

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Jon Bolling, City Administrator
Date: November 30, 2017
RE: Goals Setting Workshop

With the advent of a new mayoral administration, and the addition of two new city council members, Mayor O'Connor and I talked recently about the merits of getting council direction on a list of projects for the mayor, council and staff to work toward. The list of projects below, provided in no particular order, is taken from projects on the city's capital project list, master planning documents, and from my recollections of other projects discussed from time to time, and are included here as a starting point for discussion if the council would like to begin with them. Each item includes brief summary and cost estimate, when available.

A work session is scheduled to precede the council's December 7 meeting. The work session begins at 6:00 p.m., an hour before the council meeting start time. The general goal of the work session is to identify projects the council is most interested in having staff spend its time on; this process will likely include council questions to staff regarding project details.

1. Harbor at Cannery Property

In 2006 the city purchased the old cannery property in downtown Craig for \$1.75 million. The city's goal in acquiring the property was to oversee the orderly redevelopment of the site. The site contains about five acres of upland, and five acres of tideland (tideland is defined here as property below the line of mean high tide). The city sold a portion of the site to First Bank in 2008 to facilitate construction of a new bank branch building.

Since purchase of the property, city staff has spent years working with the US Army Corps of Engineers through the Corps' Small boat Harbor Program to site, plan, design, and ultimately construct a boat harbor on the property's tidelands. That process has reached the point where the Corps is ready to begin design work on the project once Congress provides funding to the Small Boat Harbor Program through the annual federal budgeting process. Once design is complete, the city will work with the Corps toward funding the construction of the breakwaters needed to protect the harbor. Staff's goal is to secure funding that will amount to 80 percent of the cost of the breakwaters. Other funding sources are needed to construct the moorage floats, access, and upland improvements. Redevelopment of the uplands depends largely on the layout of the harbor. There is little redevelopment that can take place until a harbor design is finished, after which the location of important support services such as access, parking, and other details can be identified.

The project has a preliminary price tag of tens of millions of dollars. Staff continues to work on funding options.

2. Craig Aquatic Center.

- a. Pool Basin. The basin of the lap pool is due for refinishing. The project architect identified three refinishing options. (\$96,000 to \$140,000)
- b. Fitness room. Based on patron comments the fitness room merits expansion. There is room to the south to extend the room, and more than enough capacity already in place to properly heat and ventilate the expanded area. The architect's off-the-cuff cost estimate for the expansion is \$350,000, not including the cost of additional fitness equipment.

3. Acquire second garbage truck

Acquisition of a second self-loading garbage truck to augment the existing truck is needed to provide for some redundancy to the city's garbage collection service. (\$360,000)

4. Convert ice house to salt water cooling system

The ice house currently uses two fresh water cooling units to operate the compressors in the building. Converting the system to salt water cooling will eliminate the need for the two external cooling units, and greatly reduce the risk of the cooling water freezing and breaking pipes in the existing cooling system. The existing ice making systems are designed for salt water cooling; as a result the conversion should be limited to acquisition of a pump and controls to draw salt water from below the dock to act as coolant.

5. Skateboard park

The construction of a skateboard park has come before the council several times over the last 15 years or so. The project would require some public process to identify a suitable site in the community for the structure, and identification of a funding source. I found a web site that has designs for skateboard structures costing less than \$100,000, and also a site that claims to offer some capital funding for skateboard parks.

6. Water System Upgrades

There are a number of improvements that merit consideration for the city's water system.

- a. Expand Chlorine Contact Chamber. The size and configuration of the chlorine contact chamber at the water treatment plant is a bottleneck in the treatment process. An expanded contact chamber, with baffling added to the existing chamber, will apparently allow the city to produce additional water during our high demand summer season. (\$350,000)
- b. Hydro generator. A hydroelectric generator installed in the city's raw water line may be able to produce between 75,000 kilowatt hours and 153,000 kilowatt hours of electricity per year. While more design work is needed, it is possible that this power generation could offset part of the city's electrical cost to run the water treatment plant. (\$400,000)
- c. Secondary Source. The city should identify a secondary water source in the event that the existing source suffers some sort of failure. A suitable secondary source may be a spring that feeds the old city water supply at the foot of the hill below the steel water storage tank. (\$100,000 – reconnaissance/pre-engineering phase)
- d. Spruce Street Tank Renovation. The Spruce Street water storage tank is off line and does not contribute any benefit to the city's water system. Staff is working with engineers at the Alaska Native Tribal Health Consortium on a design to bring the tank back into service to help meet summer demand. (\$150,000)

7. Raw Fish Tax Distribution

For some commercial seafood taxes, the State of Alaska shares the amount collected with the community in which the seafood is processed. The state shares the tax receipts with the processing community as an offset to impacts from that processing, ostensibly for the community to improve its harbor, dock, water, and other related infrastructure. The structure of some of these taxes on seafood landings and processing does not account for fish landed in one community but processed in another. This situation occurs in spades in Craig, where in some years millions of pounds of seafood is landed and subsequently processed in another community. The solution to this inequity probably lies in a change to the state statute governing the tax. Doing so will require the cooperation of our state representative and senator, and at least tacit concurrence from the communities that now receive the portion of the processing tax shared with them by the State of Alaska.

8. Wastewater System Upgrades

The city's wastewater system (which includes pump stations, wastewater collection lines, manholes, and the wastewater treatment plant) also has some upgrades needed.

- a. Back-up generator. The treatment plant itself merits a backup generator to keep the plant operational during blackouts. Currently staff must make it to the plant early on during power failures to prevent the headworks room from flooding with raw sewage. (\$50,000)
- b. Pump stations. The downtown pump station is overdue for replacement, and two other stations are still in use after more than 30 years in service. (\$300,000 per station average).

On a related note regarding water and wastewater capital needs, the State of Alaska offers a loan and grant program. Grants are competitive statewide and occasionally the city qualifies for such funding. Loans are easier to secure. The state assesses a one percent rate of interest on loans.

9. Port St. Nicholas Road

A year ago city staff held meetings with some PSN residents to discuss maintenance of the PSN Road. The meetings were based on city council interest in having PSN residents contribute toward the cost of maintaining the road. The City of Craig has an ownership interest in the road, and a written agreement with the State of Alaska to maintain the paved portion of the road to a given standard. Given that much of the road is outside the city limits, investigating options for receiving contributions from PSN residents to maintain the road is in the interest of city residents.

Before staff's initial meeting with area residents, I drafted an ordinance to implement a fee, as a point of discussion. City staff also developed a draft budget that estimated costs to providing plowing, sanding, brushing, striping, and other services to the road. The reception from PSN residents last year to concept of collecting funds to maintain the road was mixed, with some residents willing to consider the matter, and others unwilling.

Assuming that the council eventually favors collecting a fee from PSN residents to offset costs to maintain the road, an enforceable method to collect such a fee should be considered. I have already worked with the city attorney on this point, and some work on this point remains.

10. POWER Building

The POWER building is in need of a new roof and exterior siding (and probably other improvements) if it is going to continue to be used as a thrift store. Staff believes that grant funding can be found for at least some of the work. (\$25,000-\$50,000).

11. Public Works Equipment/Materials Storage

Some public works rolling stock, including heavy equipment, is stored outdoors. Construction of additional covered storage will extend the life of equipment and protect bulk materials.

12. Firehall/EMS building

The city has a construction-ready design in-hand for a new fire hall/EMS building. The site selected is between AC Thompson House store and the city's public works yard building. (\$4,000,000)

13. Library Planning and Design

There is interest in expanding the city's library, either at the existing site or in another location. The project is still in a planning phase, and no cost estimates are yet developed for either expansion of the existing building or at a new location.

14. City Gym Parking Lot Roof

There is talk from time to time of building a roof over the City Gym parking lot. The roof would make the court useful in the rainy weather. The project has not reached the point where a design or cost estimate is available.

15. Expand Boat Launch area at Industrial Park

I receive occasional input from the public advocating for an expansion of the boat launch ramp area at the industrial park. Some advocate for a second launch ramp, and others for a widening of the ramp to accommodate the transport of items too large for the existing ramp.

16. Replace/maintain Bridge Structures

The water line road corridor includes two bridge structures. One of those, a log stringer bridge near where the water line road diverges from the Port St. Nicholas Road, will likely need replacement in the next five to ten years, if not sooner. The second bridge, just below the dam, was inspected three or four years ago and found to be in good condition. However that structure must be monitored regularly and some provision made for its maintenance. In addition, I am told that the new bridge over Dog Salmon Creek, near the city's water treatment plant, requires regular inspections under federal law.

17. Landscaping

I would like to see an effort made to improve the appearance of the grounds around some city buildings beyond cutting grass. First Bank sets a nice example of maintaining their landscaping. The spaces around city hall, the aquatic center, and the old youth center building could all benefit from landscaping.

18. Coordination with CTA

The Craig Tribal Association has a number of ongoing and/or new projects that will require coordination with the City of Craig. I would like to stay actively engaged with CTA on these projects, some of which will require written agreements, or other action from the city council.

There may well be additional goals to discuss on December 7 of interest to individual council members. Please give those some thought in addition to the items listed above, and be prepared to provide some staff direction on projects to focus and those to disregard.

**CITY OF CRAIG
WORKSHOP/COUNCIL AGENDA
DECEMBER 7, 2017
COUNCIL CHAMBERS
WORKSHOP 6:00 P.M.
COUNCIL MEETING 7:00 P.M**

WORKSHOP

- City Goals and Capital Projects

ROLL CALL

Mayor Timothy O'Connor, David Creighton, Greg Dahl, Jim See, Julie McDonald, 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.

- City Council Meeting Minutes of November 16, 2017
- Introduction and First Reading of Ordinance 706, Revisions to Section 5.20 Vehicle for Hire
- Introduction and First Reading of Ordinance 707, Animals at Large Fine

HEARING FROM THE PUBLIC

- Open for public comment

REPORTS FROM CITY OFFICIALS

Mayor/Fire Chief

Administrator

Treasurer

Aquatic Manager

City Clerk

City Planner

EMS Coordinator

Harbormaster

Library

Police Chief

Public Works

Parks and Rec

Parks and Public Facilities

READING OF CORRESPONDENCE

- APCM October Report
- Letter from Aaron Bean DBA Alaska Greenleaf
- SSRAA Timeline for Extension for Nominees

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COUNCIL MEETING 7:00 P.M**

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

UNFINISHED BUSINESS

NEW BUSINESS

- Consider Comments on Premium Aquatics, LLC Tideland Lease
- Acceptance of Greg Dahl's Resignation, Appointment of New Council Member
- Tract P Access Road Design Approval
- Consider Employee Loan Policy
- Consider Donation to POW V&T
- Consider Award of Bid for Work at Waste Water Treatment Plant
- Consider Vehicle Purchase

ADJOURNMENT

ROLL CALL

Mayor Timothy O'Connor called the meeting to order at 7:00 p.m. and the roll was taken. Present were Mike Douville, Jan Trojan, Jim See and David Creighton. Absent excused was Julie McDonald and Greg Dahl.

Staff present: Jon Bolling, City Administrator; Kassi Mackie, City Clerk; Joyce Mason, Treasurer; Jessica Holloway, Aquatic Manager

Audience present: Lisa Radke, A. Deering, Terri Sano, Barbara Stanley

CONSENT AGENDA

- **City Council Meeting Minutes of October 5, 2017**
 - **City Council Meeting Minutes of October 19, 2017**
 - **City Council Meeting Minutes of October 19, 2017**
- TROJAN/DOUVILLE moved to approve the consent agenda.
MOTION CARRIED UNANIMOUSLY

HEARING FROM THE PUBLIC

- **Final Reading and Public Hearing of Ordinance 705, Combining of Offices**
- **Resolution 17-10 Supporting the Coordinated Public Transit Plan and Transit**
- **Priorities**
- **Resolution 17-11, Appointment of Vice Mayor**

Andy Deering commented that Ordinance 705 would read more clearly if the council compensation couldn't be "changed" during a term instead of "reduced" during a term.

Kassi Mackie referenced the resignation letter from Greg Dahl that the council received, and that it would be voted on at the December 7th meeting. Staff has published notices regarding the vacant seat, and candidates will be considered at the December 7th meeting as well.

Terri Sano would like the council to consider adding to the resolution a section regarding transportation of pregnant women to the ferry and flights. Terri mentioned that the cabs are unreliable, and Medicaid doesn't pay for transportation to the ferry or flights. Jon explained that the resolution is intended to support existing groups such as SE Senior Services, meal delivery to elders and such. The Craig Tribal Association is working on a transit program, but Jon is unaware of an agency that provides funding for transportation to pregnant women. The council will consider adding a "Whereas" to the resolution to support transportation for expecting women.

Mike Douville commented that the burn pile is an ongoing issue with the city, and staff needs to have the tools available to enforce city code and policy. Mike would like staff to consider installing cameras to aid police in catching abusers.

READING OF CORRESPONDENCE

- **3rd Quarter Sales Tax Report**
- **SSRAA Appointment Letter**

CONSIDERATION OF RESOLUTIONS AND ORDINANCES

Resolution 17-10 Supporting the Coordinated Public Transit Plan and Transit Priorities

DOUVILLE/TROJAN

moved to approve Resolution 17-10.

DOUVILLE/TROJAN

moved to amend the motion to add a WHEREAS addressing the current need for service for expecting women.

AMENDMENT CARRIED
UNANIMOUSLY BY ROLL CALL VOTE

MAIN MOTION CARRIED
UNANIMOUSLY BY ROLL CALL VOTE

Resolution 17-11, Appointment of Vice Mayor

SEE/TROJAN

moved to approve Resolution 17-11.
MOTION CARRIED UNANIMOUSLY BY
ROLL CALL VOTE

Ordinance 705, Combining of Offices

SEE/CREIGHTON

moved to approve Ordinance 704.

Jim commented that the council changed the code section under discussion previously so that compensation would be adjusted by a stand-alone ordinance, so Jim doesn't believe that it needs to be changed again.

MOTION CARRIED UNANIMOUSLY

UNFINISHED BUSINESS

NEW BUSINESS

Pool Passes for SEARHC

The council authorized staff to issue passes to SEARHC for the "Winter Wellness" Program.

ADJOURNMENT
DOUVILLE/SEE

moved to adjourn at 7:35 p.m.
MOTION CARRIED

APPROVED _____

MAYOR TIMOTHY O'CONNOR

ATTEST _____
KASSI MACKIE, CITY CLERK

ORDINANCE NO. 706

CITY OF CRAIG

AMENDING TITLE 5.20 OF THE CRAIG MUNICIPAL CODE TITLED
"VEHICLES FOR HIRE"

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

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

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

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

Section 4. Action. This ordinance amends Chapter 5.20 of the Craig Municipal Code, entitled "Vehicles for Hire", by deleting words with ~~strike through~~ and adding words that are underlined:

Sections:

- 5.20.010 Definitions.
- 5.20.020 Certificate of public convenience and necessity required.
- 5.20.030 Application for certificate.
- 5.20.040 Issuance of certificate.
- 5.20.050 Indemnity bond or liability insurance required.
- 5.20.055 Certificate Term-Renewal
- 5.20.060 License fees.
- 5.20.065 Vehicle for Hire Certificate-Transfer
- 5.20.070 Suspension and revocation of certificates.
- 5.20.080 Vehicle-for-hire driver's license.
- 5.20.090 ~~Display of license.~~ Reserved
- 5.20.100 Equipment and maintenance.
- 5.20.110 Parking.
- 5.20.120 Fares.
- 5.20.130 Receipts.
- 5.20.140 Refusal of passenger to pay legal fare.
- 5.20.150 Solicitation, acceptance, and discharge of passengers.
- 5.20.160 Prohibition of other vehicles.
- 5.20.170~~65~~ Vehicle-for-hire service.
- 5.20.170 Operator's permit required
- 5.20.175 Operator's permit application
- 5.20.180 ~~Manifests.~~ Reserved
- 5.20.185 Operator's Permit-Police investigation of applicant

5.20.190 Operator's Permit-Consideration of application
5.20.195 Operator's permit issuance- Duration-Display- Annual Fee
5.20.200 Renewal of Operator's permit- Issuance of temporary permit
5.20.205 Operator's Permit-Suspension and revocation
5.20.210 Manifests
~~5.20.190~~215 Advertising.
~~5.20.200~~220 Police to enforce chapter.
~~5.20.210~~225 Violation – Penalties.

"5.20.010 Definitions.

The following words and phrases when used in this chapter have the meanings as set out herein:

- a) "Certificate" means a certificate of public convenience and necessity issued by the city council authorizing the holder thereof to conduct a vehicle for hire business in the city;
- b) "Cruising" means the driving of a vehicle for hire on the streets, alleys, or public places of the city in search of or soliciting prospective passengers for hire;
- c) "Driver's license" means valid Alaska Driver's license
- d) "Holder" means a person to whom a certificate of public convenience and necessity has been issued;
- e) "Manifest" means a daily record prepared by a vehicle for hire certificate holder of all trips made by the holder showing time and place of origin, destination, number of passengers, and the amount of fare of each trip;
- f) "Open stand" means a public place alongside the curb of a street or elsewhere in the city, which has been designated by the city administrator as reserved exclusively for the use of vehicles for hire;
- g) "Operator's permit" means the permit issued by the Craig police department to a driver of a vehicle for hire company.
- h) "Person" includes an individual, a corporation, or other legal entity, a partnership, and any unincorporated association;
- i) "Place of Origin" means specific address including city or municipality where the fare originates;
- j) "Round trip" means if a person begins a trip in one city and goes into another city and the trip is not interrupted by more than a 30-minute period then it shall be considered a round trip and the city of origin will have the right to all taxes due. If, however, the trip is broken by more than 30 minutes each city would be entitled to its fair share of the tax due as required and each city would be considered the place of origin.
- k) "Shuttle" means any business transporting passengers over a fixed route.
- l) "Vehicle for hire" means a motor vehicle regularly engaged in the business of carrying passengers for hire and not operated over a fixed route;

5.20.020 Certificate of public convenience and necessity required.

No person shall operate or permit a vehicle for hire owned or shuttle service controlled by said person to be operated as a vehicle for hire upon the streets of the city without having first obtained a certificate of public convenience and necessity from the city council.

