

MEMORANDUM

STATE OF ALASKA Commerce, Community, and Economic Development

TO: Lynn Kenealy, LGS 4

DATE: May 11, 2023

FROM: Fred Broerman
LGS 4/ Bethel Region

SUBJECT: Trip Report
Aniak, Alaska
April 17-21, 2023

PURPOSE OF TRIP: Aniak city manager and finance director requested assistance with drafting the City of Aniak's FY24 budget. Total transportation, lodging and per diem costs paid by the State of Alaska for the trip were \$1,951.88.

PERSONS CONTACTED: Vice Mayor David W. Bonanno and city council members Audrey Leary, Annie S. Morgan, and Clara M. Morgan, City Manager Leon Kiana, Finance Director Lenore Kameroff, Public Works Director Greg Hager, and City Clerk Morgan Simeon.

OBSERVATIONS: Bethel Rural Utility Business Advisor (RUBA) staff Broerman and recently hired Martinez (now assigned to serve Aniak) arrived at the city office around 3 pm, Monday, April 17. Shortly after arriving the city manager requested to meet privately with Bethel RUBA staff. The two-hour meeting provided a good update on the issues and challenges the city was facing which included: personnel matters, concerns about the leadership of the city council, increasing locally generated revenue, and progress on grant applications.

On Tuesday, April 18, RUBA staff gathered related statute guidance and information from State of Alaska databases to provide the city manager with information needed for a potential executive session about city council leadership concerns he relayed the day before. Then Bethel RUBA staff met with the public works director, the city manager and the finance director to discuss how to go forward with drafting the FY2024 budget with anticipated changes in staff and public works employees' wages. Senior RUBA staff then mentored junior RUBA staff on formatting a budget worksheet which would be used to draft FY2024 budget. Initial projections were made for city staff salaries, payroll taxes and PERS expenses.

Then senior Bethel staff had a lengthy discussion with the city manager and finance director about switching worker's comp and liability insurance carriers and the specifics of doing so. A detailed phone conversation with AMLJIA's Paul Bryner aided the discussion.

The city has only a two percent sales tax so the annual discussion on how to increase locally generated revenues ensued. Discussed at length were ideas such as: 1) raising the public works service fee from \$10 to \$25; 2) potential commercial waste fees for large scale demolition activities to occur this summer; and 3) renegotiating the long-term contract for land lease for the YKHC clinic facilities built on city land. City staff suggested eliminating the mayor's stipend, a public works position, and city land clerk salaries to help balance the FY24 budget. Senior

RUBA staff discussed the cost-benefit ratio of a planned elder hall and library versus using these funds to build a much-needed new city office and library complex.

On Wednesday, April 19, RUBA staff met with public works director and finance director to review the non-salary related expenditures in an effort to eliminate a \$250,000 draft FY24 Budget expense overrun. Then senior RUBA staff initiated a conference call with Alaska Department of Health "Water Assistance Program" staff that included the city manager and finance director. The call focused on the next steps the city needed to take to become a utility vendor and the specifics of getting customer applications filed for the program to pay their long-standing delinquent sewer user fee balances.

Salary, payroll taxes, and PERS projections for FY24 were double checked and adjusted multiple times. Finally, a consensus was reached that city staff would work six-hour days to trim large budget shortfall. Also discussed was travel budgets for FY24, this included encouraging junior public works employees to become State certified to operate the sewer utility anticipating senior public works employees' retirements. By the end of the day Bethel RUBA staff and the city finance director had carved out a draft FY24 balanced budget.

On Thursday, April 20, the draft FY2024 budget was reviewed and discussed by key city staff throughout the day. RUBA staff also advised the city manager about the protocol for an executive session in preparation for the 7:00 pm council meeting. At the meeting RUBA staff was recognized by the chair and asked to comment on changing insurance carriers and ideas for increasing revenues for the city. RUBA staff were also invited to attend the executive session and advised on: 1) the specifics of state law and city code for the executive session agenda item; 2) on what qualifies as violations of the oath of office; and 3) Alaska Open Meetings Act and parliamentary procedure specific to executive sessions. The council meeting ended at 9:27 pm.

On Friday, April 21, RUBA staff visited the city office for about an hour to discuss with the city manager moving forward on the council's action the night before. Bethel staff departed Aniak around 10:30 am.

RECOMMENDATIONS: The city manager should be persistent in re-negotiating the land lease with YKHC for their sub-regional clinic, staff housing and the garage/shop all built on city property. Currently the health corporation pays nothing for the use of city property. RUBA advised the city manager to hire an appraiser to estimate the fair market value of the land either for monthly leasing or outright purchase, then negotiate with YKHC. Even a minimum monthly lease fee of \$1,500-\$2,000 would be a helpful addition to city revenues. City council should seriously consider adopting an ordinance raising the monthly residential public works service from \$10 to \$25 and raising the residential sewer user fee by \$5.00. The city finance director should work closely with Alaska Department of Health "Water Assistance Program" staff and contact delinquent sewer customers to get them signed up for the program so the city can secure funding for paying off long standing delinquent sewer user fee balances.

CC: Vice Mayor David W. Bonanno and Aniak City Council
Anita Erickson, VSW Project Engineer
Nichole Tham, RUBA Program Manager