadastral Engineer

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GENERAL LAND OFFICE

Washington, D.C., July 12, 1936

The survey represented by this plat having been cor-  
rectly executed in accordance with the requirements of  
law and the regulations of this office, is hereby accepted.

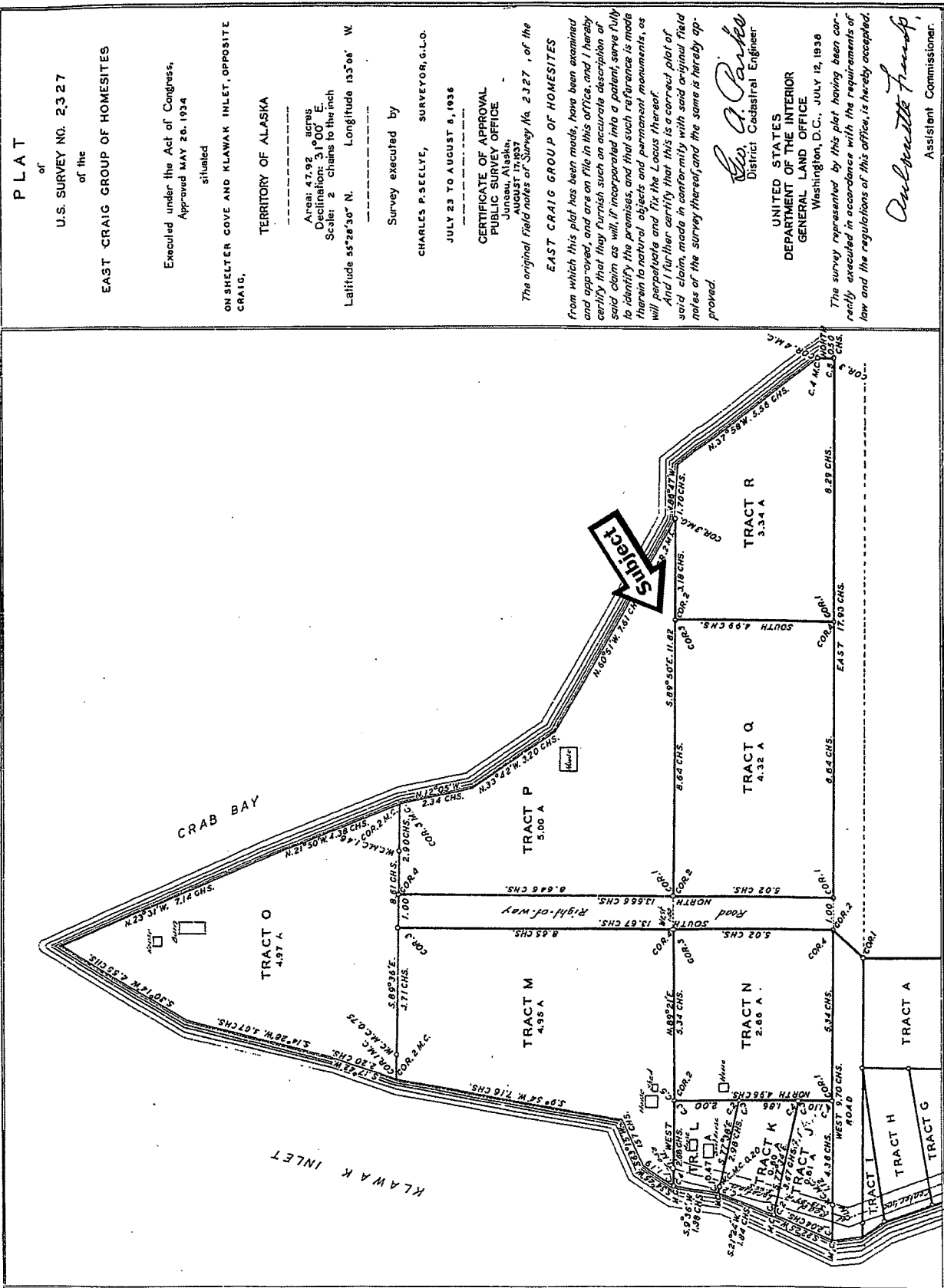
*Carl W. Thompson*  
Assistant Commissioner.