5.20.030 Application for certificate.

An application for a certificate shall be filed with the city clerk upon forms provided by the city; and the application shall be verified under oath and shall furnish the following information:

- a) The name and address of the applicant;
- b) Any unpaid judgements or past due accounts payable to the City of Craig.
- c) The experience of the applicant in the transportation of passengers;
- d) Any facts which the applicant believes tend to prove that public convenience and necessity require the granting of a certificate;
- e) The number of vehicles to be operated or controlled by the applicant and the location of proposed depots and terminals, and fixed route if an application for shuttle business;
- f) The hours during which the applicant shall keep the place of business open for the purpose of receiving calls and dispatching vehicles for hire;
- g) The distinctive color scheme, including the color scheme of any lettering or numbers the applicant intends to apply to the exterior of each vehicle;
- (h) The location and address of the off-street parking lots within the corporate limits of the city set aside and available for applicant's vehicles when such vehicles are not in service;
- (i) A statement that the applicant has not been convicted of any of the following felony or misdemeanor offenses within the preceding five years:
 - 1) Prostitution or the promotion of prostitution;
 - 2) Sale, transportation, possession, or use of any controlled substance as defined in AS 11.71.140 through 11.71.190;
 - 3) Any offense which includes as an element the use or threat of force upon a person;
 - 4) Burglary, felony larceny, fraud, or embezzlement;
 - 5) Any sexual offenses; or
 - 6) Two separate felonies of any type;
- (j) A statement that the motorized vehicles to be used in the proposed operation are in a safe and legal operating condition together with a signed report to that effect issued within 60 days by a qualified mechanic approved by the chief of police or designee;
- (k) Proof of compliance with the insurance requirements of this chapter;

(l) Such proof as the clerk may require establishing that the applicant will be independently engaged in the business for which the certificate is granted;

~~(m)~~ Such further information as the city administrator may require.

5.20.040 Issuance of certificate.

a) If the council finds that further vehicle for hire or shuttle service in the city is required by the public convenience and necessity and that the applicant is fit, willing and able to perform such public transportation and to conform to the provisions of this chapter and the rules promulgated by the city administrator and the council, then the city administrator shall issue a certificate stating the name and address of the applicant, the number of vehicles authorized under the certificate, and the date of issuance; otherwise, the application shall be denied. In addition to conditions set forth in section 5.20.030, the applicant must meet the following additional requirements:

1. All sales, real and personal property taxes, utilities, interest, and penalties have been paid to the city;
2. All fines, penalties, and collection costs due to the city where the holder's public vehicle was involved have been paid, unless the vehicle was truthfully reported stolen at the time of the violation or offense; and

b) In making the above findings, the council shall take into consideration the number of vehicles for hire or shuttle services already in operation, whether existing transportation is adequate to meet the public need, the probable effect of increased service on local traffic conditions, and the character, experience, and responsibility of the applicant.

5.20.050 Indemnity bond or liability insurance required.

a) No certificate of public convenience and necessity shall be issued or continued in operation unless there is in full force and effect an indemnity bond for each vehicle authorized in the amount of \$100,000 dollars for bodily injury to any one person; and subject to said limit for one person in the amount of three hundred thousand dollars for injuries to more than one person which are sustained in the same accident, and fifty thousand dollars for property damage resulting from any one accident. The bond or bonds shall inure to the benefit of any person who shall be injured or who shall sustain damage to property proximately caused by the negligence of a holder, holder's servants, or agents. The bond or bonds shall be filed in the office of the city clerk, and shall have as surety thereon a surety company authorized to do business in the state.

b) The city administrator may, in the city administrator's discretion, allow the holder to file, in lieu of bond or bonds, a liability insurance policy issued by an insurance company authorized to do business in the state. The policy shall conform to the

provisions of this section relating to the bonds. The policy shall contain a provision for notification of cancellation thirty days prior to such cancellation. Notice of cancellation shall be immediately filed with the city clerk.

5.20.055 Certificate-Term-Renewal

Every certificate issued under this chapter shall expire on the last day of January next following its issuance; certificates once issued may be renewed and reissued by the clerk upon application to the clerk. Holders may apply for renewal no later than 30 days before the certificate expiration date. Certificates will not be renewed unless:

- a) All sales, real and personal property taxes, utilities, interest, and penalties have been paid to the city;
- b) All fines, penalties, and collection costs due to the city where the holder's public vehicle was involved have been paid, unless the vehicle was truthfully reported stolen at the time of the violation or offense; and
- c) The holder submits a signed report issued within 60 days from a qualified mechanic, approved by the chief of police or his designee, that each of the motorized vehicles operated under the certificate are in safe and legal operating condition, and proof of compliance with the insurance requirements of this chapter.

5.20.060 License fees.

No certificate shall be issued or continued in operation unless the holder thereof has paid an annual license fee of ~~ten dollars~~ one hundred dollars for the right to engage in the vehicle for hire or shuttle business and twenty dollars each year for each vehicle operated under a certificate of public convenience and necessity. License fees shall not be prorated. The license fees shall be for the calendar year, and shall be in addition to any other license fees or charge established by proper authority and applicable to the holder or the vehicle under the holder's operation and control.

5.20.065 Vehicle for Hire Certificate-Transfer

No vehicle for hire certificate may be sold, assigned, leased, or otherwise transferred without the consent of the council. Any sale, assignment, lease, or transfer of such certificate without the consent of the council is void, and the certificate revoked. Prior to revocation of any certificate under this section, the certificate holder participating in any assignment, lease, or transfer shall be sent notification and shall have an opportunity to be heard by the council.

5.20.070 Suspension and revocation of certificates.

- a) A certificate issued under the provisions of this chapter may be revoked or suspended by the city administrator if the holder thereof has:
 - 1) Violated any of the provisions of this chapter;
 - 2) Discontinued operations for more than fifteen days;

- 3) Violated any ordinances of the city or the laws of the United States or the state, the violations of which reflect unfavorably on the fitness of the holder to offer public transportation; or
 - 4) Failure to pay city sales tax quarterly as required;
 - 5) Failed to maintain the vehicles in safe and legal condition;
 - 6) Failed to exercise reasonable supervision or control over its drivers and vehicles or failed to establish reasonable safeguards when such failure contributed either directly or indirectly to any of the acts described in CMC 5.20.190(b), (c), (d), or (e); or
 - 7) Where there are any fines, penalties, and collection costs due the city under CMC Title 10 where the holder's public vehicle was involved, unless the vehicle was truthfully reported stolen at the time of the violation or offense.
- b) A certificate suspended or revoked under this subsection may be reinstated upon payment of the amounts due to the city.

c. Prior to suspension or revocation, the holder shall be given notice of the proposed action to be taken, and shall have an opportunity to be heard, with right of appeal to the council.

~~5.20.080 Vehicle for hire driver's license.~~

~~No person shall operate a vehicle for hire upon the streets of the city, and no person who owns or controls a vehicle for hire shall permit it to be so driven, and no vehicle for hire licensed by the city shall be so driven at any time for hire, unless the driver of the vehicle for hire shall have first obtained an Alaska Driver's License, and has been accepted as a driver by the taxi owner's insurance company.~~

~~5.20.090 Display of license.~~

~~Every driver licensed under this chapter shall post his or her driver's license in such a place as to be in full view of all passengers while such driver is operating a vehicle for hire, or shall carry the same on his or her person and shall show the same to all persons upon demand.~~

5.20.100 Equipment and maintenance.

- a) The owner of a vehicle for hire or shuttle service shall be fully and solely responsible for ensuring that said vehicle shall be routinely and regularly repaired, maintained and inspected as may be required by federal or state law or regulation governing such vehicle, and shall further ensure that evidence of such compliance is properly displayed in or on such vehicle as may be so required by law or regulation, or, if not so required, shall ensure that such evidence of compliance is available to be shown to all persons upon demand.

- b) Prior to the use and operation of any vehicle under the provisions of this section, the chief of police of the city, or the chief's designee, shall conduct a physical examination of the vehicle to determine whether the same is properly equipped, and appropriately painted, lettered, and otherwise clean, presentable, and suitable for public patronage and occupancy, according to the provisions of this chapter. A fee for each additional police department inspection is \$25.00 for any vehicle which fails an initial inspection.
- c) Every vehicle operating under this section shall be inspected, as set forth in paragraph (a) of this section, at least once each calendar year. Any vehicle which shall not pass inspection will immediately be suspended from service until such defect has been corrected.
- d) Any vehicle operating under this section which is involved in a reportable accident as provided by state law, shall be inspected as provided in paragraph (a) of this section before continuing in or returning to service.

5.20.110 Parking.

- a) The city administrator is authorized and empowered by the council of the city to establish open vehicle for hire stand locations within the city.
- b) Open stands shall be used by the different companies, provided that no two vehicles for hire from the same company shall be in the same stand at any one time. The driver shall pull onto the open stand from the rear and shall advance forward as the vehicles for hire ahead pull off. Drivers shall stay within five feet of their vehicles for hire; they shall not solicit passengers, or engage in loud or boisterous talk while at an open stand. Nothing in this section shall be construed as preventing a passenger from boarding the vehicle for hire of his or her choice that is parked at open stands.

5.20.120 Fares.

- a) Vehicle for hire and shuttle fares and charges shall be determined by measurement of distance and all rates shall be posted within or on the outside of the vehicle for hire in a manner that is readily legible to the public.
- b) Charter services shall be by an hourly rate, which rate shall be posted within or on the outside of the vehicle for hire in a manner that is readily legible to the public, or by prior written agreement.
- c) Lawful rates. It is unlawful to charge, demand, request, collect or receive, or attempt to charge, collect, or receive any rate or compensation for the use of a vehicle for hire other than the rate, charge or compensation specified in this section.

5.20.130 Receipts.

The driver of any vehicle for hire or shuttle service shall upon demand by the passenger render to such a passenger a receipt for the amount charged, either by a mechanically printed receipt or by a specially prepared receipt on which shall be the name of the owner, license number or vehicle for hire number, amount of meter reading or charges, and date of transaction.

5.20.140 Refusal of passenger to pay legal fare.

It is unlawful for any person to refuse to pay the legal fare of any of the vehicles mentioned in this chapter after having hired the same; and it is unlawful for any person to hire any vehicle herein defined with intent to defraud the person from whom it is hired of the value of such service.

5.20.150 Solicitation, acceptance, and discharge of passengers.

- a) No driver shall solicit passengers for a vehicle for hire except or while standing immediately adjacent to the curb side thereof. The driver of any vehicle for hire shall remain in the driver's compartment or immediately adjacent to his or her vehicle at all times when such vehicle is upon the public street, except that, when necessary, a driver may be absent from his vehicle for hire for not more than thirty consecutive minutes, except in an emergency; and provided further that nothing herein contained shall be held to prohibit any driver from alighting to the street or sidewalk for the purpose of assisting passengers into or out of such vehicle.
- b) Prohibited Solicitation. No driver shall solicit patronage in a loud or annoying tone of voice or by sign, or in any manner annoy any person, or obstruct the movement of any persons, or follow any person for the purpose of soliciting patronage.
- c) Receipt and Discharge of Passengers on Sidewalk Only. Drivers of vehicles for hire or shuttle service, except in emergency, shall not receive or discharge passengers in the roadway, but shall pull up to the right-hand sidewalk as nearly as possible or, in the absence of a sidewalk, to the extreme right-hand side of the road, and there receive or discharge passengers, except upon one-way streets, where passengers may be discharged at either the right-hand or left-hand sidewalk, or side of the roadway in the absence of a sidewalk; provided that this section shall not prohibit a vehicle for hire or shuttle service from making a brief stop on the roadway side of a vehicle stopped or parked not to exceed three minutes, if such stop is necessary in the expeditious loading or unloading of passengers of such vehicle, and further provided that except in residential areas, no person shall make said stop in such a manner or under such conditions as to leave available less than ten feet of the roadway, streets or highway for the free movement of vehicular traffic in either direction provided that when the vehicle for hire is making the brief stop, the driver thereof shall remain in the driver seat of the vehicle for hire immediately behind the steering wheel except to

assist a passenger in or out of the vehicle for hire or shuttle, if necessary; and provided further that this section shall not be construed to permit a vehicle or vehicle for hire or shuttle to stop, stand or park on the roadway side of a vehicle stopped or parked at the edge or curb of a highway, road, or street, when said vehicle or vehicle for hire is precluded from doing so under state law.

- d) Cruising. No driver of a vehicle for hire shall cruise in search of passengers.
- e) Restriction on Number of Passengers. No driver shall permit more persons to be carried in a vehicle for hire as passengers or shuttle service, than the rated seating capacity of such vehicle.
- f) Refusal to Carry Orderly Passengers Prohibited. No driver shall refuse or neglect to convey any orderly person or persons, upon request, unless previously engaged or unable or forbidden by the provisions of this chapter to do so, unless there is good reason therefore.

5.20.160 Prohibition of other vehicles.

Private or other vehicles for hire shall not at any time occupy the space upon the streets that has been established as open stands.

5.20.170~~5~~ 65-Vehicle for hire service.

All persons engaged in the vehicle for hire or shuttle business in the city operating under the provisions of this chapter shall render an over-all service to the public desiring to use vehicles for hire. Holders of certificates of public convenience and necessity shall maintain a place of business which may be mobile and shall keep the same open for the purpose of receiving calls and dispatching vehicles for hire during not less than those hours which are specified in the approved certificate of public convenience and necessity. They shall answer all calls received by them for services inside the corporate limits as soon as they can do so, and if the services cannot be rendered within a reasonable time, they shall then notify the prospective passengers how long it will be before the said call can be answered and give the reason therefore. Any holder who shall refuse to accept a call anywhere in the corporate limits at any time when such holder has available vehicles for hire or shuttles, or who shall fail or refuse to give overall service, except as provided in subsection (f) of Section 5.20.150, shall be deemed a violator of this chapter, and the certificate granted to such holder shall be revoked at the discretion of the city administrator.

5.20.170 Operator's permit required.

No person shall operate a vehicle for hire or shuttle service upon the streets of the city, and no person who owns or controls a vehicle for hire or shuttle service shall permit it to be so driven, and no vehicle for hire or shuttle service licensed by the city shall be so

driven at any time for hire, unless the driver of the vehicle for hire or shuttle service shall have first obtained an Alaska Driver's License, city operator's permit, and has been accepted as a driver by the certificate holder's insurance company, and operates a vehicle authorized by a Certificate.

5.20.175 Operator's Permit-Application.

An application for an operator's permit or a renewal thereof shall be made in writing under oath and filed with the chief of police or his designee upon a form provided by the city, and each applicant shall furnish the following information:

- 1) Name and Address
- 2) Place or places of residence in the past two years
- 3) Age, height, color of eyes and hair;
- 4) A letter from the vehicle for hire company or shuttle service or certificate holder which proposes to hire or lease to the applicant requesting and recommending that the license be granted;
- 5) The experience of the applicant in the transportation of passengers;
- 6) The names and addresses of two reliable people who have known the applicant for a period of one year and who will vouch for the sobriety, honesty, and general good character of the applicant;
- 7) Whether the applicant has been convicted of a felony or a misdemeanor within the last five years;
- 8) Whether the applicant has ever held a driver's license or a chauffeur's permit, and if so, when and where and if such permit has been revoked within the last five years and for what cause;
- 9) Any other facts or information as the chief of police or his designee may require;
- 10) Any other facts deemed important by the applicant that he may wish to submit;
- 11) Whether the applicant has been convicted of reckless driving, leaving the scene of an accident, or operating a motor vehicle while under the influence of intoxicants, drugs, or narcotics within the last five years;
- 12) Whether the applicant has any physical disability which impairs the applicants driving ability.

At the time the application is filed, the applicant shall pay to the police department the sum of \$20.00.

5.20.180 Current state driver's license required.

Before any operator's permit is issued by the chief of police or his designee, the applicant shall be required to show that he has a current motor vehicle operator's license issued by the state.

5.20.185 Operator's Permit-Police investigation of applicant.

The police department shall conduct an investigation of each applicant for an operator's permit, and a report of such investigation and a copy of the traffic and police record of the applicant, if any, shall be attached to the application for the consideration of the chief of police or his designee.

5.20.190 Operator's permit- Consideration of application.

The chief of police or his designee shall review the application, the reports and other pertinent materials concerning the applicant and shall approve the application if, based upon the information in his possession:

- a) The application and any previous applications are true, accurate, and complete.
- b) The applicant has not had a conviction entered by a court of competent jurisdiction within 12 months of:
 1. A moving traffic violation or the last of a series of moving traffic violations which resulted in any suspension or revocation of the applicant's driver's license;
 2. Reckless or negligent driving;
 3. Driving while license suspended or revoked; or
 4. Driving while under the influence of intoxicating liquor, depressant, hallucinogenic stimulant or narcotic drugs or any controlled substances.
- c) The applicant has not had a felony, misdemeanor or similar conviction entered by a court of competent jurisdiction within five years of:
 1. Assignment, prostitution, solicitation for the purposes of prostitution, offering to secure another for the purpose of prostitution, maintaining a vehicle for the purpose of prostitution, or accepting money from a prostitute.
 2. Sale, transportation, possession or use of any controlled substance;
 3. Any felony or misdemeanor which includes as an element the use or threat of force upon a person;
 4. Burglary, larceny, fraud, theft, or embezzlement. The chief of police or his designee may approve a permit application to an applicant who has been convicted of a violation of subsection (c)(1)(2), (3), or (4) of this section if in his opinion the violation is remote in time and/or substantially minor and unrelated to the operation of a public vehicle.
- d) The applicant has not had a felony, misdemeanor or similar conviction entered by a court of competent jurisdiction for any offense which pertains to sexual abuse or sexual exploitation of a minor; provided, however, that the chief of police or his designee may approve a permit application to an applicant if the conviction is more than five years old and the applicant is unconditionally discharged from probation.
- e) The applicant has not committed any act which in the determination of the chief of police or his designee substantially relates to lack of fitness to operate a public vehicle.

- f) The applicant does not have a record of repeated incidents of alcohol or substance abuse. A permit may be granted despite such a record if the applicant proves to the satisfaction of the chief of police or his designee that any alcohol or substance abuse has been effectively treated. The chief of police or his designee may issue to any such applicant a probationary permit conditioned upon continued treatment and/or abstinence from the consumption of alcohol or controlled substance. Such license shall provide for suspension and/or revocation of the probationary permit if any condition is violated.
- g) The applicant has no physical disability which impairs the applicants driving ability. If charges are pending against an applicant for any of the traffic or criminal violations described in this section, the chief of police or his designee may, after offering the applicant an opportunity to present evidence and be heard, withhold approval of a permit pending the outcome of the prosecution of such charges. If any application is not approved by the chief of police or his designee, the applicant may, within 20 days of the date the decision of the chief of police is mailed to the applicants address as shown on the application, request a personal appearance before the council to offer evidence why his/her application should be reconsidered. Failure to timely request said appearance shall be a waiver of any right to contest or appeal the procedure, findings or actions concerning the application.

5.20.195 Operator's Permit-Issuance-Duration-Display-Annual Fee

- a) Upon approval of an application for a operator's permit, the chief of police or his designee shall issue to the applicant a permit which shall bear the name, address, age, signature, and photograph of the applicant.
- b) Operator's permits, unless revoked or suspended prior thereto, upon issuance shall be valid for one year from the date of issuance, and may be renewed annually for a one-year term; provided, however, a operator's permit valid for a five-year period may be issued to drivers who have held a City of Craig vehicle for hire license, shuttle service or operator's permit for a period of not less than five consecutive years upon payment of the license fee for five years in advance. The requirements of this section regarding submission of a operator's permit application and any other information required by this section need only be provided once every five years by the holder of a five-year license or permit; provided, however, the chief of police or his designee may require a driver holding an operator's permit or driver's license to submit such further and additional information, or to take a physical examination whenever he believes such is necessary for protection of the public.
- c) Every driver issued a permit under this chapter shall post that operator's permit in such a place that shall be in the full view of passengers while the driver is operating

the vehicle and shall carry the same on his or her person and shall show the same to all persons upon demand.

