

MEMORANDUM

STATE OF ALASKA Commerce, Community, and Economic Development

TO: Lynn Kenealy, LGS 4

DATE: March 22, 2022

FROM: Fred Broerman
LGS 3/ Bethel Region

SUBJECT: Trip Report
Aniak, Alaska
March 14-17, 2022

PURPOSE OF TRIP: Aniak city manager and finance director requested assistance with drafting the City of Aniak's FY23 budget. Total transportation, lodging and per diem costs paid by the State of Alaska for the trip were \$1,124.68

PERSONS CONTACTED: Mayor Dave Cannon, City Manager Diana Lehman, Finance Director Lenore Kameroff, Public Works Director Greg Hager, Public Works Operator/Mechanics Charlie Long and Stephen Simeon.

OBSERVATIONS: Bethel Rural Utility Business Advisor (RUBA) staff arrived at Aniak's city offices around 11:30 AM on Monday, March 14. RUBA staff started working on converting the city's FY22 budget/monthly financial report to a Draft FY23 Budget worksheet. The new spreadsheet allows FY22 monthly and year-to-date amounts to be compared and used as references in projecting FY23 revenues and expenditures, as well as allowing staff to immediately see if their projections result in balanced department and overall city budgets. Bethel RUBA staff then reviewed the city's list of delinquent sewer customers and noticed a couple of commercial accounts with significant balances. RUBA staff provided the city manager and finance director current contact information for these commercial accounts. They were contacted and are now actively working with the city to resolve over \$7,000 in delinquent payments. The city has taken several customers with delinquent balances to small claims court with some success. However, it will now be taking steps to put liens on the property of customers with large outstanding balances and then publishing their names and the amount they owe on the city's social media website. This is an effort collect on about 20 sewer customers in which the city has exhausted other means of trying to clear up their delinquent accounts. Within the last year the city's two percent sales tax ordinance was amended to apply to on-line purchases through Alaska Remote Seller Sales Tax Commission. Since December 2021 the city has received about \$1,000 in additional sale tax revenues each month through local on-line sales.

On Tuesday, March 15, Bethel RUBA staff interviewed the public works staff to find out what equipment purchases might be needed in FY23 and to learn the percentage of time each works on streets and roads, levee maintenance, sewer and landfill categories of the public works department. The city manager and the finance director were listening into the conversations as well. During this meeting it was determined the city should hire a full-time public works/sewer operations trainee so the city will have adequate personnel due to a planned long-term medical absence this fall and eventual retirements of senior public works employees. This position was

included in the FY23 budget. Public works employees Long and Simeon also mentioned the city shop could use truck lift and tire changer which would make their work a bit less labor intensive and cost efficient. Public works employee Simeon suggested these items might be purchased from local mechanic that was going out of business. The city manager acted quickly and contacted the local mechanic via email who indicated he was interested in selling his truck lift, tire changer and a compressor immediately. The public works director approved the purchase and because there were adequate funds remaining in the city's FY22 budget for public works equipment purchases the city quickly purchased these items at a very good price without having to pay the shipping costs incurred if bought from Anchorage or further. RUBA staff spent remainder of the day and into the evening hours compiling information from the day and creating salary spreadsheets used to make wage, payroll tax and PERS estimates for the FY23 budget.

Early Wednesday morning, March 16, Bethel RUBA reviewed the draft FY23 budget via phone with the public works director who was working remotely from northern Illinois. The rest of the morning RUBA staff worked with the city manager and the finance director on the administration and finance, fire and police, and library department budgets. The mayor visited the city office for an hour or so and did some research on city employee salaries using the Alaska Municipal League FY2021 Salary and Benefit Survey. After all staff had given their best estimates for revenues and expenses for their respective departments the hard work of balancing the budget began that afternoon. This meant making significant expense cuts to all departments. The finance director looked over each line item of the budget. Bethel RUBA staff made changes to salary estimates based on advice from the public works director earlier that morning.

On Thursday, March 17, Bethel RUBA staff spent the morning adjusting and double-checking wage projections and checking formulas on the draft FY23 budget. Still, a significant revenue shortfall of \$147,884 existed in the draft FY23 budget that will need to be balanced using FY22 carryover funds. It should be noted that revenue shortfalls like this have existed in the previous years. This is due to conservative projections of revenues and planning for significant equipment purchases essential in providing levee maintenance, basic road, landfill, and sewer services. However, from FY17 through FY21 annual carry-over funds have ranged from \$138,664 to \$206,245. These annual carry-overs have been used not only to subsidize city budgets, allowing for the purchase of much needed equipment, but were also used to make significant contributions to the Sewer and General Fund reserve savings accounts whose combined assets are now over \$120,000. RUBA staff departed Aniak for Bethel around 2:50 p.m.

RECOMMENDATIONS: City council should consider significantly increasing its commercial and residential Public Use Service fees. The city needs to hire a motivated candidate as a city clerk, an important position for any city government. Currently the finance director is carrying the load of the clerk's position. This puts a lot of pressure on the finance director and hinders her from having adequate time to focus on all the details of the city's finances. The city should consider offering a competitive starting wage high enough to attract a competent candidate who is detailed oriented and willing to eventually learn the city's accounting system. The draft FY23 budget has a city clerk position funded at \$18 per hour for five hours a day, five days a week.

CC: Mayor Dave Cannon and Aniak City Council
Katie Winter, VSW Project Engineer
Nichole Tham, RUBA Program Manager