REC.

*1937-40*

738

(4-6513)



# Tribe explores ‘self-determination’ options in downtown Craig

By [Liz Ruskin, Alaska Public Media](#) -  
October 11, 2016



The Craig Tribal Association building is in the center of Craig. (Image: Google)

Indian law is often complicated and obscure. But one bit of Indian law just got a lot more concrete for the Southeast community of Craig: the concept of land into trust. The Craig Tribal Association is the first Alaska tribe to apply to put property in trust with the federal government.

The tribe wants to place slightly over one acre in trust. It's in downtown Craig, and it's the building that houses the tribal offices. It's zoned commercial and parts of it are leased to others. It also has a big hall the tribe rents for weddings and dinners.

Craig Tribal President Clinton Cook, Sr. says if the Interior secretary agrees to take the tribe's building and the adjacent parking lot into trust, the tribe of about 450 will be better able to chart its own future.

“The goal for all tribes is to be able to be self-determined, away from the state and municipality telling you what you can do with you land,” he said.

Tribal lands held in trust have a legal status similar to Lower 48 reservations. Trust lands are free of some state and local regulations, though exactly which is a complicated question. Cook says the tribe has no plans to change the use of the property, but they have pondered some ideas. Among those ideas is gaming.

“There's really no gaming in Craig, because ... you have to file through the state and city, and get a gaming license and you're subject to a lot of taxes,” he said. “Land-into-trust will eliminate a lot of tax burden on a casino or a gaming (operation).”



Cook says they've also thought about retail opportunities.

"The marijuana business is something that has been touched upon by our tribal council," he said. "But just talking about it. It doesn't mean we're going that way. It means it will allow us to do this, with land into trust."

The federal rules allowing Alaska land-in-trust have been on hold due to a legal challenge. But the state dropped its opposition, opening the door for tribes to begin applying.

Cook says he thinks the BIA officially received the Craig application first because there's little or no opposition in the city of Craig, which has a population of about 1,200. The tribal president says he doesn't know if the municipality objects. The city already exempts nonprofit enterprises, including the tribe, from its tax rolls, so he doesn't think the city would be hurt by the change.

The Craig city administrator declined to be interviewed for this story, saying he wanted to hear the tribe's intentions first.

The idea of having pockets of Indian Country around Alaska is certainly controversial in some circles. Don Mitchell is an Anchorage attorney and author. He's become the arch-enemy of many Native advocates because he disputes Congress intended to accord the legal status tribal sovereignty on Alaska Native communities. He says the Craig application illustrates that the potential impact isn't just to distant acreage.

"One thing that people do not understand is the statute gives the secretary the authority to take title into trust of any land, located anywhere," Mitchell said. "So in this case, the first example out of the block is down in the Southeast Alaska community of Craig. It could just as easily be in downtown Anchorage."

The BIA has asked for comments on the Craig proposal. The agency is accepting them through the first week of November.

## **CITY OF CRAIG MEMORANDUM**

To: Mayor and City Council  
From: Brian Templin, City Planner  
Date: October 14, 2016  
RE: Craig Aquatic Center Renovation – Change Order 5

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As the council is aware we are nearing the end of the pool renovation project with CBC construction. There are a number of punch list items that we are working with the contractor to complete prior to final payments. Currently the city is holding about \$225,000 in payments on the contract that are related to completion of the project.

Change order 5 reflects two items, one credit and one addition:

1. As part of a review of the overall job, pay requests and previous change orders it was determined that a \$6,300 credit that should have been given to the city as part of the original value engineering was missed in previous change orders. By changing the size of the framing members for the east wall the contract price should have been reduced by \$6,300. This deduction is reflected on change order 5.
2. Throughout the project the electrical subcontractor has noted that much of the existing wiring and circuits in the building did not meet code or standards. As the electrical contractor was conducting required work in the contract they were also redoing much of the existing wiring to meet code. The general contractor notified us of this work early in the project and we asked the contractor to keep track of the work and it was our intent to make the change order at the end of the work. A copy request for proposals from the electrical contractor explaining the additional work is attached to this memo. The total increase in electrical costs was \$31,018.95.