5.20.200 Renewal of operator's permit-Issuance of temporary permit.

In respect to renewals only, the police department may issue a temporary operator's permit, pending the completion of the steps indicated in CMC 5.20.175 through 5.20.190, if doing so does not appear contrary to the protection of the public.

5.20.205 Operator's Permit-Suspension and revocation.

a) The chief of police or his designee is given the authority to suspend or revoke any operator's permit issued under this chapter or prior ordinance, for any of the following reasons

1. Proof that the permittee has failed to satisfy any of the requirements of CMC 5.20.190
2. Proof that a material statement on the operator's application is false or misleading;
3. Willful failure to conspicuously display such permit in the vehicle while the vehicle is in operation
4. The permittee has committed any of the violations listed under 5.20.190(b), (c), (d), or (e), regardless of whether the permittee has been convicted by a court of competent jurisdiction;
5. Proof that the permittee has violated any section of this chapter.

b) Except when necessary for the immediate protection of the public and then only for such time as is reasonably necessary for such protection, no permit shall be suspended or revoked under this section without notice to the licensee and an opportunity for the permittee to present evidence in his/her behalf at a hearing before the chief of police. Any permittee suspended or revoked under this section may, within 20 days of the date of the decision of the chief of the police is mailed to the permittee's address as shown in the records of the police department, request a public appearance before the council to offer evidence why his/her application should not be suspended or revoked. Failure to timely request said appearance shall be a waiver of any right to appeal or contest the procedure, findings or suspension or revocation.

5.20.180210 Manifests.

a) Every permit holder shall maintain a daily manifest upon which is recorded all trips made each day, showing time and place of origin, destination of each trip, and amount of fare. The forms for each manifest shall be of a character approved by the city administrator.

b) Every holder of a certificate of public convenience and necessity shall retain and preserve all manifests in a safe place for at least the calendar year next preceding the current calendar year, and said manifests ~~shall be available to the police department or~~

~~the city clerk for inspection and copying.~~ will be submitted to the city clerk with the quarterly sales tax remittance.

5.20.190215 Advertising.

Subject to the rules and regulations of the city administrator, it is lawful for any person owning or operating a vehicle for hire or shuttle service to permit advertising matter to be affixed to or installed in or on such vehicles for hire.

5.20.200220 Police to enforce chapter.

- a) The police department of the city is hereby given the authority and is instructed to watch and observe the conduct of holders and drivers operating under this chapter. Upon discovering a violation of the provisions of this chapter, the police department shall report the same to the chief of police or his designee, who will order or take appropriate action.
- b) Any revocation, suspension, or denial of any certificate or permit by the chief of police or the city administrator shall be subject to appeal to the city council.
- c) The police may stop the vehicle at any time to inspect the manifest or to ensure compliance with any section of this ordinance.

5.20.210225 Violation- Penalties.

Any violation of this chapter shall be punished by the fine established in CMC 1.16.040 if the offense is listed in that fine schedule or by a fine of up to \$300.00 if the offense is not listed in the CMC 1.16.040 fine schedule.

APPROVED _____

MAYOR TIMOTHY O'CONNOR

ATTEST

KASSI MACKIE, CITY CLERK

**CITY OF CRAIG
ORDINANCE No. 707**

CHANGING SECTIONS 7.04.050.A.2 OF THE CRAIG MUNICIPAL CODE,
REGARDING ANIMAL IMPOUND FEES

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

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

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

Section 4. Action. This ordinance deletes existing Section 7.04.050.A.2 and replaces it with a new section 7.04.050.A.2, to read:

2. The cost of care and feeding of such animal at \$15.00 per day for animals licensed with the city, and \$30.00 per day for all other animals. When an animal is impounded more than once in a twelve month period, the cost of care and feeding of such animal at \$30.00 per day for animals licensed with the city, and \$60.00 per day for all other animals.

Passed and approved this ____ day of _____, 2018.

Mayor Tim O'Connor

Attest _____
Kassi Mackie, City Clerk

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Jon Bolling, City Administrator
Date: December 1, 2017
RE: Ordinance No. 707

Attached you will find Ordinance No. 707 presented here for first reading. The ordinance proposes to increase the fee assessed to house and feed animals captured and held in the city's dog pound building.

The current fee at 7.04.050.A.2 for housing an impounded animal is \$10 per day. The attached ordinance increases the fee to \$15 for animals licensed by the city and \$30 for unlicensed animals. When an animal is impounded a second or more times in a twelve month period, the fee to the owner to house and feed the animal is doubled.

The request to increase the fees comes from Prince of Wales Animal Welfare Society (PAWS). A copy of the group's request is attached. The city has an agreement in place to send money collected from animal at large impound fees to PAWS. In exchange, PAWS members feed and care for impounded animals. The group can also use the pound to house other animals it acquires on its own.

Recommendation

Approve Ordinance No. 707 at first reading.



Prince of Wales Animal Welfare Society

PO Box 61 Klawock, AK 99925

208.409.0522 | 503.812.8609

11/16/2017

RECEIVED

NOV 20 2017

Mayor and Council
Policy Chief RJ Ely
PO Box 725
Craig, Alaska 99921

RE: Proposal to increase impound fees for animals at large

Dear Mayor, Council & Chief RJ Ely,

We are asking for your consideration in adjusting the impound fees for those pets that are placed in the kennel facility. The current fees are set at \$15/day per animal.

Our recommendation after reviewing the costs and resources associated with the proper care of these pets and the facility are proposed as follows:

- \$15/day for pets which are licensed with the City
- \$30/day for all other pets

We also ask that you consider implementing a tiered charge for pets that are multiple offenders. An increase of \$15 per night, per offense with stacking fees.

Example: 1st time offense for non licensed pet - \$30/day; \$15 for licensed pet
2nd time offense for non licensed pet - \$45/day; \$30 for licensed pet
3rd time offense for non licensed pet - \$60/day; \$60 for licensed pet
\$15 increase in per day fee for each additional offense

The tiered increase in fees is designed to deter repeat offenders, and encourage residents to license their pets with the City of Craig. We are hoping this can be the first step in reducing and potentially eradicating pets on the street; which will have a direct and positive impact on unplanned litters.

Your time and consideration is greatly appreciated. The City of Craig has played a large role in supporting our cause, thank you.

Warm Regards,

Dawn Nelson, on behalf of PAWS (Prince of Wales Animal Welfare Society)

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Jon Bolling, City Administrator
Date: December 1, 2017
RE: December Staff Report

1. Contract Jail

As I have reported to the council in recent months, the Alaska Department of Corrections proposed that municipal contract jails around Alaska add what the department calls pre-trial services to the existing service contracts. After a number of meetings and exchanges, city staff and the department have settled on a scope of pre-trial services to add to the Craig's contract jail agreement. In exchange for the additional services that the city will provide, the department will increase the City of Craig's payment under the agreement by about \$32,000. I worked closely with Chief Ely on the scope of services. The additional services will be provided through June 30, 2018, at which point the city can decide if it wishes to continue offering the pretrial services for the following fiscal year.

I signed the contract jail agreement earlier today and sent it to the state. The formal implementation date is tomorrow, although Department of Corrections staff must first arrange for and deliver an array of staff trainings at Craig PD to implement the new services.

2. Meeting with Staff from Alaska DCCED

A staff member from the Alaska Department of Commerce, Community, and Economic Development plans to travel to Craig in December to gather additional information needed to complete a rate study of the City of Craig's water, wastewater, and solid waste utilities, and to collect data for an audit mandated by the Environmental Protection Agency.

3. Meeting on Sockeye Stock

I attended a two-day meeting on sockeye salmon within the Klawock Lake watershed November 14 and 15. Those in attendance talked quite extensively about sockeye returns, spawning habitat, rearing habitat, and potential benefits that may be derived from both enhancement and restoration projects. When I receive a summary of the two-day meeting I will be sure to let the council know that the summary is available for your review.

4. Public Works Director Vacancy

Mr. Russell Dill is still scheduled to start work as the city's public works director on December 15. David Nelson has very effectively overseen the workings at the department in the interim between Ron McIntosh's departure and Mr. Dill's arrival.

5. IFA Hollis Terminal Work

The Alaska Department of Transportation opened bids recently for work to expand the parking area at the IFA terminal in Hollis. Southeast Road Builders is the apparent low bidder at \$1,419,192. The proposed work will approximately double the amount of parking spaces at the terminal property. The existing parking area will be expanded and reconfigured.

6. Town Hall Meeting on Opioid Use

A town hall-style meeting is scheduled for Monday, December 11 to discuss opioid abuse on POW and in Alaska. The meeting is scheduled to start at 6:00 p.m. Fliers are set to be posted tomorrow or Monday, December 4 with the meeting location and other details. Rep. Jonathan Kreiss-Tomkins has assisted in securing speakers with experience in opioid abuse issues to travel to Craig for the meeting, and I understand a few island residents will speak as well.

7. Burn Pit

Doug Ward prepared an estimate for me to install cameras at the burn pit. The plan will require installation of an electric meter at the pit site. It may be possible to transmit the camera images wirelessly to Craig PD or another location in town to allow staff to monitor activity at the burn pile. Staff will work out the details of the camera installation. The cost may range from about \$550 to \$1,000, depending on the range of equipment needed.

8. Travel Schedule

- February 12-15 to Juneau for Southeast Conference meeting.
- March 15-17 – personal travel to Ketchikan.

City of Craig Memorandum

Date: November 30, 2017
To: Mayor O'Connor and Craig City Council
From: Kassi Mackie, City Clerk
Re: Clerk's Conference Report

Sunday, November 12th **Academy Course- To Infinity and Beyond with Barbara Benson** **Records Retention**

I have five pages of typed notes from this academy, it was GREAT! I thought about including it all in my report, but I will spare the council. Please ask if you have any questions about records retention.

Barbara had some great insight about records retention and a lot of information regarding storage, destruction and the dreaded electronic records. Barbara also covered records requests, and assisting coworkers with managing their records. The “broad strokes” of what we covered in our 8-hour session is below-

- Establishing clear roles and responsibilities
- Gaining Support
- Creating resources, tutorials, and tools to help co-workers manage their records.
- Responding to Public Records Requests
- Proper Storage and Disposal of Electronic Records
- Archival Management

Session 1 Monday

Albert Mensah was our presenter on the first day of the conference. Albert is was born in Ghana, but moved to the United States in his youth for the opportunities that we as Americans can take for granted. Albert has written several books, and took 2nd place in the World Championship of Public Speaking. Albert's presentation was exciting and engaging, and put perspective on life with his stories from Ghana. The main focus for the presentation was positive self-talk, and always keeping the “why” of our jobs at the forefront of our minds.

Session 2 Monday

Marijuana Control Board Panel

This portion of the conference was mainly to update the clerks about the process that the Alcohol and Marijuana Control Board is implementing, and speak with Sonya Dukes, City Clerk for the City of Houston, AK, who has dealt with over 11 applications for a community that is double our size. The last presenter was a board member on the AMC board. This session was geared toward questions and answers from clerks. I did a lot of listening.

City of Craig Memorandum

Session 3 Monday

Why we do what we do- to be a liaison between the public and the city, because it's a fulfilling job, memory keepers, provide value, facilitate the conversation, make a difference, empower ourselves and others.

- Bridges to goal setting
 - Plan and prioritize
 - Address
 - Free up psychic ram
 - Prioritize
 - Identify Resources and time
- Bridges to goal setting
 - Get everyone on the same page.
 - Practice
 - Learn Project Management Skills
 - Perspective
 - Purpose
 - When you look at each barrier, what is one step you can do to get the ball rolling.
 - Acceptance Criteria and exclusions are the book ends for determining scope clarity.

Session 1 Tuesday-Division of Elections

The representatives from the Division of Elections were present on Tuesday to give updates about the new ERIC system for voter registration, and election worker training. One of the big topics of conversation this conference was that the Division's elections equipment that is sent down for State and Municipal elections (if you opt for them) is out of date, and badly in need of replacement. Increasingly municipalities are purchasing elections equipment from vendors for municipal elections, because the state likely won't be replacing the voting equipment in the too near future. This is something that the City will likely need to decide on, as the hand-counting of ballots is getting time consuming and cumbersome. I was able to chat with one of the presenters, Lauri Wilson who is our Region 1 Elections Supervisor about election worker training via video conference again this year. This training has been very beneficial for everyone that works the city or state election. The information regarding the ERIC system was exciting, and I look forward to the implementation of the program.

Session 2 Tuesday-Conflict Resolution

Alexandra Fullerton, one of our municipal clerks was present to talk about conflict resolution. This course had some good tips for communicating with coworkers or the public, but was geared more towards being a moderator for a meeting, which doesn't necessarily pertain to my position

City of Craig Memorandum

Session 3 Tuesday-Becoming a Great Communicator

This course was also taught by Albert Mensah and included a lot of group activities. It was a fun way to end the conference.

Tuesday evening, we had our annual banquet and swearing in of new Alaska Association of Municipal Clerks Executive Board. I was elected to the Communications Director position, which not only will be beneficial for my position as the clerk, it will count towards points for my Master Municipal Clerk designation. Thank you for supporting me in continuing education!

L to R

Me,-Communications Director,

April Trickey, Fairbanks North Star Borough, Treasurer

Lauri Sica, C&B Juneau, Past President,

Melissa Jacobson, City of Homer- 2nd Vice President,

Sara Peterson, City of Sitka- 1st Vice President,

Shellie Saner, City of Soldotna-President,

Jessica Kilborn, Matsu Borough-Secretary

Not Pictured- Nova Javier- Kodiak Island Borough, Immediate Past President



CITY OF CRAIG MEMORANDUM

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: November 30, 2017
RE: Planning Department Staff Report – December 2017

1. Pending Land Leases/Land Sales
 - a. Land Sale to Tyler Rental. This land sale is still on hold pending Tyler looking at other alternatives.
 - b. Trojan Lease. On hold pending action from Richard Trojan.
 - c. The listing on the two city owned lots in Salmonberry Subdivision have expired. Use of the appraisal on the properties has now expired. Any sale of the properties moving forward would require a new or updated appraisal. There are no plans to get a new appraisal done unless there is an application to purchase.
2. Tract 18 Housing Project. THRHA and CTA are continuing to work on a draft cooperative agreement for the city council to consider. They are also working on finalizing the plat and other items prior to starting construction on the four-plex.
3. Access Road on Tract P, USS 2327. The city provides access across Tract P, USS 2327 (Public Work shop yard). Currently this road winds across Tract P and accesses a couple of floathouses and the rear of CTA's building on Tract Q3. CTA has submitted their preferred alternative design for council review and approval. This item is on the agenda for the December 7, 2017 meeting.
4. Sidewalk Development. CTA has been working on a project to provide funding initially for design and ultimately for construction of pedestrian improvements (sidewalks) on several streets in Craig. CTA has drafted a request for proposals for engineering services with staff's input. Staff will continue to work with CTA on the project.
5. Capital Improvement Projects. It is that time of year when we have completed a capital projects resolution for the upcoming year. One of the primary items we use this resolution for is for funding applications to the state (through CAPSIS) and the federal delegation (each of our two senators and our representative generally have a project nomination process). The Craig City Council has scheduled a work session for December 7th prior to the regular council meeting to discuss capital project priorities for the next year. I plan on using the information from that work session and information from city staff to draft the annual project resolution and bring it to the council in December (if a second meeting is scheduled) or early January. Both the CAPSIS submissions and the federal delegation project nominations are generally due in February.
6. Premium Aquatics LLC Aquaculture Lease Application. Under "Reading of Correspondence" on the agenda for the December 7th meeting is a copy of an application from Premium Aquatics LLC to lease about 333 acres of sub-tidal area at Madre de Dios, about six miles south of Craig. The purpose of the lease would be to establish a site to cultivate oysters and bull kelp for commercial sales. If the council would like staff to make formal comments to AKDNR in response to the application the items should be discussed and direction given to staff. I

included a general overview map in the council packet but I have about 15 additional pages of maps and drawings related to the project available if council members would like to see them. Comments to AKDNR are due no later than December 20th.

7. Travel and leave schedule. I plan on being out of the office from December 19 – 26.



To: Craig City Council

From: Hans Hjort, Harbor Master

Date: November 30, 2017

RE: December Staff Report

Harbor department report November 30, 2017

- The finger damaged in the fire has been rebuilt and is back in service
- F/V Alyson has been completely disposed of.
- We have spent lots of time at the JT Brown boat yard cleaning up. We've disposed of over 20 barrels of oil and fuel that have been stored in the yard for years. We've also taken several truckloads of scrap metal to the Shaan-Seet scrap metal yard as well as scrap wood to the burn pit. There is still plenty of clean-up to do but it is beginning to look better.
- We had our closing conference with AKOSH (Alaska Occupational Safety & Health) relating the inspection of the ice house that took place in June. We have corrected most of the violations that were reported. However we still have some training that needs to take place. We have not received the citations from AKOSH but should receive them in a week or two. Once we receive the citations we will schedule and hold an informal conference to discuss questions concerning citations, proposed penalties, and/or abatement dates.
- The north cove lights have some bad wire connections that have been causing enough resistance that the circuit breaker is tripping. We have been troubleshooting this problem all month. We have repaired some wire connections that have fixed the problem for the short term. After consulting two different electricians we have discovered that the entire system needs to be replaced. The ground wire to the system has failed in several places and all of the wire connections are in bad shape. The light fixtures themselves are mostly in working condition however they are all almost 25 years old and beginning to fail. The lights are high pressure sodium which use 40-80% more energy than LED fixtures. I plan to solicit bids to replace the system with new wire and LED fixtures in order to know how much the project will cost. Once we know how much the repair will be we can look for available grants to help cover the cost.

Submitted by Kimberly Baxter

11/1/17-11/28/17

Volunteer Hours: 74

Patron Visits: 986

Circulation: 2325

Computer Usage: 343

Tests Proctored: 1

Meetings: 3

OWL Video Conferences: 2

Alaska Digital Library Usage: 98

Library Programs:

- Every other Tuesday, 10:00am, story time with Klawock Head Start.
- Every Thursday, 10:00am, story time with Craig Head Start.
- Every Friday, 10:00am, preschool story time.
- Dolly Parton Imagination Library, continuous registrations.
- 11/9 – Video conference on Social Security
- 11/13 – Kaboom! Video conference with Craig School 3rd grade and homeschool students.
- Both Girl Scouts and Boy Scouts meet at the Library one evening each month.
- 11/20-1/18 Winter Reading Program
- Library was closed 11/23-11/25 for Thanksgiving.
- 12/9 Book Club discussing A Gentleman in Moscow.
- 12/13 Forces and Motion. Video Conference with Craig School 3rd grade and homeschool students.
- 12/23-12/25 Library will be closed for Christmas holiday.

