

Shungnak Activity Report

General Information:

Margaret Hansen, Kotzebue LGS/RUBA, traveled to Shungnak in September to present the draft workplan to the council. The Mayor and Vice Mayor had to leave town on short notice so we decided to present it to them at their next meeting which may be better anyway with new Council members coming on. Margaret will prepare an updated code of ordinances which is on the workplan to present to the Council the next trip. They need to follow their water/sewer policies for disconnection's. Margaret worked with her this quarter in writing letters to residents delinquent to work out payment plans using their permanent dividend. She got all but two residents to do this who are scheduled to be disconnected. In addition the Council agreed to increase their water/sewer rates from \$50 to \$75 a month. We are planning to do a rate study so during my next trip we will sit down to start gathering the information to do this.

In the meantime the City is still in a cash flow shortage with all the water/sewer problems encountered this winter which used up all their General Fund money. Consequently she owes IRS for four quarters of taxes unpaid. She currently is doing payroll deposits every pay period and will soon be sending in a payment of \$10,000 from those residents paying delinquent water/sewer and cable bills. We have identified unused equipment and are trying to work out a deal with Maniilaq Association to pay for the land needed to build a new clinic. Margaret has coordinated with the Remote Maintenance Worker (RMW) and expressed to the City Administrator the need to order her critical spare parts so we do not run into the same situation as last year. Additionally she is aware of the need to fix the clogged lagoon problem.

While providing on site assistance and training to the Administrator, we completed her FY 2001 Capital Matching Grant for water/sewer renovations, grant reports for reimbursements, writing letter to contractor and bonding company for non payment of equipment rental, completed review of VSW questionnaire and discussed applying for a Community Development Block Grant (CDBG) for water/sewer improvements.

Observations and Recommendations:

Finances — The administrator is completing monthly reports now but they are still having cash flow problems. IRS levied her account with \$21,000 in their account. We talked with him to lift the levy. If the delinquent AVEC bill did not get paid, they will cut off electricity to all city owned buildings including the water/plant. ANICA is interested in buying their fuel truck. We are coordinating with the borough to prepare bids for two other pieces of unused equipment.

Accounting System — The Administrator is currently using the manual Northwest Arctic Borough system which she keeps current and balanced. We have sent for information on

computer equipment to purchase. She wants to use Quick Books Pro. Margaret hopes before the new year the Administrator will have a new computer up and running.

Tax Problems — Because of the old water/sewer system and lift station problems including equipment breakdowns, the Administrator has had to use all reserves and General Fund money including money supposed to be deposited for taxes to keep their system operating or they would lose the entire system. Consequently, the Administrator did not pay any payroll taxes last year and now owes \$60,000. Include in the FY00 budget are the funds to pay that debt on a payment plan.

Personnel System — The old, fully certified Water Plant Operator was rehired by the City. He took a job at the red dog mine. We did include in their budget to give him a slight increase. Their personnel policies are very outdated so definitely updating will be on the workplan. No evaluations have been done so training will need to be done in this area.

Organizational Management — All City staff need to be trained in various user agreements required by a utility and policies need to be updated and followed. The Administrator has attended all the utility management courses and sees the need to update their organizational chart. During the next quarter, after new Council members are sworn in, assistance and training in this area is a priority.

Leadership/Governance — We plan to provide training and assistance in updating their entire code of ordinances and provide training on roles and responsibilities next quarter.

Operation of Utility — With the old fully certified operator back on staff, the operations should go fine providing he gets his critical spare parts in and the lagoon problem gets fixed.

Ranking 1 = Inadequate
 4 = Adequate to meet minimum requirements
 7 = Exceeds requirements

Category	1	4	7
Finances		X	
Accounting Systems			X
Tax Problems	X		
Personnel System	X		
Organizational Management		X	
Leadership/Governance			X
Operation of Utility			X