Between the two change items the total change to the contract from this change order is an increase of \$24,718.95.

Previous change orders (1-4) increased the cost of the contract by \$37,599.90. Including this change order the overall contract went from \$2,061,867.00 to \$2,124,185.85, a total increase of \$62,318.85. This represents a net increase to the contract of about 3%.

There are no other change issues outstanding and this is expected to be the final change order.

We have also been notified by the design architect that the total reimbursable cost for construction management and inspection should be about \$15,000 under budget.

Additional funds for this change order will be drawn from the endowment fund.

**Recommendation:** Direct staff to execute change order 5 to the pool renovation project, increasing the project cost by an amount not to exceed \$24,718.95 using funds drawn from the city's endowment fund.

# AIA<sup>®</sup> Document G701<sup>™</sup> – 2001

## Change Order

<b>PROJECT</b> (Name and address):	<b>CHANGE ORDER NUMBER:</b> 005	<b>OWNER:</b> <input checked="" type="checkbox"/>
City of Craig Municipal Swimming Pool Addition & Renovation Craig, Alaska	<b>DATE:</b> 10-06-2016	<b>ARCHITECT:</b> <input checked="" type="checkbox"/>
<b>TO CONTRACTOR</b> (Name and address):	<b>ARCHITECT'S PROJECT NUMBER:</b> 14006	<b>CONTRACTOR:</b> <input checked="" type="checkbox"/>
CBC Construction PO Box 6133, Sitka, AK 99835	<b>CONTRACT DATE:</b> November 16, 2015	<b>FIELD:</b> <input type="checkbox"/>
	<b>CONTRACT FOR:</b> General Construction	<b>OTHER:</b> <input type="checkbox"/>

**THE CONTRACT IS CHANGED AS FOLLOWS:**

(Include, where applicable, any undisputed amount attributable to previously executed Construction Change Directives)

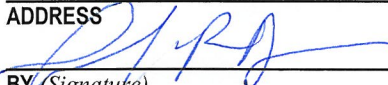

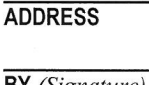
1. Refeeding of existing circuits. (+\$31,018.95)
  2. Change back wall to a 2-1/2" insulated metal panel and delete the simple saver system and interior finish on the back wall (exposed framing) (-\$6,300.00)
- Total: +\$24,718.95

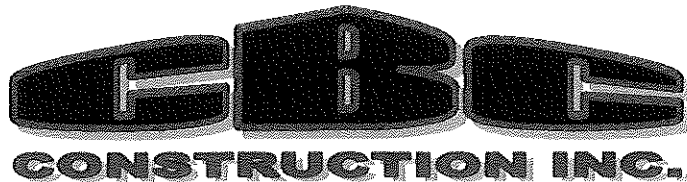
The original Contract Sum was	\$ 2,061,867.00
The net change by previously authorized Change Orders	\$ 37,599.90
The Contract Sum prior to this Change Order was	\$ 2,099,466.90
The Contract Sum will be increased by this Change Order in the amount of	\$ 24,718.95
The new Contract Sum including this Change Order will be	\$ 2,124,185.85

The Contract Time will be increased by Zero (0) days.  
The date of Substantial Completion as of the date of this Change Order therefore is 09-06-2016

**NOTE:** This Change Order does not include changes in the Contract Sum, Contract Time or Guaranteed Maximum Price which have been authorized by Construction Change Directive until the cost and time have been agreed upon by both the Owner and Contractor, in which case a Change Order is executed to supersede the Construction Change Directive.