Amanda Vickers was selected for the volunteer leader for the Lapsit/Baby & Me early literacy program. The leader will lead families in monthly lapsit story time sessions (15-30 minutes) that include singing, rhyming, stories, and playtime. The program will run September-May of each year. Target age group is 1-24 months. This program is being funded through a grant from the Crossett Foundation.

**CITY OF CRAIG
MEMORANDUM**



Date: November 30, 2017
To: Honorable Tim O'Connor, Craig City Council
Fr: RJ Ely, Police Chief
Re: Staff Report / November 2017

RJ Ely

ACTIVITY

Activity for October 26, 2017 through November 29, 2017. Dispatch Center took the following amount of calls for service:

Craig	945
Klawock	262
AST	12

DEPARTMENT OF MOTOR VEHICLES

Staff completed training for new software / programs implemented by DMV.

Drop Offs are still popular and used a lot.

DISPATCHER(S)

Fully Staffed and nothing further to report

OFFICER(S)

Ofc. Page completed CDL Training and is now certified to administer CDL Road Tests. Since returning from training, Ofc. Page has completed several road tests.

OTHER

I will be attending meetings and training, December 5th – 8th in Anchorage. During my absence, Sgt. Medina will be in charge of the department.

Background Checks, interviewing process still continues for the vacant officer position. I'm hoping to fill this position, in December.

Have training scheduled for middle of December, for ACOMS. EM training should occur near the end of December 2017 or January 2018.

SB 54 passed, has been signed and several new changes have taken effect. Some will help with drug / narcotic offenses and others take away traffic crime penalties.

New Crossmatch System has been shipped, should arrive in a week or so and Craig PD is scheduled in January 2017 for installation and setup.

Memo

To: Mr. Mayor, Craig City Council
From: David Nelson
CC: Jon Bolling, City Administrator
Date: November 30, 2017
Re: Public Works Council Report for December 2017

Activities and status:

1. I thought I would get 1 last report in before the changing of the guard so to speak. It seems like we have been really busy the past two weeks. Looking forward to working with Russel and getting another guy back out into the field (ME). Getting back to a full crew will help day to day operations I'm sure.
2. Alum station update, the Alum station is on order, have not received an exact date of which it will ship. Working with the vender and making sure that everything will be up to date and current drinking water codes.
3. Water, Sewer, Garbage, Public Works continues to address day to day operations and issues. If you have any questions or any specific issues, please feel free to contact me.

Thank you for an opportunity to serve the community at a higher level, and I am glad Russel will be to work on December 15th.

David Nelson
City of Craig
907-826-3405



Parks & Public Facilities

12/1/2017

Staff Report – October 2017

To: Craig Mayor and City Council

From: Douglas Ward

We continue to address all day to day issues that arise, in a timely manner.

Projects completed:

- Re-key all city facilities, except Police Station. Added keypad lock on fuel door.
- Install LED lighting under canopy stair case at Medical Building.
- Completed installation of wireless bridge from Ice House to Harbormaster building for security cameras.
- Completed Wood Boiler maintenance, and brought the boiler on-line.

Projects currently in progress:




























- Installation of security cameras throughout Harbor Facilities.
- Repair of upper fascia on Seaplane building.
- Daycare heater register cover repair.

Work Orders Completed Since Last Report:



Parks & Public Facilities

12/1/2017

-  High-1450-Get woodworking machinery working.xls
-  High-1488-Older treadmill roller is making noise.xls
-  High-1590-Change light bulbs womens upstairs restroom.xls
-  High-1591-Fabricate new rain cap for wood boiler stack.xls
-  High-1592-Check out back door. Closing roughly.xls
-  High-1593-clean out gutter on DMV side.xls
-  High-1594-Change lights in restroom at community connections.xls
-  High-1595-Adjust door closure on fuel door.xls
-  High-1596-Pull alders from rock wall and clean up around outside of building.xls
-  High-1597-Cut in floor drain diverter under collection auger.xls
-  High-1598-Replace screws in roof on sections where leaking.xls
-  High-1599-Complete list of to do items at Peacehealth.xls
-  High-1600-Re key city facilities.xls
-  High-1601-Close restrooms for winter.xls
-  High-1603-Replace variable speed drive for main pool pump.xls
-  High-1604-Change door knob and lock on HR office.xls
-  High-1605-Route microphone wire under council desk. Make cover for electrical box.xls
-  High-1606-Build shelf for computer on side of desk.xls
-  High-1607-Replace small flourescent bulbs in hallways. .xls
-  High-1608-Repair ceiling where rain leaked..xls
-  High-1609-Install camera at new clinic.xls
-  High-1610-Install window wood shop west wall.xls
-  High-1611-Install LED light and fixture in red shed. Move flourescent light.xls
-  High-1612-Install UPS back up power module. Fab supports for rack install..xls
-  High-1613-Trace wiring for generator circuit in server room.xls
-  High-1614-Repair treadmill. Replace bad bearing..xls
-  High-1615-Program and Install keypad entry on fuel station door.xls

CITY OF CRAIG

Account Statement - Period Ending October 31, 2017



ACCOUNT ACTIVITY

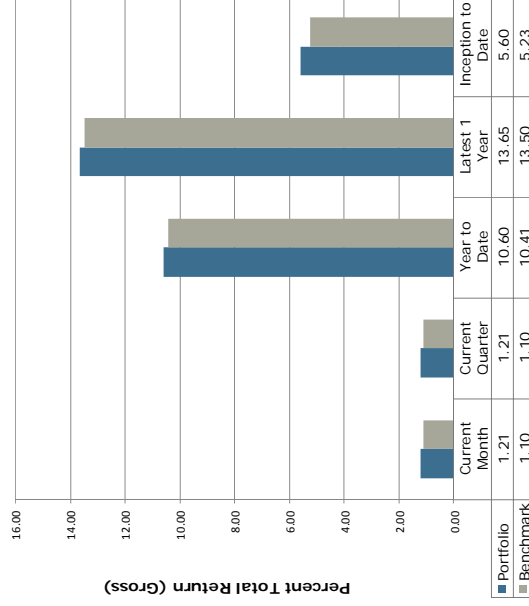
Portfolio Value on 09-30-17	10,024,583
Contributions	0
Withdrawals	-1,198
Change in Market Value	115,220
Interest	6,033
Dividends	0

Portfolio Value on 10-31-17

10,144,639

INVESTMENT PERFORMANCE

Current Account Benchmark:
Equity Blend



Performance is Annualized for Periods Greater than One Year

MANAGEMENT TEAM

Client Relationship Manager:

Amber Frizzell, AIF®
Amber@apcm.net

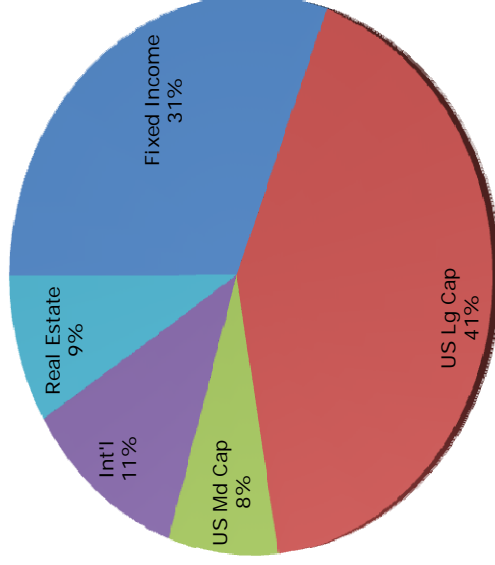
Your Portfolio Manager:

Bill Lierman, CFA®

Contact Phone Number:

907/272 -7575

PORTFOLIO COMPOSITION



Alaska Permanent Capital Management Co.
PORTFOLIO SUMMARY AND TARGET
CITY OF CRAIG
October 31, 2017

Asset Class & Target	Market Value	% Assets	Range
FIXED INCOME (34%)			
US Fixed Income (34.0%)	3,026,557	29.8	20% to 45%
Cash (0.0%)	113,886	1.1	na
Subtotal:	3,140,443	31.0	
EQUITY (66%)			
US Large Cap (40.0%)	4,191,545	41.3	30% to 50%
US Mid Cap (6.0%)	750,136	7.4	0% to 10%
Developed International Equity (10.0%)	1,141,875	11.3	5% to 15%
Real Estate (10.0%)	920,640	9.1	5% to 15%
Subtotal:	7,004,196	69.0	
TOTAL PORTFOLIO	10,144,639	100	

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
CITY OF CRAIG
October 31, 2017

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
FNMA & FHLMC									
6,191	FHLMC POOL G14203 4.000% Due 04-01-26 Accrued Interest	104.56	6,473	104.72	6,483	0.06	248	21	1.43
			6,473	21	6,504	0.06		21	
CASH AND EQUIVALENTS									
	CASH PAYABLE		-50,780		-50,780	-0.50			
	CHARLES SCHWAB LIQUID BANK DEPOSIT ACCOUNT		3,187		3,187	0.03			
	FEDERATED GOVERNMENT OBLIGATION		161,478		161,478	1.59			
			113,886		113,886	1.12			
CORPORATE BONDS									
50,000	TOYOTA MOTOR CREDIT CORP 2.100% Due 01-17-19	100.48	50,239	100.43	50,217	0.50	1,050	303	1.73
100,000	HSBC USA INC 2.375% Due 11-13-19	99.61	99,608	100.75	100,746	0.99	2,375	1,108	2.00
50,000	NBC UNIVERSAL MEDIA LLC 4.375% Due 04-01-21	109.20	54,602	107.03	53,513	0.53	2,187	182	2.23
50,000	AMERICAN EXPRESS CREDIT 2.250% Due 05-05-21	99.92	49,962	100.08	50,041	0.49	1,125	550	2.22
50,000	GILEAD SCIENCES INC 1.950% Due 03-01-22	96.28	48,141	98.43	49,213	0.49	975	162	2.33
50,000	UNITEDHEALTH GROUP INC 2.875% Due 03-15-22	102.56	51,279	102.12	51,061	0.50	1,437	184	2.36
50,000	COMCAST CORP 2.850% Due 01-15-23	101.83	50,917	101.44	50,719	0.50	1,425	420	2.55
50,000	AFLAC INC 3.625% Due 06-15-23	106.03	53,016	104.93	52,466	0.52	1,812	685	2.67
50,000	BANK OF NEW YORK MELLON 2.200% Due 08-16-23	97.83	48,916	97.45	48,727	0.48	1,100	229	2.68
50,000	JPMORGAN CHASE & CO 3.875% Due 02-01-24	105.18	52,590	105.67	52,834	0.52	1,937	484	2.88
50,000	METLIFE INC 3.600% Due 04-10-24	105.46	52,732	105.08	52,541	0.52	1,800	105	2.73
50,000	WELLS FARGO & COMPANY 3.300% Due 09-09-24	99.88	49,941	101.68	50,840	0.50	1,650	238	3.03
50,000	APPLIED MATERIALS INC 3.900% Due 10-01-25	107.96	53,978	107.25	53,624	0.53	1,950	162	2.87
50,000	ANHEUSER-BUSCH INBEV FIN 3.650% Due 02-01-26	103.01	51,506	103.19	51,594	0.51	1,825	456	3.21

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
CITY OF CRAIG
October 31, 2017

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
50,000	TARGET CORP 2.500% Due 04-15-26	96.45	48,223	96.10	48,052	0.47	1,250	56	3.02
50,000	LOWE'S COS INC 3.100% Due 05-03-27	100.08	50,039	100.21	50,106	0.49	1,550	766	3.07
	Accrued Interest		6,092			0.06			
			865,693		872,389	8.60		6,092	
DOMESTIC LARGE CAP EQUITY FUNDS/ETF									
16,300	SPDR S&P 500 ETF	141.17	2,301,013	257.15	4,191,545	41.32	NA		
DOMESTIC MID CAP EQUITY FUNDS/ETF									
4,100	ISHARES CORE S&P MIDCAP 400 ETF	96.95	397,502	182.96	750,136	7.39	NA		
INTERNATIONAL EQUITY FUNDS/ETF									
17,500	ISHARES ETF CORE MSCIEAFE	54.64	956,214	65.25	1,141,875	11.26	NA		
REAL ESTATE									
11,200	VANGUARD REIT ETF	60.25	674,768	82.20	920,640	9.08	NA		
U.S. TREASURY									
200,000	US TREASURY NOTES 1.500% Due 12-31-18	100.64	201,281	99.98	199,969	1.97	3,000	1,016	1.51
50,000	US TREASURY NOTES 1.500% Due 10-31-19	99.40	49,701	99.81	49,904	0.49	750	2	1.60
225,000	US TREASURY NOTES 1.250% Due 10-31-19	99.42	223,689	99.31	223,454	2.20	2,812	8	1.60
100,000	US TREASURY NOTES 3.500% Due 05-15-20	104.04	104,039	104.54	104,543	1.03	3,500	1,617	1.67
75,000	US TREASURY NOTES 1.750% Due 10-31-20	100.21	75,158	100.03	75,020	0.74	1,312	4	1.74
100,000	US TREASURY NOTES 2.125% Due 08-15-21	99.29	99,291	100.95	100,953	1.00	2,125	450	1.86
75,000	US TREASURY NOTES 2.000% Due 10-31-21	99.92	74,943	100.39	75,296	0.74	1,500	8	1.90
100,000	US TREASURY NOTES 2.000% Due 11-15-21	99.76	99,762	100.42	100,422	0.99	2,000	924	1.89
150,000	US TREASURY NOTES 1.625% Due 11-15-22	97.79	146,686	98.12	147,181	1.45	2,437	1,126	2.02
125,000	US TREASURY NOTES 2.500% Due 08-15-23	98.87	123,590	102.14	127,676	1.26	3,125	662	2.11
200,000	US TREASURY NOTES 1.375% Due 08-31-23	99.92	199,844	95.91	191,828	1.89	2,750	471	2.12
100,000	US TREASURY NOTES 2.375% Due 08-15-24	100.23	100,227	101.00	101,004	1.00	2,375	503	2.21

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
CITY OF CRAIG
October 31, 2017

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
100,000	US TREASURY NOTES 2.000% Due 08-15-25	98.81	98,807	97.93	97,934	0.97	2,000	424	2.29
100,000	US TREASURY NOTES 1.625% Due 05-15-26	101.05	101,055	94.52	94,523	0.93	1,625	751	2.34
150,000	US TREASURY NOTES 2.000% Due 11-15-26	97.14	145,717	97.12	145,675	1.44	3,000	1,386	2.36
	Accrued Interest		9,353			0.09			
			1,843,790		1,844,737	18.18		9,353	
AGENCIES									
100,000	FHLMC 3.750% Due 03-27-19	101.41	101,410	103.01	103,012	1.02	3,750	354	1.57
100,000	FHLMC 1.700% Due 09-29-20	99.73	99,730	99.58	99,580	0.98	1,700	151	1.85
100,000	FEDERAL FARM CREDIT BANK 2.850% Due 04-24-25	100.00	100,000	99.77	99,774	0.98	2,850	55	2.88
	Accrued Interest		301,140		561	0.01			
			302,927		302,927	2.99		561	
TOTAL PORTFOLIO			7,460,480		10,144,639	100	68,310	16,026	

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
CITY OF CRAIG
From 10-01-17 To 10-31-17

Trade Date	Settle Date	Security	Quantity	Trade Amount
PURCHASES				
CORPORATE BONDS				
10-23-17	11-02-17	LOWE'S COS INC 3.100% Due 05-03-27	50,000	50,039.50
				50,039.50
DEPOSITS AND EXPENSES				
MANAGEMENT FEES				
10-31-17	10-31-17	MANAGEMENT FEES		2,536.16
				2,536.16
INTEREST				
AGENCIES				
10-24-17	10-24-17	FEDERAL FARM CREDIT BANK 2.850% Due 04-24-25		1,425.00
CASH AND EQUIVALENTS				
10-02-17	10-02-17	FEDERATED GOVERNMENT OBLIGATION		39.85
CORPORATE BONDS				
10-02-17	10-02-17	NBC UNIVERSAL MEDIA LLC 4.375% Due 04-01-21		1,093.75
10-02-17	10-02-17	APPLIED MATERIALS INC 3.900% Due 10-01-25		975.00
10-10-17	10-10-17	METLIFE INC 3.600% Due 04-10-24		900.00
10-16-17	10-16-17	TARGET CORP 2.500% Due 04-15-26		625.00
				3,593.75

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
CITY OF CRAIG
From 10-01-17 To 10-31-17

Trade Date	Settle Date	Security	Quantity	Trade Amount
FNMA & FHLMC 10-16-17	10-16-17	FHLMC POOL G14203 4.000% Due 04-01-26		21.04
U.S. TREASURY				
10-31-17	10-31-17	US TREASURY NOTES 1.750% Due 10-31-20		656.25
10-31-17	10-31-17	US TREASURY NOTES 2.000% Due 10-31-21		750.00
10-31-17	10-31-17	US TREASURY NOTES 1.500% Due 10-31-19		375.00
10-31-17	10-31-17	US TREASURY NOTES 1.250% Due 10-31-19		1,406.25
				3,187.50
				8,267.14
PRINCIPAL PAYDOWNS				
FNMA & FHLMC 10-16-17	10-16-17	FHLMC POOL G14203 4.000% Due 04-01-26	121.41	121.41
				121.41
PURCHASED ACCRUED INTEREST				
CORPORATE BONDS				
10-23-17	11-02-17	LOWE'S COS INC 3.100% Due 05-03-27		740.56
				740.56
SALES, MATURITIES, AND CALLS				
CORPORATE BONDS				
10-23-17	10-25-17	UNITED PARCEL SERVICE 5.500% Due 01-15-18	100,000	100,890.00
				100,890.00

Alaska Permanent Capital Management Co.
TRANSACTION SUMMARY
CITY OF CRAIG
From 10-01-17 To 10-31-17

Trade Date	Settle Date	Security	Quantity	Trade Amount
SOLD ACCRUED INTEREST				
CORPORATE BONDS				
10-23-17	10-25-17	UNITED PARCEL SERVICE 5.500% Due 01-15-18		1,527.78
				1,527.78
WITHDRAW				
CASH AND EQUIVALENTS				
10-02-17	10-02-17	FEDERATED GOVERNMENT OBLIGATION		1,197.81
10-31-17	10-31-17	DIVIDEND ACCRUAL		20,123.56
				21,321.37
				21,321.37

Alaska Permanent Capital Management Co.
REALIZED GAINS AND LOSSES

CITY OF CRAIG

From 10-01-17 Through 10-31-17

Date	Quantity	Security	Avg. Cost Basis	Proceeds	Gain Or Loss
10-16-17	121.41	FHLMC POOL G14203 4.000% Due 04-01-26	126.95	121.41	-5.54
10-23-17	100,000	UNITED PARCEL SERVICE 5.500% Due 01-15-18	121,230.00	100,890.00	-20,340.00
TOTAL GAINS				0.00	0.00
TOTAL LOSSES				-20,345.54	-20,345.54
			121,356.95	101,011.41	-20,345.54

Alaska Permanent Capital Management Co.

CASH LEDGER

CITY OF CRAIG

From 10-01-17 To 10-31-17

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
CASH PAYABLE					
10-01-17			Beginning Balance		0.00
10-23-17	11-02-17	wd	Purchase	LOWE'S COS INC 3.100% Due 05-03-27	-50,039.50
10-23-17	11-02-17	wd	Accrued Interest	LOWE'S COS INC 3.100% Due 05-03-27	-740.56
10-31-17			Ending Balance		-50,780.06
CHARLES SCHWAB LIQUID BANK DEPOSIT ACCOUNT					
10-01-17			Beginning Balance		0.00
10-31-17	10-31-17	dp	Interest	US TREASURY NOTES 1.750% Due 10-31-20	656.25
10-31-17	10-31-17	dp	Interest	US TREASURY NOTES 2.000% Due 10-31-21	750.00
10-31-17	10-31-17	dp	Interest	US TREASURY NOTES 1.500% Due 10-31-19	375.00
10-31-17	10-31-17	dp	Interest	US TREASURY NOTES 1.250% Due 10-31-19	1,406.25
10-31-17			Ending Balance		3,187.50
DIVIDEND ACCRUAL					
10-01-17			Beginning Balance		20,123.56
10-31-17	10-31-17	wd	Transfer to	FEDERATED GOVERNMENT OBLIGATION	-20,123.56
10-31-17			Ending Balance		0.00
FEDERATED GOVERNMENT OBLIGATION					
10-01-17			Beginning Balance		34,933.82
10-02-17	10-02-17	wd	Withdrawal	from Portfolio	-1,197.81

Alaska Permanent Capital Management Co.

CASH LEDGER

CITY OF CRAIG

From 10-01-17 To 10-31-17

Trade Date	Settle Date	Tran Code	Activity	Security	Amount
10-02-17	10-02-17	dp	Interest	FEDERATED GOVERNMENT OBLIGATION	39.85
10-02-17	10-02-17	dp	Interest	NBC UNIVERSAL MEDIA LLC 4.375% Due 04-01-21	1,093.75
10-02-17	10-02-17	dp	Interest	APPLIED MATERIALS INC 3.900% Due 10-01-25	975.00
10-10-17	10-10-17	dp	Interest	METLIFE INC 3.600% Due 04-10-24	900.00
10-16-17	10-16-17	dp	Interest	TARGET CORP 2.500% Due 04-15-26	625.00
10-16-17	10-16-17	dp	Paydown	FHLMC POOL G14203 4.000% Due 04-01-26	121.41
10-16-17	10-16-17	dp	Interest	FHLMC POOL G14203 4.000% Due 04-01-26	21.04
10-23-17	10-25-17	dp	Sale	UNITED PARCEL SERVICE 5.500% Due 01-15-18	100,890.00
10-23-17	10-25-17	dp	Accrued Interest	UNITED PARCEL SERVICE 5.500% Due 01-15-18	1,527.78
10-24-17	10-24-17	dp	Interest	FEDERAL FARM CREDIT BANK 2.850% Due 04-24-25	1,425.00
10-31-17	10-31-17	dp	Transfer from	DIVIDEND ACCRUAL	20,123.56
10-31-17			Ending Balance		161,478.40

Aaron Bean, CEO.
Green Leaf Inc.
PO Box 464
Sitka Alaska
aaron.bean@greenleafalaska.com
907-738-8923

November 30, 2017

Mayor O'Connor
City of Craig
PO Box 725 Craig, AK 99921

Re: Application for Marijuana Retail Store

City Council through Mayor O'Connor:

I own Green Leaf Inc., an Alaskan marijuana company. I am writing you this letter to advise you of my intent open a marijuana retail store at 501 Front Street. We're serious not only in our intent, but in our ability to succeed. As always, I'd like to work closely with the City of Craig to ensure our marijuana retail store is seen as an asset to the community.

Please treat this letter merely as an introduction. As someone who is a lifelong Alaskan and previously served the City of Craig as a Police Officer, I feel Green Leaf would be a good fit for Craig. I'm here to answer any questions this council, or the local government may have. Don't hesitate to contact me directly at any time with any questions about Green Leaf's intentions.

Sincerely,

Aaron Bean

c. *Jana D. Weltzin, Esq.*
JDW, LLC
Principal Owner
601 W. 5th Ave, Second Floor
Anchorage, Alaska 99501
jana@jdwcounsel.com
[630-913-1113](tel:630-913-1113)
*Licensed in Alaska and Arizona

Loy Martindale
PO Box 90
Craig, AK 99901



SSRAA

Southern Southeast Regional Aquaculture Association, Inc.
14 Borch Street, Ketchikan, Alaska 99901
Phone: 907-225-9605 Fax: 907-225-1348

RECEIVED
NOV 27 2017

November 22, 2017

Mayor
City of Craig
P.O. Box 2
Craig, Alaska 99921

Dear Mayor:

RE: Timeline Extension for Nominees

The Board of Directors of the Southern Southeast Regional Aquaculture Association (SSRAA) is made up of 21 members, including representatives of several interested groups and the general public. One of the positions on the Board is established for municipalities within the region. This position is currently held by Mike Painter, Ketchikan Gateway Borough.

We invite you to nominate an individual to serve during 2018 and 2019 in this position on the SSRAA Board. The appointment will be made prior to January's board meeting. The Board meets approximately four times from October through May, usually on a Friday, and all travel expenses are paid by SSRAA. Additional involvement in active standing and special committees of the Board is at the discretion of the individual Board members.

Please submit your nomination with a brief biographical description by December 12, 2017.
Thank you for your continued interest in aquaculture in this region.

Sincerely,

Liz Jones
Election Supervisor

CITY OF CRAIG MEMORANDUM

To: Mayor and Craig City Council
From: Brian Templin, City Planner
Date: December 1, 2017
RE: Premium Aquatics LLC Lease Application – State Sub-Tidal Areas

Premium Aquatics LLC has applied to the State of Alaska to lease approximately 333 acres of sub-tidal lands adjacent to Madre de Dios Island about six mile south of Craig. The purpose of this lease is to establish a mariculture site for oysters and to grow local species of kelp for harvest. Premium Aquatics plans to moor a 130'x30' barge on the leased area as their work and processing area.

Premium Aquatic's application notes that they anticipate 30-40 full time farm workers and 10-20 processing personnel at peak production. Premium Aquatics intends to have all personnel live offsite and transport them daily from the dock in Craig.

A full copy of the agency notice and the general area map are attached to this memo.

The State of Alaska/Department of Natural Resources is currently inviting agency comments on the potential lease. Comments are due to AKDNR no later than December 20th. Since it is unlikely that there will be a second council meeting in December the council should consider comments at the December 7th meeting.

The project appears to be beneficial to Craig and the city should comment to that effect. This is also our opportunity to share any concerns in order to minimize any negative effects on Craig or the surrounding area.

Some suggested comments include:

- The project continues to expand oyster mariculture on the west coast of Prince of Wales Island, adding to a growing mariculture economy.
- Kelp farming at the site generally expands mariculture in the area and is the first kelp farm near Craig. Kelp farming provides opportunity for employment and additional value added processing facilities in or near Craig.
- Placement and operation of the lease facilities should not interfere with existing boat traffic or anchorages in the area.
- The City of Craig is prepared to work with the applicant regarding staging personnel and equipment for transport to the proposed farm site, waste disposal, and other logistical matters.

Recommendation: The council should discuss the potential lease area and consider comments for staff to submit to AKDNR.

Recommended Motion: Move to direct staff to provide comments to AKDNR regarding the Premium Aquatics LLC lease no later than December 20, 2017.

STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND AND WATER

Northern Region
3700 Airport Way
Fairbanks, AK 99709
(907) 451-2705

Southcentral Region
550 W 7th Avenue, Ste 900C
Anchorage, AK 99501-3577
(907) 269-8552

Southeast Region
400 Willoughby, #400
Juneau, AK 99801
(907) 465-3400

AGENCY REVIEW

This is notification that the Southcentral Region Office (SCRO), Leasing Unit, received an application for a 10-year aquatic farmsite lease in accordance with AS 38.05.083 authorizing the use of 333 acres more or less of state tidelands. The purpose of this notice is to gather input before a decision is made on this activity.

<u>Case #</u>	<u>Locations</u>	<u>Area Plan</u>
ADL 232885 Premium Aquatics, LLC	SW 1/4 of Section 3, SE 1/4 of Section 4, SW 1/4 of Section 4, SE 1/4 of Section 5, NE 1/4 of Section 9, and NW 1/4 of Section 10 Township 75 South Range 81 East Copper River Meridian Approximate area: 333 acres more or less	Prince of Wales Island Area Plan Amendment Designation: Gu-General Use, Ha-Habitat, Hv-Harvest Classification: Resource Management Land, Wildlife Habitat Land Map 3

Premium Aquatics, LLC has requested a lease for the subtidal suspended culture of Pacific oysters using a grow-out raft and cage system, and for the installation of a submerged longline culture system to grow local species of kelp. The authorization of an aquatic farm lease will provide Premium Aquatics, LLC the use of state tidelands for the commercial growth and harvest of Pacific oysters, *Magallana gigas*, and one local species of kelp, *Nereocystis luetkeana*.

After review and adjudication, SCRO may issue an authorization with stipulations for the activity. The activity may be modified during the review and adjudication process. SCRO reserves the right to determine the term and size of the lease.

You are invited to review the enclosed application materials and comment. Please direct written comments to Karen Cougan at the address above, or send via email to karen.cougan@alaska.gov, or by fax to (907) 269-8913 no later than **December 20, 2017**. You need not respond if you do not have any recommendations. The purpose of this notice is to gather input before a Preliminary Decision is made to ensure that issuance of the proposed land lease will be in the best interests of the State of Alaska.

If you have any questions, please call me at (907) 269-8543.

Sincerely,



Karen Cougan

Natural Resource Specialist III

ADL 232885 DEVELOPMENT PLAN

MADRE DE DIOS ISLAND AQUATIC FARM LEASE

ADL 232885

PROJECT DESCRIPTION

A. **Site Location.** The proposed aquatic farm sites are located in Bucareli Bay about 6 nautical miles south-southwest of Craig, Alaska, between Madre de Dios island and the Landrones Islands.

B. **Site Dimensions.** The proposed aquatic farm site is composed of three separate parcels in a single proposed lease and located on state-owned tidal and submerged lands. The Parcels are the following:

(1) **Parcel 1:** Parcel 1 is adjacent to Madre de Dios Island features Pacific oyster (*Magallana gigas*) grow-out area. The Parcel 1 area constitutes 129 acres to be utilized for subtidal suspended culture of Pacific oysters using grow-out raft and cage system.

(2) **Parcel 2:** Parcel 2 is due east of Parcel 1 and features a Pacific oyster (*Magallana gigas*) grow-out area and measures 104 acres and is intended to be used for subtidal suspended culture of Pacific oysters using grow-out raft and cage system.

(3) **Parcel 3:** Parcel 3 is an area due north of Parcel 2 and features 100 acres of subtidal area identified for the culturing of seaweed products, primarily during the period from September to May of the following year. *Nereocystis luetkeana* (*Bull Kelp*) will be grown at Parcel 3.

C. **Total Acres of All Parcels.** The three parcels total **333** acres. Parcel 1 = 129 acres; Parcel 2 = 104 acres; and Parcel 3 = 100 acres.

D. **Species Intended to Farm.** Parcel 1 and 2 are intended to be for culturing Pacific oyster (*Magallana gigas*). Parcel 3 is intended for culturing *Nereocystis luetkeana* (*Bull Kelp*).

E. **Culture Method, Gear, Equipment and Anchoring Systems.**

(1) **Parcel 1:** Parcel 1 is adjacent to Madre de Dios Island features a Pacific oyster (*Magallana gigas*) grow-out area.

The Parcel 1 area constitutes 129 acres to be utilized for subtidal suspended culture of Pacific oysters using grow-out raft and cage system. Parcel 1 can hold up to up to 68, 24 1/2' X 56' oyster grow-out rafts. Parcel 1 is a ten-sided polygon, starting from the North corner, corner 1, extends south 600' to corner 2, then east 3,200' to the corner 3, south west 1,692.64' feet to corner 4, west 3,400' to corner 5, north 500.4' to corner 6, northwest 763.55 to corner 7, north northeast 350' to corner 8, east 499.99', to corner 9, north northeast 400.20' to corner 10 and then east 999.74' back to corner 1.

The rafts will be constructed with non-treated wood supported by closed cell (extruded) expanded polystyrene or equivalent material.

Up to 68 rafts will be deployed in Parcel 1, with all anchors and anchoring systems entirely contained within the Parcel 1 area. For 68 rafts, there will be 136 x 36' buoys, 136 3,000-pound concrete anchors and 136 6,000-pound Danforth anchors located within the boundaries of Parcel 1.

The rafts and anchoring systems will be deployed in a variety of configurations to determine the best configuration to maximize growth, quality and processing efficiency. The rafts may be configured in lines or individually. The parcel area provides sufficient space to test various configurations to determine how to best maximize growth, consistency and production efficiencies as may be dictated by tidal and current flow and other factors.

If the rafts are deployed in lines or convoys, they will be 150' apart. There will be 3,000-pound concrete anchor and a 6,000-pound Danforth anchor at the end of each line of rafts. At most, 272 total anchors will be deployed in Parcel 1. The anchor line will be connected from the raft to a 36" buoy. The buoy will be anchored to the concrete anchor. The Danforth anchor will be secured by chain to the concrete block. The scope provided for this anchor line will be approximately three (3) times the depth of the water at the anchor to provide sufficient scope to secure the raft through all tides and weather. Two (2) buoys, a 3,000-pound concrete anchor and 6,000-pound Danforth anchor will be set between each raft in the line. The buoy will be situated between adjacent to the raft so that when the raft is moved to and from the work barge for processing, the anchor system will remain on the surface and accessible for quick connection and disconnection.

If the rafts are anchored singly, there will be 3,000-pound concrete anchor and a 6,000-pound Danforth anchor at the end of the raft. The anchor line will be connected from the raft to a 36" buoy. The buoy will be anchored by chain to the concrete anchor. The Danforth anchor will be secured by chain to the concrete block. The scope provided for this anchor line will be approximately three (3) times the depth of the water at the anchor to provide sufficient scope to secure the raft through all tides and weather.

(2) Parcel 2: Parcel 2 is due east of Parcel 1 and features a Pacific oyster (*Magallana gigas*) grow-out area, measures 104 acres and is intended to be used for subtidal suspended culture of Pacific oysters using grow-out raft and cage system. Parcel 2 is a six-sided polygon, with the following dimensions. Starting at the North corner, corner 1, extends southeast 2,400' to corner 2 (East corner), then southwest 1,200' to SE corner 3, northwest 600' to corner 4, westerly 1,402.81' to corner 5, northwest 1,000' to corner 6 and north east 2,500.51' returning the north corner 1.

The rafts will be constructed with non-treated wood supported by closed cell (extruded) expanded polystyrene or equivalent material.

Up to 57 rafts will be deployed in Parcel 2, with all anchors and anchoring systems entirely contained within the Parcel 2 area. For 57 rafts, there will be 114 x 36' buoys, 114 3,000-pound concrete anchors and 114 6,000-pound Danforth anchors located within the boundaries of Parcel 2.

The rafts and anchoring systems will be deployed in a variety of configurations to determine the best configuration to maximize growth, quality and processing efficiency. The rafts may be configured in lines or individually. The parcel area provides sufficient space to test various configurations to

determine how to best maximize growth, consistency and production efficiencies as may be dictated by tidal and current flow and other factors.

If the rafts are deployed in lines or convoys, there will be 3,000-pound concrete anchor and a 6,000-pound Danforth anchor at the end of each line of rafts, totaling 228 anchors. The anchor line will be connected from the raft to a 36" buoy. The buoy will be anchored to the concrete anchor. The Danforth anchor will be secured by chain to the concrete block. The scope provided for this anchor line will be approximately three (3) times the depth of the water at the anchor to provide sufficient scope to secure the raft through all tides and weather. The rafts are expected to be 150' apart. Two (2) buoys, a 3,000-pound concrete anchor and 6,000-pound Danforth anchor will be set between each raft in the line. The buoy will be situated between adjacent to the raft so that when the raft is moved to and from the work barge for processing, the anchor system will remain on the surface and accessible for quick connection and disconnection.

If the rafts are anchored singly, there will be 3,000-pound concrete anchor and a 6,000-pound Danforth anchor at the end of the raft. The anchor line will be connected from the raft to a 36" buoy. The buoy will be anchored by chain to the concrete anchor. The Danforth anchor will be secured by chain to the concrete block. The scope provided for this anchor line will be approximately three (3) times the depth of the water at the anchor to provide sufficient scope to secure the raft through all tides and weather.

Each grow-out raft will use 320 drops, with a total of 3,200 Aquamesh cages stacked 10-high. Each cage will measure 26 inches wide x 26 inches long x 6 inches deep, manufactured of 1- inch by 1-inch PVC coated wire mesh. The 5-foot stacks of cages would hang underwater at a depth, which may be variable depending on seasons, water temperature and to maximize growth rates.

Rafts will be anchored utilizing 36" buoy connected by 1 1/2" chain to 3,000 lb. cement anchor block and 6,000 Danforth anchors. Two concrete anchors and two Danforth anchors will be deployed for each raft. All anchors and anchoring systems will be contained within the Parcel 2 area.

(3) Parcel 3: Parcel 3 is an area due north of Parcel 2 and features 100 acres of subtidal area identified for the culturing of seaweed products, primarily during the period from September to May of the following year. *Nereocystis luetkeana* (*Bull Kelp*) will be grown at Parcel 3.

Parcel 3 is a rectangle. Starting at the north corner, corner 1, it extends 3,625' southeast to corner 2, then west southwest 1,200' to corner 3, then northwest 3,625' to corner 4, then westerly back to corner 1, the northernmost corner of the parcel.

Parcel 3 will feature a system of up to 162 900' laterally secured submerged longlines. The longlines will have a smaller anchor and buoy system which will hold each longline approximately 10-20' apart. There will be nine 900' x 350' sections in Parcel 3.

The longlines will be 3/8" Aqualine Plus groundline, a high-quality twisted nylon groundline or AMCO SSR 100 Ultra ground line, which is a blend of Ultraline® and polyester fibers. The grow out results will dictate the type of lines to be used in future grow out periods.