**NOT VALID UNTIL SIGNED BY THE ARCHITECT, CONTRACTOR AND OWNER.**

Jensen Yorba Lott, Inc. <b>ARCHITECT</b> (Firm name)	CBC Construction <b>CONTRACTOR</b> (Firm name)	City of Craig <b>OWNER</b> (Firm name)
522 West 10th Street, Juneau, Alaska 99801 <b>ADDRESS</b>	PO Box 6133, Sitka, AK 99835 <b>ADDRESS</b>	PO Box 725, Craig, AK 99921 <b>ADDRESS</b>
 <b>BY</b> (Signature)	 <b>BY</b> (Signature) Chris balovich	 <b>BY</b> (Signature)
Armando DeGuzman (Typed name)	(Typed name)	Jon Bolling (Typed name)
10-06-2016 <b>DATE</b>	10-6-16 <b>DATE</b>	<b>DATE</b>



Chris Balovich, President  
P.O. Box 6133  
Sitka, AK. 99835

September, 29<sup>th</sup>, 2016

TO: JYL

ATTN: Armando

RE: Craig Pool

The costs to refeed the existing pool electrical circuits are as follows:

Sitka Electric - Electrical	(see attached)	\$22,078.00
CBC-Drywall repair	(55hrs x 89.00)	\$4,895.00
<u>O&amp;P 15%</u>		<u>\$4,045.95</u>
TOTAL:		\$31,018.95

  
Sincerely, Chris Balovich (president)

# PROPOSAL

Phone (907) 747-8887 Fax (907) 747-8875  
1314 Sawmill Creek Road Sitka AK, 99835  
AK General Contractor Lic. # 24766

KenCare Inc. DBA/  
**Sitka Electric  
Company**

**DATE:** September 29, 2016

**SUBMITTED TO: CBC CONSTRUCTION  
ATTN:ED/CHRIS**

**FROM: RON CONNER**

**JOB NAME: CRAIG POOL-PROVIDE NEW WIRING TO EXISTING  
CIRCUITS**

Provide new conduit and wiring to circuits that were demolished during removal of the ceiling structure. The existing circuits were installed in MC cable and supported by the ceiling. Removal of the ceiling structure damaged the majority of the cabling.

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**Base Bid:\$22,078.00**

**Labor:180hrs.@110.00/hr.=\$19,800.00**

**Material:\$900.00**

**Housing:\$850.00**

**Per Diem:\$528.00**

**WORK INCLUDED IN OUR PROPOSAL:**

- Provide all necessary conduit, wire, boxes, supports and labor to reconnect existing circuits to panels.
- Freight

**Other Inclusions:**

- Trench and backfill
- Stored material
- Cutting and patching
- Concrete pole bases
- Demolition of electrical fixtures and systems
- Disconnecting of electrical Equipment
- Subsistence / Living Cost

**Exclusions:**

- Bond cost & Department of Labor "Notice of Work" fees
- Primary & Non Contributory Insurance
- Per Project Insurance
- Insurance coverage not required by owners specifications

# PROPOSAL

- Primary and Non-Contributory Insurance & Per Project Limits Insurance
- Cost share of temporary site facilities
- Temporary wiring
- As Built drawings – We will furnish red lined drawings
- Mechanical control wiring not shown on electrical drawings
- Utility charges or building permits and/or fees
- Trench and backfill
- Concrete required unless otherwise noted
- Surveying and staking
- Patching and painting
- Cutting and replacement of asphalt
- Debris and garbage removal
- Fire proofing and caulking
- Construction barriers as required

This quotation is only valid for 30 days from date noted unless otherwise specified

By: **Ron Conner**  
**Ron Conner-Estimator**

### *Upon acceptance of proposal:*

*(1) Contractor will give Sitka Electric one signed original contract, and project work schedule. Modifications to work schedule affecting Sitka Electric will be given to Sitka Electric Project manager as soon as possible in order to minimize impact of scheduling change. All schedules will be approved by both Sitka Electric and Contractor.*

*(2) Payment will be net 10 working days from Contractor receiving payment from owner. If payment is not made within designated time Contractor will be responsible for all collection fees / attorney costs incurred in collection of said owed payment. Contractor will give in writing to Sitka Electric Project Manager scheduled or unscheduled date(s) when pay request are due. This schedule will be given to Sitka Electric a minimum 10 days prior to due date. Contractor will include current Sitka Electric pay request in Contractor pay request to owner unless mutually agreed upon by both Contractor and Sitka Electric.*

*(3) The terms of this proposal will become part of the contract between Contractor and Sitka Electric Co. upon acceptance.*