Each array will have two 350' breakwaters, one on each end. Each section will support 18-36 900' longlines that will be suspended approximately 7' below the water surface. The longlines will have small intermittent anchors (2,000 x 25#) and 12" buoy floats (2,500) as may be necessary to maintain a consistent depth to maximize growth and to prevent the longlines from crossing and damaging the growing kelp. The end of each longline will be secured to the breakwater and to a 1,000-pound concrete anchor. For 162 longlines, there will be 324, 1,000-pound line end anchors. The line end anchors will remain in the water, year around.

The longline systems will be installed in the fall and removed after the annual harvest and held, on shore, until the next growing season.

The breakwaters and associated anchors will remain in the water year around. Each 24' floating steel pipe breakwater will be anchored with six 6,000 lb. concrete anchors. 108 6,000-pound concrete anchors will secure the breakwaters. The anchor chain and cable which will be at least 3 times the depth of the water at the breakwater to provide sufficient scope to remain secure in all tides and weather. All anchors and anchor components will be contained inside the Parcel 3 area.

F. **Harvest equipment and method.**

(1) **Pacific Oyster Harvesting.** At peak production, employment estimates are 30-40 full time farm workers and 10-20 processing personnel. Harvesting vessels with crews of 3-5 will tie alongside a raft, the drops picked and placed on deck where they will be dumped into bins for tumbling and initial sorting by size. Small or unmarketable oysters will be returned to the trays. Sorting and defouling will occur on the proprietary designed vessel work platform, which will have mechanized sorting, tumbling and defouling technology installed. Marketable oysters will be toted and, once the necessary product is collected, the product will be taken to the shore side facility in Craig where it will be finish tumbled, resorted, bagged in onion bags containing 10 dozen oysters. The bags will then be boxed for shipment to specific customers. Sampling and testing, as required by regulation, will be performed from the product delivered to the shore side facility. Product will be stored in refrigerated vans pending approval for shipment. The product will then be trucked to Ketchikan by ferry, for air freight or shipped by air cargo out of the Klawock Airport.

(2) **Kelp Harvesting.** Kelp will be harvested utilizing a repurposed house aft herring skiff with a power roller on the bow, line drum immediately forward of the house and two cutters. The first will remove the kelp, which will fall to the deck and into the hatches below. The second cutter will cut the string and ties from the longline and the longline will be wound upon the drum until the drum is full. The harvested kelp will fall to the deck/hatches below. Once full, the kelp will go to the plant, directly, or to an onsite tender which will hold it for delivery to the processing facility.

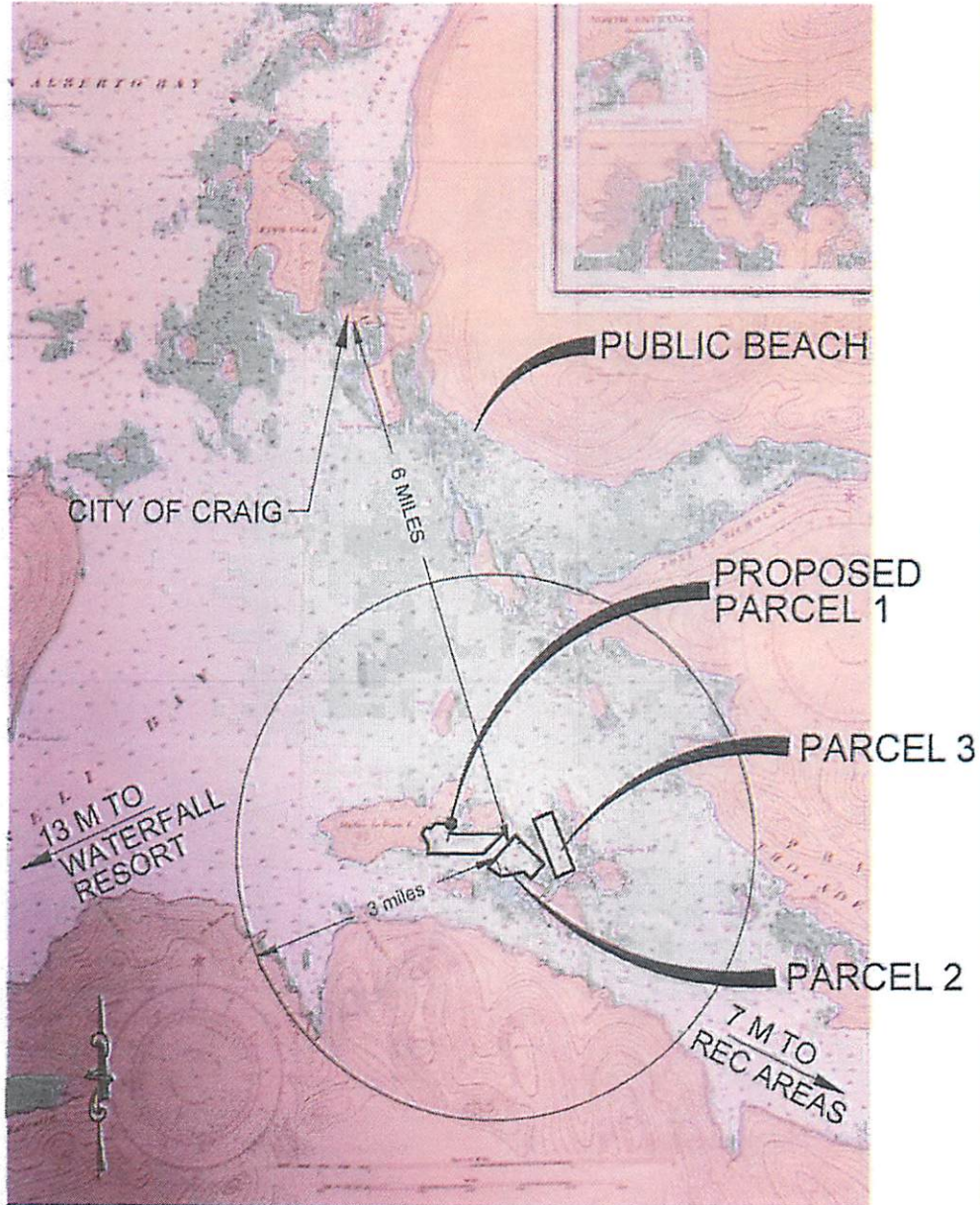
G. **Support Facilities.** The initial plan is to deploy a 130'x30' steel barge with the support facility with a building constructed on deck, dual cranes erected on it to serve as onsite husbandry facility, additional storage and crew break area, incinerating toilet, power generation and office facilities. Initially, the 130' x 30' work barge will be anchored in the northwest corner of Parcel 1. Anchoring systems will consist of two 6,000 Danforth anchors, one to each end, with an estimated 18 fathoms of anchor line/chain on each anchor to provide adequate scope. The anchoring system will be monitored and

modified as needed to provide a safe, secure and stable work platform in all tides and weather. The complete anchoring system for the barge will be located inside the Parcel 1 boundaries. The barge will be anchored in the northwest corner of Parcel 1. The location is subject to change based on tidal conditions and to maximize operational safety and efficiency.

H. **Access to and from the Farm Site.** All personnel will live off-site and will be transported daily to the site from the dock in Craig, Alaska, by appropriately sized and manned vessels. The barge/processing platform will be outfitted with incinerating head(s). The vessels will have on board heads for crew usage. All on board vessel heads will be pumped in Craig at appropriate facilities.

I. **Storage Location of Equipment and Gear When Not in Use.** Excess trays and other equipment will be stored on private property in Craig, Alaska. Additional storage space will be on board the 30' X 130' barge anchored in the Northwest corner of Parcel 1.

R&M



VICINITY MAP
CHART 17405

APPLICANT NAME: PREMIUM AQUATICS
WATER BODY: BUCARRELI BAY
REGION: CRAIG, SOUTHEAST ALASKA

PROJECT NO. 172322	SCALE: 1" = 2 MILES	DRAWN BY: T.S.S.	CHECKED BY: MS	DATE: 8-28-17	SHEET NO. 2 of 16
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20/16

CITY OF CRAIG MEMORANDUM

To: Craig City Council
From: Kassi Mackie, City Clerk
Date: November 30, 2017
RE: Acceptance of Greg Dahl's resignation and filling of vacant council seat

Acceptance of Greg Dahl's resignation

As the council will recall, a vacancy will be created on the Craig city council after November 25th as Greg Dahl has announced his resignation. The council should publicly accept Mr. Dahl's resignation from the city council effective November 25th, 2017.

1st Recommended Motion: Move to accept Greg Dahl's resignation from the Craig city council, effective November 25th, 2017.

Filling a Vacancy

Section 2.04.170 of the Craig Municipal Code states in part:

If a vacancy occurs in the council, the council by vote of a majority of its remaining members shall within 30 days designate a person to fill the vacancy until the next regular election and until a successor is elected and has qualified.

Beginning November 17th staff posted public notice of the council vacancy. The postings asked interested members of the public to submit letters of interest for the seat by 5:00 p.m. Wednesday December 6th. Copies of the letters of interest received through today's date are attached. Each of the persons who submitted letters of interest meet the minimum qualifications to hold the vacant council seat. Letters of interest submitted to the city between today and the December 6 deadline will be provided to the council on December 7.

In the past, each council member would vote a secret ballot, to be tallied by the Mayor or City Clerk. The nominees need not be restricted only to those who have submitted a letter of interest. The candidate with the fewest votes would be dropped from the running, and the rest of the candidates would be voted on, until the council came to one last candidate. Then the council would make a motion to appoint the candidate.

The vote that determines who is appointed to the seat shall be a public vote. The appointment would take effect after a motion made to appoint an individual is passed after receiving four affirmative votes. If the motion fails, the council would repeat the process until the four-affirmative vote requirement is met.

The council should also include in the motion to appoint the new council member the date of effect. Staff recommends the date of December 11th. Delaying the appointment date allows the new council member time to meet with city staff to discuss council

protocol and complete paperwork at city hall, and to study the council packet before taking the council seat and having to vote on issues.

2nd Recommended Motion

I move to appoint _____ to the vacant council seat effective December 11th, 2017.

Date: November 10th, 2017

Dear: Residents of Craig
The Mayor and City Council
Mr. Jon Bolling, City Administrator, and City Staff

I hereby request that you accept this resignation of my seat on the Craig City Council.

I have accepted a position in Sitka with my current employer. My family and I will be leaving Craig on November 25th.

I want to thank the city staff for running an outstanding operation. I would also like to give thanks to former mayor Dennis Watson, Mr. Jon Bolling, the council members that I have served with, and previous council members for making many smart decisions that have left our city in a superior position to overcome many financial hardships in the past, present, and in the future. Most importantly, I would like to express my gratitude to the voters of Craig for trusting me with such great responsibility; I have been very privileged and honored to serve this city and it has been one of my most rewarding experiences.

Respectfully,



Greg Dahl
Councilmember
City of Craig

RECEIVED
NOV 27 2017

Hannah Bazinet
P.O. Box 938
Craig, AK 99921
(907)401-0478

11/27/2017

Craig City Council
P.O. Box 725
Craig, AK 99921
(907) 826-3275

Dear City of Craig Council Members:

I, Hannah Bazinet, am writing to you to express my interest in the vacant council seat. As a long time Craig resident and recent City Council Member, I would love to occupy this temporary seat and work with the current City Council Members as a representative of our community.

Thank you for considering me,

Hannah Bazinet
(907) 401-0478
hanajobazinet@gmail.com

RECEIVED
NOV 27 2017

11-27-17

Dear City Council Members,

I would like to be considered for the open City Council position that is being vacated by Greg Dahl. I meet all 4 of the qualifications that are listed, plus I bring several qualifications such as experience, and knowledge about City business and procedures. Thank you for considering me for this position.

Respectfully,

A handwritten signature in cursive script that reads "Don Pierce". The signature is written in black ink and is positioned above the printed name.

Don Pierce

City of Craig
500 3rd Street
Craig, AK 99921

November 20, 2017

To the Mayor and Craig City Council,

With reference to your advertisement for the vacant council seat, I am writing this letter to express my interest in serving.

I am a business owner in Craig, and have lived here most of my life. I care about the community, and want to see it flourish. I would like to be a part of the council, and as the numbers show on the October ballot, a substantial number of the public backs my claim.

I think I would be a great addition to the council, and look forward to attending the meetings with all the council members who work so diligently to make Craig the wonderful community it is.

Thank you for your consideration,

Chanel McKinley

A handwritten signature in black ink, appearing to read 'Chanel McKinley', written in a cursive style.

CITY OF CRAIG MEMORANDUM

To: Craig Mayor and City Council
From: Brian Templin, City Planner
Date: November 29, 2017
RE: Tract P Access Road – CTA Request for Plan Approval

As the council is aware, the Craig Tribal Association (CTA) has been working on a project to design and construct a new access road from Cold Storage Road to the lower entrance to the Craig Tribal Hall. The proposed new access road would be located primarily on city owned property (Tract P, USS 2327) and would run directly adjacent to the northern property line of Tracts Q-1, Q-2D and Q-3, USS 2327 (property currently occupied by Thompson House, the US Post Office and the Craig Tribal Hall respectively) and would cross lots 1 and 2 of Tract R, USS 2327 (property owned by Joni Kuntz and Skip Fabry respectively) along an existing 30' access and utility easement. The proposed road would connect to the existing Easy Street adjacent to these lots. A drawing of the proposed road is attached to the memo.

The proposed access road design also includes 28 proposed optional parking spaces perpendicular to the road. 14 of the proposed spaces would be situated on city property (Tract P) and 14 of the proposed parking spaces would be located on Tract Q3. Currently these parking spaces would primarily benefit CTA but could conceivably also benefit the Post Office and the future firehall.

The current proposed concept also includes a proposed optional Post Office access road. This road would likely be designed as a one-way road allowing additional egress from the Post Office parking lot. The new access road is designed to allow the city to maximize use of the remainder of Tract P for city uses, including the proposed new fire hall.

If the council would like the optional parking spaces and optional access road on Tract Q-3 included, CTA will need to secure all necessary easements.

The city planner and public works director have been working with CTA through the concept and design process. The Craig Planning Commission hosted a public hearing on June 22nd. Joni Kuntz and Skip Fabry submitted comments regarding the impact to their properties on Tract R. Crystal Beseau commented at the public hearing that she was concerned about the impact to the traffic flow in the Post Office parking lot if cars were backing out of spaces in both directions to use either the existing exit or the proposed new exit.

The city owns the entirety of Tract P and all rights-of-way on Tract P will be platted by CTA as part of the final road design.

The 30' access easement on Lots 1 and 2, Tract R was included on the subdivision plat that created those lots in 1986. No additional easements or land acquisition appears to be necessary to connect the road to Easy Street. As noted above the owners of these two lots

submitted questions/comments about the impact to their properties if this proposal is adopted. Copies of those comments are attached to this memo.

There are currently no easements on Tract Q-3, the property occupied by the Post Office to allow for the proposed optional parking or the proposed optional access road to the Post Office parking lot. Other than the comments made by Crystal Beseau at the June 22nd planning commission meeting, the city has not received any comments from the property owner. If these optional areas are included in a final design an easement would need to be secured from the property owner prior to construction.

The proposed design connecting the access road to Easy Street eliminates a long dead end street and provides better traffic flow but requires impacting properties across the existing easement. In lieu of connecting to Easy Street the council may consider directing CTA to provide a design that includes a cul-de-sac on city owned Tract P (a portion of the cul-de-sac could also be designed on CTA property) instead of the through street. This will likely not provide optimum traffic flow, require additional construction on the current tidelands, and may impact floathome occupants near the construction area but the access road meets the maximum length requirements to allow a dead end (cul-de-sac) street in this location.

CTA has proposed that all design and construction costs for the access road will be paid for by CTA. At the conclusion of construction the road would be turned over to the city in the same manner that most subdivision streets become public rights-of-way and are owned and maintained by the city. Since the road will be placed primarily on city owned land and will be transferred to the city upon completion the council should provide approval of the final design criteria. The council should discuss the following elements of the proposal and approve final design criteria.

1. Should the final design connect the access road to Easy Street or should CTA provide a design that does not include connection to Easy Street?
2. Should the final design include the optional parking area along the access road on Tract P (city property)?
3. Should the final design include the optional parking area along the access road on Tract Q-3 (Post Office)?
4. Should the final design include the optional access road to the existing Post Office parking lot on Tract Q-3 (Post Office)?
5. Are there any other design changes that the council would like to see in the final design?

Recommendation: The council should discuss the design criteria shown above and direct staff to work with CTA to move to final design and construction based on criteria approved by the council.

RECEIVED
NOV 22 2017



Craig Tribal Association
P.O. Box 828
Craig, Alaska 99921
Tel: 907-826-3996
Fax: 907-826-3997

November 22, 2017

The Honorable Tim O'Conner
City of Craig
P.O. Box 725
Craig, Alaska 99921

Dear Mayor O'Conner,

The Tribal Council of the Craig Tribal Association is requesting that the attached proposed plan for the Tract P Access Road be placed on the December 7, 2017 City Council agenda. The CTA Administrator and our Engineer will be present for this meeting in the event Council members have any questions regarding this proposed road. The CTA met with the City of Craig Planning & Zoning Commission and held a public comment period prior to that meeting. Taking into consideration the comments to this plan, I have been authorized by the Tribal Council to move forward in presenting this plan for approval by the City of Craig.

If you have any questions, please do not hesitate to contact Anna Guthrie, Administrator at email: tribal.admin@craigtribe.org, or at (907) 826-3996.

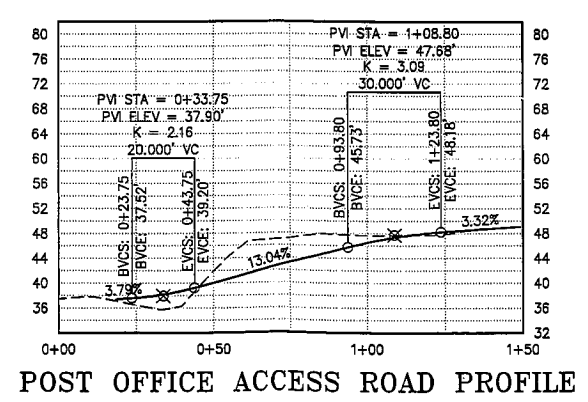
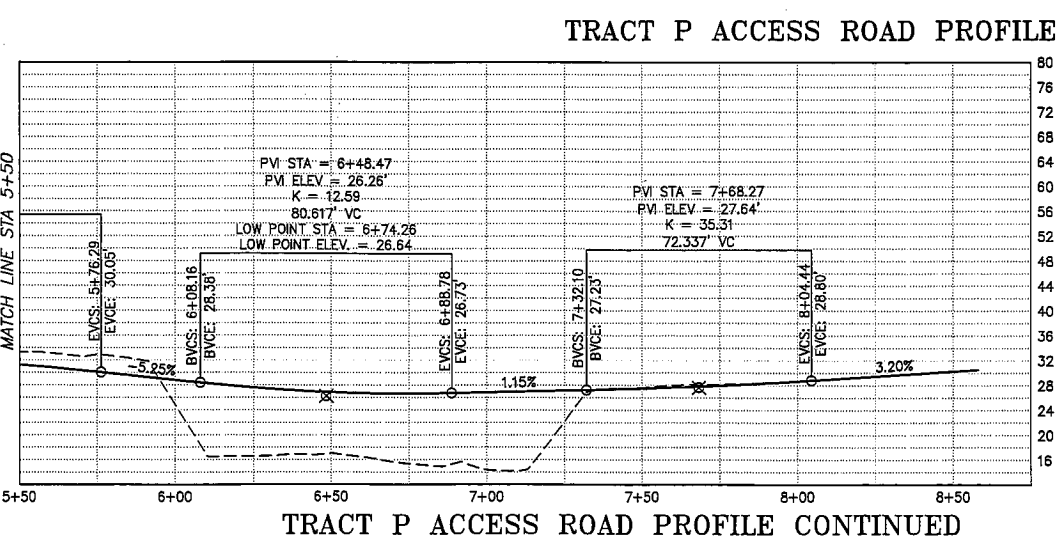
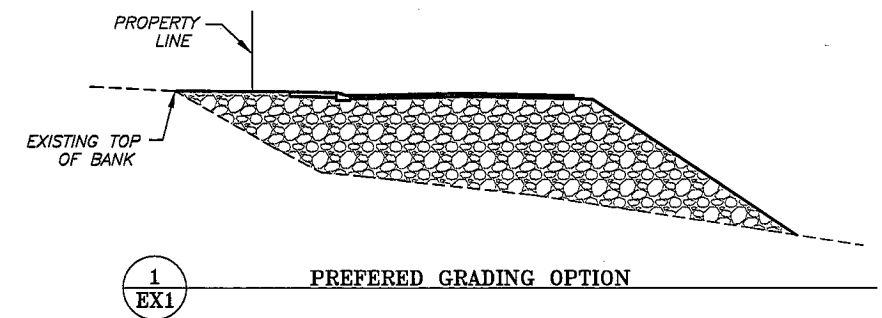
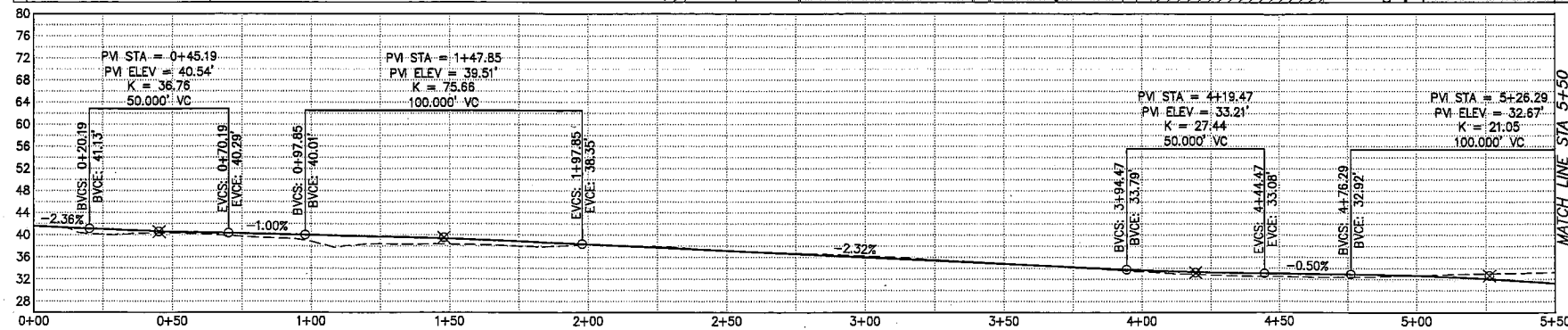
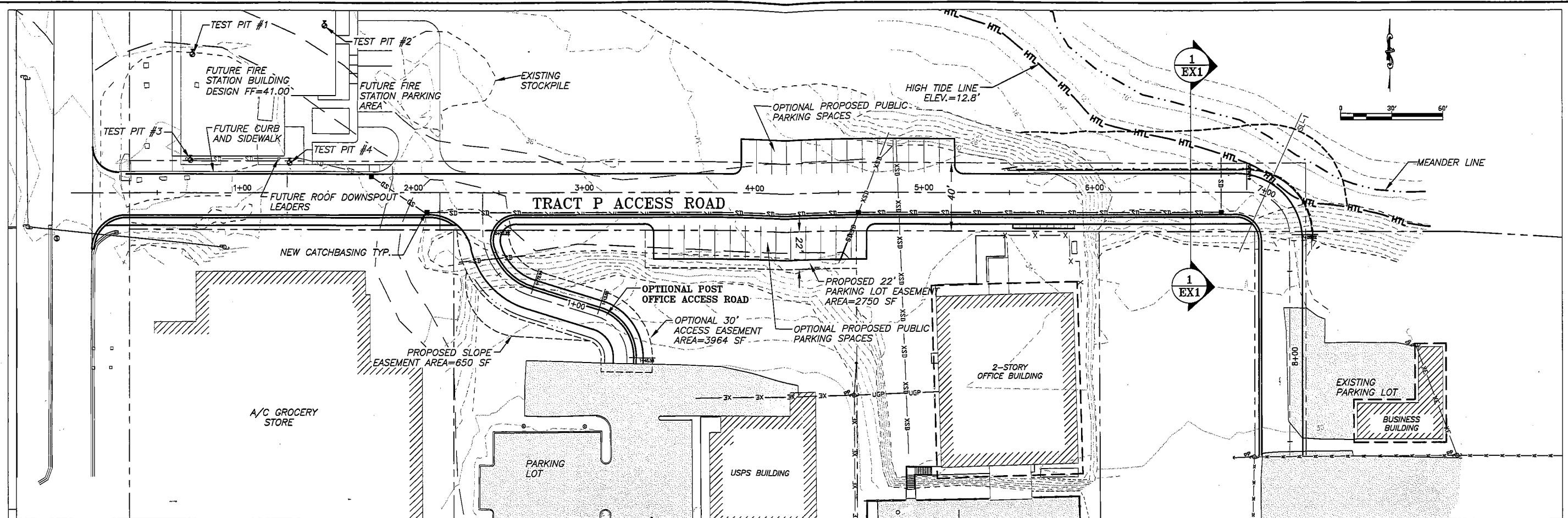
Sincerely,

A handwritten signature in black ink that reads "Clinton E. Cook Sr". The signature is written in a cursive style.

Clinton E. Cook, Sr.
Tribal President

Attachment: Tract P Access Road Proposed Plan

Cc: File



TEST PIT LOG TABLE

Test Pit	Depth	Description	Remarks
# 1	0' - 4'	Imported granular fill	Ended test pit @ 7'
	4' - 5.5'	Compressed native organic	
	5.5' - 7'	Grey cobbles with silt and sand	
# 2	0' - 6'	Imported fill with organics	Noticed smell of diesel approx. 3' below surface. Ended test pit @ 10.5'
	6' - 9.5'	Compressed organics with woody debris	
	9.5' - 10.5'	Consolidated grey clay with cobbles	
# 3	0' - 4'	Imported fill with organics	Ended test pit @ 8'
	4' - 7'	Compressed organics with woody debris	
	7' - 8'	Consolidated grey clay with cobbles	
# 4	0' - 3.5'	Imported fill with woody debris	Ended test pit @ 7.5'
	3.5' - 6.5'	Compressed organics with woody debris	
	6.5' - 7.5'	Grey cobbles with silt and sand	

Brian Templin

From: Brian Templin [planner@craigak.com]
Sent: Thursday, June 15, 2017 11:57 AM
To: Anna Guthrie
Cc: 'Jon Bolling'
Subject: FW: Proposed Tract P Access Road

Anna,
Here are the comments from Joni Kuntz.
Brian

From: Jon Bolling [<mailto:jbolling@aptalaska.net>]
Sent: Thursday, April 06, 2017 4:34 PM
To: crabbay13@hotmail.com
Cc: Brian Templin
Subject: FW: Proposed Tract P Access Road

Hi Sam

Below is an e-mail with comments from Joni Kuntz regarding the proposed Tract P access road and its intersection with Easy Street.

Jon

From: Joni Kuntz <jonikuntz@gmail.com>
Sent: Saturday, April 1, 2017 8:47 AM
To: Jon Bolling
Subject: RE: Proposed Tract P Access Road

Good morning Jon,
Here are my concerns on the Tract P Access Road.

1. the access road would take away some of our container storage area.
2. the tideland area would be used as a road
3. This would create a hardship on Samson's daily business...

Thank you.. I would have written a letter but I am on my way to Montana.. If you need to reach me my cell is 907-401-0449.. It only works in small parts of eastern Montana.. I will be back to Port Angeles by April 13..

Have a great day,
Joni

Box 54
road

Re: CTA's proposed Tract P access

Klawock, AK 99925

13 March 2017

Jon Bolling, City Mgr.

P.O. Box 725

Craig, AK 99921

Dear Jon,

Just a couple questions on the CTA's proposed access road, please.

1. What is the city's position on this road?
2. Why is this proposal from the CTA and not the City of Craig?
3. What is the purpose of this proposed road?

Enclosed is a copy of the questions I had for the CTA, sent to Sam Thomas.

Thank you,



Skip Fabry

13 March 2017

Re: Access Road Proposal

Box 54

Klawock, AK 99925

Edward Thomas

Transportation Director of CTA

P.O. Box 828

Craig, AK 99921

Dear Sam,

Just a few questions and comments on the CTA's proposed Tract P access road just North of the CTA Building please.

1. What is the main expressed purpose of this road?
2. Why is it being proposed by the CTA and not the City of Craig?
3. (Non Question) Please have R & M Engineers provide me with a design map that is;
 - a. Large enough to read without a magnifying glass.
 - b. Shows and LABELS the AC Grocery Store Building, Anntie Bettys, the Post Office, the CTA Building, Samson T & B, Community Connections, and my property, 304 Easy St. (Much larger scale).
4. Please provide me with the response to this road from Marge Young, the U.S. Postal Service, Samson T & B, Community Connections, the City of Craig and Catch-A-King Fishing Lodge.
5. Question for R & M- Provide me with the number of feet and inches to be used by this proposal on my property from West to East.
6. Provide me with the number of square feet of my property to be used by this proposal.
7. Should I not object to the construction of this proposed road, will the Craig Tribal Association in writing offer to build and maintain a retaining wall that will support the new hillside resulting from the proposed road?
8. Does the proposed road infringe on the "Green Beltway" just above mean high tide that may someday provide for a walking or bike trail next to the beach?

9. How and to what extent does the CTA propose to compensate property owners for the use of their property?

I may have additional questions in the future.

Thank you,

Skip Fabry

Cc: City of Craig

**CITY OF CRAIG
MEMORANDUM**

To: Craig City Council
From: Jon Bolling, City Administrator
Date: November 28, 2017
RE: Draft Policy on Employee Loans

Attached you will find a draft policy on issuing loans to city employees.

Background

At the September 7 city council meeting, I raised the issue of the city developing a policy on loans to city employees. At that time I noted for the council that on several occasions over the past few years I have been asked to consider loans to employees who find themselves, for one reason or another, in a financial pinch. I have invariably approved the loans, ranging from a few hundred to several thousand dollars. The employees taking the loans have entered into loan agreements and the city takes loan payments through payroll deduction. I have not assessed an interest rate on the loans. To date we have collected back all the money loaned. At least one loan remains outstanding.

My view is that the loans amount to a benefit for city employees, made available at very low cost to the city. While there is some risk to the city in that the loan may not be repaid in full, that risk is minimized by our regulating the loan amount and repayment terms. The city's pay scale for its employees is in many cases below the high range for comparative positions in other Southeast Alaska communities, and the loan practice essentially amounts to a method to assist our employees. In the end, the city gets repaid, the employee benefiting from the loan is grateful to the city for the loan, and the cost to the city is limited to the loss of interest collected at the bank (less than one percent) on the principal loaned to the employee, plus some staff time to set up the payroll deduction.

After initial statements of interest in such a policy from one or two council members at the September meeting, I proceeded to prepare a draft policy on the topic. A copy of that draft policy is attached. Also attached is a draft promissory note. Both have been reviewed by the city attorney.

There is no shortage of written opinions on the topic of workplace loans. I have attached here a few articles on the matter, including some guidance from the Internal Revenue Service. The articles advise employers to proceed with caution when considering providing loans to employees, and the council's approach here in deliberating the proposed policy over the course of several meetings with input from the city attorney certainly amounts to a cautious approach to the matter. As to IRS guidance, generally speaking a low or zero interest loan is not considered taxable compensation if the loan: is less than \$10,000; includes a promissory note signed by both parties; provides for the receipt of cash payments according to a specified repayment schedule; charges interest at a stated rate; and is secured. This guidance does not apply if one of the principal purposes of the loan is the avoidance of federal tax.

Draft Policy

As presented, the policy enables the city administrator to loan up to ten percent of an employee's annual wage, not to exceed \$5,000, if the employee demonstrates a need identified in Section I of the policy, and signs a promissory note. The policy provides for security for the loan, and allows the city to set a rate of interest on the loan. A loan made under the policy must be repaid within twelve months. In practice, I expect that if a loan is sufficiently secured that the interest rate will be zero.

The attached draft policy and promissory note are presented here for review and comment. If the council wishes to proceed to formal consideration to adopt the policy, staff will prepare the requisite resolution for next council meeting, scheduled for January 4, 2018.

Recommendation

That the council review the attached documentation and provide direction to staff regarding the draft policy.

318 Employee Loans

-DRAFT-

Effective date:

Revision date:

I. Purpose of the Policy

The City of Craig may loan money occasionally to qualifying employees. The purpose of this benefit is to provide loans to employees who have an immediate need for funds as the result of an unforeseen circumstance and have no other source of money available within the time necessary to act, or who face a personal financial hardship and cannot obtain a loan from a credit union or comparable lending institution that addresses the hardship. The program is not intended to compete with local credit unions or other lending institutions; it is intended to fill the needs of City employees that are not met by those sources.

II. Detailed Policy Statement

A. Eligibility

Any employee who is classified full time or part time, has passed the probationary period and regularly works at least 25 hours per week.

B. Loan Limitations

All loans are subject to the following limitations:

1. The maximum loan granted shall not exceed \$5,000, or ten percent of the employee's annual wage from the prior calendar year, whichever is less.
2. An employee may request up to two employee loans within a 12-month period; however, an employee shall not be eligible for a second loan if an unpaid balance remains on an existing loan.

C. Loan Repayment Terms and Interest Charges

1. Term. The maximum loan repayment period is twelve months.
2. Interest. Interest may be charged on all loans at a rate set by the city administrator and the rate set shall apply to all employee loans during that calendar year.
3. Minimum payment. The minimum repayment amount per pay period is \$50.00.
4. Payment method. Repayment of a loan shall be made through payroll deduction. Payment will be made after all other payroll deductions; taxes, retirement, insurance, garnishments, etc.
5. Application of payment. Any partial payment will be applied first to the interest amount due, with the remainder applied against the principal balance.
6. First payment. The first payment of a loan will be scheduled for the next available payroll deduction following signing of the promissory note, with subsequent payments deducted at each pay period until the loan is paid in full.
7. Payment due date. Payments are due within five working days of the scheduled monthly repayment date specified in the promissory note.
8. Late payment. A late payment fee, not to exceed \$10.00 per month, will be charged for failure to make payment within five working days of the scheduled repayment date.
9. Prepayment. No penalty will be charged for prepayment.

10. Security. The city administrator may require the employee to pledge security for the loan.
11. Employment termination. All loans are due and payable in full upon termination of employment with the City of Craig and full payment shall be deducted from the employee's last paycheck and any other compensation then due to the employee upon termination.

D. Procedure for Obtaining an Employee Loan

1. A prospective borrower may obtain information about requesting an employee loan from the city administrator.
2. An employee may apply for a loan by submitting a written request stating the desired loan amount, proposed repayment schedule and payment amount, need for the loan under Section I of this policy and security offered for the loan.
3. Based on a review of the loan request, the city administrator will determine the amount of the loan to be provided and the terms and conditions of its repayment.
4. The prospective borrower must indicate his or her agreement with all of the terms and conditions of the loan by signing a promissory note. A signed promissory note is required in order for a loan to be made. A copy of the promissory note will be provided to the borrower.
5. To enable repayment of the loan, the borrower must agree in writing in the promissory note to an automatic payroll deduction authorization.
6. The city shall condition the loan on assignments of accrued pay and benefits if employee leaves city employment prior to fully repayment of the loan.

III. Responsibilities and Authority

An eligible city employee receiving a loan from the City of Craig is responsible for repayment of the loan and complying with all of the requirements described in this policy.

The city administrator is responsible for administering the employee loan policy. This includes evaluating and approving employee loan applications, collecting repayments, and pursuing collection on past due loan accounts. There shall be no appeal from the city administrator's decision to deny a loan request.

PROMISSORY NOTE

Borrower: _____ (the "Borrower")

Lender: City of Craig PO Box 725 Craig, AK 99921 (the "Lender")

Principal Amount: \$ _____

1. FOR VALUE RECEIVED, The Borrower promises to pay the lender at such address as may be provided in writing to the Borrower, the principal sum of \$_____, with interest payable on the unpaid principal at the rate of _____ percent per annum, calculated half yearly not in advance, beginning on _____.
2. This Note will be repaid in consecutive bi-weekly installments of principal and interest on or about the Lender's published payroll dates and shall be paid by deduction each pay period from the Borrower's pay and continuing until _____, with the balance then owing under this Note being paid at that time. The attached document approximates the repayment schedule. The first payment of the loan will be scheduled for the first available payroll date following signing of this note, with subsequent payments deducted at each pay period until the loan is paid in full. Borrower consents to making payments by automatic payroll deduction. This note is due and payable in full upon Borrower's termination of employment with the City of Craig and any outstanding balance shall be deducted from the Borrower's last paycheck and any other compensation then due the Borrower.
3. At any time while not in default under this Note, the Borrower may pay the outstanding balance then owing under this Note to the Lender without further bonus or penalty.
4. Notwithstanding anything to the contrary in this Note, if the Borrower defaults in the performance of any obligation under this Note, then the Lender may declare the principal amount owing and interest due under this Note at that time to be immediately due and payable.
5. All costs, expenses and expenditures including, and without limitation, the complete legal costs incurred by the Lender in enforcing this Note as a result of any default by the Borrower, will be added to the principal then outstanding and will immediately be paid by the Borrower.
6. This note is secured by the following (the "Security"):
7. The Borrower grants to the Lender a security interest in the Security until this note is paid in full. The Lender will be listed as a lender on the title of the Security whether or note the Lender elects to perfect the security interest in the Security.

8. If the Borrower defaults in payment as required under this Note or after demand for ten (10) days, the Security will be immediately provided to the Lender and the Lender is granted all rights of repossession as a secured party.
9. If any term, covenant, condition or provision of this Note is held by a court of competent jurisdiction to be invalid, void or unenforceable, it is the parties' intent that such provision be reduced in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable and the remainder of the provisions of this Note will in no way be affected, impaired or invalidated as a result.
10. This Note will be construed in accordance with and governed by the laws of the State of Alaska.
11. This Note will inure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and the assigns of the Borrower and the Lender. The Borrower waives presentment for payment, notice of non-payment, protest and notice of protest.
12. The sole purpose of this note is to ensure repayment of the Principal Amount plus interest from Borrower.

IN WITNESS WHEREOF the parties have duly affixed their signatures under seal on this _____ day of _____, 20__

SIGNED, SEALED, AND DELIVERED
 this _____ day of _____, 20__

 (NAME)

SIGNED, SEALED, AND DELIVERED
 this _____ day of _____, 20__

 CRAIG CITY ADMINISTRATOR

Employers Should Be Leery of Workplace Loans

Helping out an employee in need of a short-term loan can seem like kindness--until you start charging them.

Senior writer, Inc. [@JeremyQuittner](#)

The uptake of on-the-job loans among employees has mounted in recent years, as nonbank, third-party providers set their sights on the workplace. But for employers, getting into the lending business isn't for the faint of heart.

Almost every small business lends money to an employee at some time, and [research indicates](#) that such loans can increase loyalty and build bonds between workers and owners. At the same time, these loans can be subject to additional income [taxes](#), and they can also open up a business to discrimination [lawsuits](#), experts say.

Buyer Beware

But if you still consider these, proceed with caution and perform due diligence, as the service could easily morph into a modern-day version of the company store.

While such third-party services assume the tax and legal risks, they have earned a comparison to payday lenders, the pariahs of the lending community which often charge interest rates of 500 percent or higher. Though the rates workplace loan providers charge are much lower than payday lenders, employees can still get caught up in an unending cycle of debt.

"Is it fair for an employer to get the services of the worker, and the lender to take his money? At what point is this unconscionable," says Robert Wood, a tax attorney for [Wood LLP](#) in San Francisco.

More than just loans, financial wellness too

Some providers, like Emerge Workplace Solutions, an employee lending concern in Nashville, Tenn., come in the guise of financial wellness programs. Emerge contracts independently with banks and credit unions for financing, and then works with employers to debit monthly amounts from employee checks until the loans are paid back. Interest rates are still high, but are generally less than half of their payday counterparts. Employers don't profit from the loans.

"Financial stress is costly to all employers, and 70 percent of employees live paycheck to paycheck," says Jonathan Harrison, founder and chief program officer of Emerge. Emerge performs a financial "health" assessment of every employee looking for financing, and uses that information to determine conditions of the loan such as the annual percentage rate, which generally ranges between 8 percent and 18 percent, plus a \$30 fee for the transaction. That comes to an equivalent annual interest rate of around 36 percent, Harrison says. Loans average about \$1,000.

Access to bank accounts and financial counseling

In addition to loans, Emerge offers ongoing financial counseling to employees, helps them set financial goals, and if they don't have one--a primary reason workers use high fee non-bank financial providers like cash checking agencies--give them access to a bank account from which

their monthly payment is debited. They can't borrow again until the loan is paid off and a subsequent credit analysis shows the employee is not racking up debts elsewhere. (Other providers include Fairloan and Think Finance. Fairloan did not respond to a request for comment, and a representative from Think Finance said no one was available to comment.) Not everyone's onboard, however, and many financial experts say small business owners should generally distance themselves from the financial lives of their employees.

"This is ripe for problems and puts the employer in the middle," says Scott Cheslowitz a partner at tax firm [Rothenberg & Peters](#), of Great Neck, New York.

Potential difficulties abound

The potential problems could include loan defaults, or breeding ill will between the employer and employee, as well as questions of what happens to the debt if the employee leaves before paying off the loan.

The responsibility for making sure employees understand the financial disclosures may also become the employer's, who also becomes the unwitting endorser for the third party's loan product.

"I can understand why a business might want to offer a loan for loyalty, but are these loans a benefit or a burden?" Wood says.

Published on: Dec 17, 2013

Tax Treatment of Gift, Dividends, or Loans to Employees

by Mary Howley *

Although gifts are generally excluded from income, gifts from employers to employees are generally included in income. Achievement awards given to employees from employers may be excluded from income in certain cases. Holiday gifts of food or other merchandise of nominal value are not taxable income to the employee, but may be deducted as an ordinary and necessary business expense by the employer. Shareholder gifts of stock generally result in income to the employee and a deduction by the employer.

Deductible compensation payments must be reasonable and must be for the payment of services. Payments labeled as compensation may be determined to be dividends. Payments labeled as a loan may be determined to be compensation.

Compensation versus Gift

Gross income generally does not include the value of property acquired by gift. [[IRC § 102\(a\)](#).] Amounts transferred by or for an employer to or for the benefit of an employee, however, are not considered gifts and are includable in gross income. [[IRC § 102\(c\)](#).] Exceptions to this rule apply in the case of certain employee awards, qualified scholarships, and de minimis fringe benefits.

Loans

Companies may extend low-cost or no-cost loans to employees. In certain cases, the loan is really disguised compensation. [[Tussaud's Wax Museums, Inc. v. Commissioner, T.C. Memo 1966-211 \(T.C. 1966\)](#).]

Factors that indicate the existence of a bona fide loan include:

- the existence of a promissory note,
- cash payments according to a specified repayment schedule,
- interest is charged, and
- there is security for the loan. [See [Reed v. Commissioner, T.C. Memo 1994-611 \(T.C. 1994\)](#); [Friedrich v. Commissioner, T.C. Memo 1989-103 \(T.C. 1989\)](#), affd, [925 F2d 180 \(7th Cir 1991\)](#).]

Below-Market Loans

Interest is imputed on below-market loans, including compensation-related loans. A demand loan is a below-market loan if interest is payable at a rate less than the applicable Federal rate. A term loan is a below-market loan if the amount loaned exceeds the present value of all payments due under the loan, determined as of the day the loan is made, using a discount rate equal to the applicable Federal rate in effect on the day the loan is made. [[IRC § 7872\(a\)](#).]

Compensation-Related Loans Defined

[IRC Section 7872\(a\)](#) applies to compensation-related loans. A compensation-related loan is any below-market loan directly or indirectly between:

- an employer and an employee,
- an independent contractor and a person for whom such independent contractor provides services, or
- A partnership and a partner if the loan is made in consideration for services performed by the partner acting other than in his capacity as a member of the partnership. [[IRC Section 7872\(c\)\(1\)\(B\)](#); [Prop Treas Reg § 1.7872-4\(c\)\(1\)](#).]

Forgone Interest on Compensation-Related Loans.

Forgone interest, with respect to any period during which a loan is outstanding, means the amount of interest that would have been payable on the loan for the period if interest accrued on the loan at the applicable Federal rate and were payable annually on the last day of the calendar year, over the amount of interest on the loan. [[IRC Section 7872\(e\)](#).]

***De Minimis* Exception for Compensation-Related Loan**

[IRC Section 7872](#) does not apply to any day on which the aggregate outstanding amount of loans between the borrower and lender does not exceed \$ 10,000. [[IRC § 7872\(c\)\(3\)\(A\)](#).] However, this exception does not apply where one of the principal purposes of the interest arrangement of the loan is tax avoidance. [[IRC § 7872\(c\)\(3\)\(B\)](#).]

* Mary Howley, Esq. is a federal tax author who works on such publications as Matthew Bender's *Federal Tax Guidebook*, *Federal Income, Gift and Estate Taxation*, and *Professional Corporations and Associations*. Ms. Howley received a B.A. from Albany State University, a J.D. from St. John's Law School, and was admitted to the New York State bar in 1983. She holds an LL.M. in taxation from New York University.

Information referenced herein is provided for educational purposes only. For legal advice applicable to the facts of your particular situation, you should obtain the services of a qualified attorney licensed to practice law in your state.

Publication 15-A (2017), Employer's Supplemental Tax Guide

(Supplement to Pub. 15, Employer's Tax Guide)

For use in 2017

Interest-Free and Below-Market-Interest-Rate Loans

In general, if an employer lends an employee more than \$10,000 at an interest rate less than the current applicable federal rate (AFR), the difference between the interest paid and the interest that would be paid under the AFR is considered additional compensation to the employee. This rule applies to a loan of \$10,000 or less if one of its principal purposes is the avoidance of federal tax.

This additional compensation to the employee is subject to social security, Medicare, and FUTA taxes, but not to federal income tax withholding. Include it in compensation on Form W-2 (or Form 1099-MISC for an independent contractor). The AFR is established monthly and published by the IRS each month in the Internal Revenue Bulletin. You can get these rates by visiting IRS.gov and entering "AFR" in the search box. For more information, see section 7872 and its related regulations.

From A&M Bulletin

October 23, 2012

In the midst of a struggling economy, firms understand the importance of finding and retaining top talent. To recruit and preserve such valuable resources, numerous firms have turned to offering traditional and compensation-related employee loans. Whether such loans are constructed for retention or to administer employee aid, their tax treatment should be closely considered.

There are three main types of employee loans:

- Traditional employee loans;
- Below-market employee loans; and
- Employee forgivable loans.

A traditional employee loan adheres to the strict definition of a loan and does not require the recognition of compensation by the employee. Below-market and employee forgivable loans represent two types of compensation-related employee loans. With a below-market loan, the employee must recognize compensation for the difference between the loan's stated rate of interest and the higher market rate of interest. With an employee forgivable loan, companies typically forgive the employee of their interest and principal repayment obligation over time. Therefore, the interest and principal amounts are captured as compensation income to the employee. Each of these employee loans provides different benefits to employees and needs to be carefully structured in order to provide the desired income recognition and tax treatment for both the employee and employer.

Restrictions on Employee Loans

It is important to note that the Sarbanes-Oxley Act of 2002 (SOX) imposed restrictions on loans to certain employees. SOX made it unlawful for an issuer to extend or maintain credit in the form of a personal loan to a director or executive officer. Therefore, public companies subject to SOX should avoid offering employee loans to directors or executive officers; however, employee loans can still be offered to other rank and file employees. Non-public companies not subject to SOX can extend employee loans to employees of all levels.

Traditional Employee Loans

A traditional employee loan is commonly used to administer financial assistance to an employee, whereby an employer lends money to an employee with the full intention that the employee will repay the loan to the employer plus interest. The guidelines for administering a traditional employee loan hinge on the legal obligation of the employee to make monetary repayment of the advance, as well as the employer's intention to impose repayment. To confirm these obligations, both parties must sign a loan document stating the provisions for repayment, the fixed maturity dates and the appropriate stated interest. The stated interest rate must be at least the Applicable Federal Rate (AFR) in effect as of the day on which the loan was made, compounded semiannually. Cash repayments are to be made in a timely manner and must be unconditional and not contingent upon future events. If a traditional employee loan is administered properly, the employee does not recognize compensation income and the employer will not receive a compensation expense deduction for the loaned amount.

Below-Market Loans

Below-market loans are provided to employees at a lower interest rate than they could otherwise receive in the market. Below-market loans can be offered at either a reduced interest rate (below the AFR) or completely interest free, as an original issue discount. The spread between the reduced interest rate and the market rate of interest (the AFR) is recognized as compensation to the employee and deducted as compensation expense by the employer. The timing of the recognition of compensation depends on whether the loan is a demand loan or a term loan.

Demand loans are payable on demand of the lender. For a demand loan, the amount of forgone interest is recognized as taxable compensation to the employee and as a compensation expense deduction to the employer on the last day of the calendar year.

Term loans are traditional loans with a set repayment schedule and maturity date that cannot be altered at the demand of the lender. If a term loan is provided to an employee who leaves the company prior to repaying the loan, the employee must continue to make repayments of the loan, even after he or she is no longer employed, according to the original repayment schedule. For a term loan, the amount of forgone interest is transferred at the time the loan is made and is equal to the excess of the amount loaned over the present value of all payments that are required to be made under the terms of the loan agreement. Therefore, term loans are treated as original issue discount loans. The employee will recognize taxable compensation and the employer will recognize compensation expense on the date the loan is made.

Employee Forgivable Loans

A popular tool used to attract top talent is the employee forgivable loan. Employers often issue these loans as sign-on or retention bonuses to retain and attract top executives. The concept is for an employee to receive an upfront cash payment structured as a loan contingent on the employee's continued service with the company. The income recognition from the employer's forgiveness of the underlying principal and interest payments is generally intended to be tax deferred to the employee and recognized over the life of the loan.

For tax purposes, it is essential that this arrangement be structured as a loan so the upfront cash payment is not immediately taxed as compensation to the employee. However, there is an issue as to whether this payment is actually a cash advance instead of a bona fide loan arrangement. To qualify as a loan, a loan document must be signed stating the legal obligation of the employee to make monetary repayment of the advance, the employer's intention to impose repayment, the provisions for actual repayment, fixed maturity dates and appropriate stated interest. The determination whether a loan is considered a bona fide loan is a factual determination, and the presence of all of these characteristics does not guarantee loan status. The parties' intention for the loan must be considered when evaluating the transaction.

In Technical Advice Memorandum (TAM) 200040004, the IRS concluded that a loan by an employer to an employee evidenced by a note agreement represented compensation, at the time of the loan, for tax purposes. The recognition of compensation requires the employee to include the lump-sum payment as income in the year it is received instead of deferring recognition of the income over the service period. In the case this TAM was addressing, an employer entered into a

note agreement with employees and provided a lump-sum cash payment that was to be repaid in five annual installments at a stated rate of interest. The note agreement stipulated that the employer would forgive the repayment obligations in full upon an employee's death, disability or termination from the company without cause. On the same day, the employer entered into a bonus agreement with employees that guaranteed a bonus to each employee to be paid on the same day and for the same amount as the principal and interest due each year for the note. The bonus agreement also stipulated that all bonus payments shall be applied in full to the payment of the note agreement.

In this TAM, the IRS concluded that the amount provided to the employees constituted compensation instead of loan proceeds for two main reasons. First, the employees did not have an unconditional or personal obligation to repay the loan. The employees were only obligated to repay the loan if they left the company before the end of the required service period. Otherwise, the principal and interest amounts were paid through the employer's bonus agreement. Second, the employee's repayment was not in the form of cash. In substance, the loan did not require cash repayment ---- instead, the employee's obligation was satisfied by the performance of services over the five-year period.

The TAM also addressed the tax treatment of the cash advance made to employees. The TAM concluded that economic performance does not occur and the employer cannot recognize a compensation deduction until the employee performs the services. Therefore, for tax purposes, the company recognizes the expense as the participating employees perform services over the five-year term of the note agreement, while the employee recognizes the income as compensation in the year it is received.

The fact pattern of the TAM is unique; however, it could be argued that forgiveness of debt over a service period is not unlike the bonus agreement provided in this scenario. Although TAMs are not authoritative guidance, the IRS has informally indicated that the conclusion reached in this TAM reflects its current position on employee forgivable loans. Therefore, the IRS would conclude that a loan scheduled to be forgiven based on continued employment is actually a salary advance taxable to the employee upon receipt.

Alvarez & Marsal Taxand Says:

Documentation is essential to ensure that loans to employees are treated as such for tax purposes. An arrangement may appear to be an employee loan, but if it does not look like one or sound like one on paper, it will not receive favorable tax treatment from the IRS. The best way to structure an employee loan is to satisfy all the formal requirements as though the company were loaning money to a third party.

The following factors indicate the existence of a bona fide loan arrangement:

- A promissory note signed by both parties;
- The receipt of cash payments according to a specified repayment schedule;
- Interest charged at a stated interest rate; and
- Security for the loan.

If these stipulations are not satisfied, you run the risk that the IRS may treat employee loans as advance payments that must be included as taxable compensation to the employee.

Disclaimer

As provided in Treasury Department Circular 230, this publication is not intended or written by Alvarez & Marsal Taxand, LLC, (or any Taxand member firm) to be used, and cannot be used, by a client or any other person or entity for the purpose of avoiding tax penalties that may be imposed on any taxpayer.

The information contained herein is of a general nature and based on authorities that are subject to change. Readers are reminded that they should not consider this publication to be a recommendation to undertake any tax position, nor consider the information contained herein to be complete. Before any item or treatment is reported or excluded from reporting on tax returns, financial statements or any other document, for any reason, readers should thoroughly evaluate their specific facts and circumstances, and obtain the advice and assistance of qualified tax advisors. The information reported in this publication may not continue to apply to a reader's situation as a result of changing laws and associated authoritative literature, and readers are reminded to consult with their tax or other professional advisors before determining if any information contained herein remains applicable to their facts and circumstances.

**CITY OF CRAIG
MEMORANDUM**

To: Craig City Council
From: Jon Bolling, City Administrator
Date: November 30, 2017
RE: Consider Contribution to POW Voc-Tec Center

The Prince of Wales Vocational Technical Center in Klawock operates as a private, non-profit corporation. The board of directors of the corporation is made up of volunteers from Prince of Wales Island. I am one of the board members.

The center is supported by contributions from the City of Klawock, which owns the facility and pays the building's utility costs, and by groups that use the facility for vocational education classes and meeting space. Still the center struggles financially.

In response to the financial concerns, the board contacted the Foraker Group, an Anchorage based organization that provides training and guidance to non-profit corporations in Alaska. Foraker is prepared to send to POW a staff member to provide training to the POWV-T board to assist the board in identifying programs and funding sources to sustain the center's operations.

The cost of the training is approximately \$3,000. The board has already discussed soliciting contributions to meet the training cost from communities and organizations on POW. Because the City of Craig has a dedicated seat on the board, the city should consider supporting the training effort.

Given that the purpose of the POWV-T is to provide vocational and technical training for POW residents I recommend that the council approve a contribution to the board's training with funds from the approximately \$3 million reserve accounts the city maintains nominally to support education. In my discussions with staff at the Craig City School District on this topic, it is clear that the district does not oppose the city turning to those savings to fund the board training.

Recommendation

I recommend the council authorize the expenditure of up to \$3,000 for POWV-T board training, with the actual contribution to equal the cost of the training minus the funds received from other POW contributors, and draw the contribution from reserve funds nominally set up to support education.

**CITY OF CRAIG
MEMORANDUM**

To: Craig City Council
From: Jon Bolling, City Administrator
Date: November 30, 2017
RE: Bids for Work at Waste Water Treatment Plant

The city's current fiscal year budget includes funding to remove corrosion from steel framing at the city's wastewater treatment plant building, and coat the steel framing with a corrosion inhibitor.

A month or so ago I prepared a bid packet and advertised the work. Bids are due to the city on Tuesday, December 5. Staff will prepare a memo summarizing the bid results and distribute the memo to the council via e-mail by Wednesday, December 6. Depending on the bid results, the council can consider action on the project at its December 7 meeting.

Please make a note to check your e-mail on December 5/December 6 and add the memo attached to that e-mail to your December 7 meeting packet.