



Financial Assistance
DENALI COMMISSION
 510 "L" Street, Suite 410
 Anchorage, Alaska 99501
 (907) 271-1414 (phone)
 (907) 271-1415 (fax)
 www.denali.gov

| | |
|--------------------|---------------------------|
| Project Number | A-0407 |
| Project Title | Kiana Traditional Council |
| Performance Period | May 1 - December 31, 2004 |

Recipient Organization & Address
 Charlie A. Curtis, Tribal Administrator
 Kiana Traditional Council
 PO Box Box 69
 Kiana, AK 99749

Authority
 112 Stat 1854

CFDA Number
 90.100

Denali Commission Finance
 Officer Certification

CCE

| Accounting Code | Denali Commission | Other Contributors | Total |
|-----------------|-------------------|--------------------|----------|
| 95670000 | \$15,000 | | \$15,000 |



| Total | \$15,000 | \$0 | \$15,000 |
|-------|----------|-----|----------|
| | | | |

This Financial Assistance Agreement approved by the Federal Co-Chair of the Denali Commission is issued in triplicate and constitutes an obligation of federal funding. By signing the three documents, the Recipient agrees to comply with the Agreement provisions indicated below and attached. Upon acceptance by the Recipient, two signed Agreement documents shall be returned to the Federal Co-Chair of the Denali Commission and the Recipient shall retain the third document. If not signed and returned without modification by the Recipient within 30 days of receipt, the Federal Co-Chair may unilaterally terminate this Agreement.

- Special Agreement Conditions and Attachments
- Line Item Budget
- OMB Circular A-133, Audits of States, Local Governments and Indian Tribal Governments
 (<http://www.whitehouse.gov/omb/circulars/a133/a133.html>)

Administrative Requirements (check one)

- OMB Circular A-102, Grants and Cooperative Agreements with State and Local Governments
 (<http://www.whitehouse.gov/omb/circulars/a102/a102.html>)
- OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
 (<http://www.whitehouse.gov/omb/circulars/a110/a110.html>)

Cost Principles (check one)

- OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments
 (www.whitehouse.gov/omb/circulars/a087/a087-all.html)
- OMB Circular A-122, Cost Principles for Nonprofit Organizations
 (www.whitehouse.gov/omb/circulars/a122/a122.html)
- OMB Circular A-21, Cost Principles for Educational Institutions
 (<http://www.whitehouse.gov/omb/circulars/a021/a021.html>)
- 48 CFR 31.2, Contracts with Commercial Organizations

| | | |
|--|---|--------------------------|
| Signature of Authorized Official - Denali Commission <i>Jeff Staser</i> | Typed Name and Title Jeffrey B. Staser, Federal Co-Chair | Date <i>5-20-2004</i> |
| Signature of Authorized Official - <i>Charlie A. Curtis</i> | Typed Name and Title Charlie A. Curtis, Tribal Administrator | Date <i>6-16-2004</i> |

Native Village of Kiana
Kiana Traditional Council
P.O. Box 69
Kiana, AK 99749
Phone: (907) 475-2109 / Fax (907) 475-2180



PO#04-0485

February 20, 2004

Denali Commission
Attn: Multi-Use Facility RFP Committee
510 "L" Street
Suite 410 (Peterson Tower)
Anchorage, AK 99501

Dear Denali Commission Review Panel:

Please accept our request for financial assistance for we would like to successfully implement the consolidation of the City of Kiana and the Kiana Traditional Council and to develop the administrative capacity to administer and manage the additional services the Tribe is assuming.

In this time of funding eliminations and/or decreases, the successful implementation of the municipal and tribal government is critical to reducing administrative costs and to increase the effectiveness and efficiency of service delivery to the public.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charlie A. Curtis".

Charlie A. Curtis
Tribal Administrator

Submitted To :

DENALI COMMISSION

510 L. Street, Suite 400
Anchorage AK 99501

**CITY OF KIANA AND KIANA TRADITIONAL COUNCIL:
MERGER IMPLEMENTATION FUNDING REQUEST**

Submitted By:

Kiana Traditional Council

P.O. Box 69, Kiana, AK 99749
Phone 907-475-2109 , Fax 907-475-2180

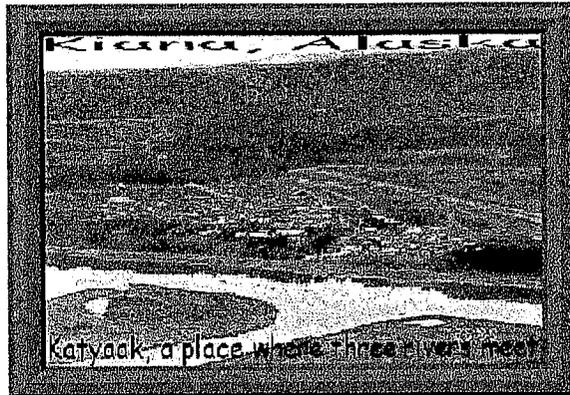
INTRODUCTION/BACKGROUND

The Kiana Traditional Council, in conjunction with the City of Kiana, is requesting financial assistance to cover the costs of mentoring and technical assistance to implement a municipal-tribal merger in response to recent State budget cuts. The community is merging operations in order to ensure that services can still be provided on a sustainably basis.

Implementation of the financial plan under the Memorandum of Agreement creating the merger is anticipated to save funds using the following strategies:

- City Administrator position eliminated (freeing up City funds), Tribal Administrator assumes administrative oversight over all community-based services
- City Clerk position retained, moves to Tribe's payroll and supports Tribal Administrator & Facilities Manager, remains accountable to City Council
- City Utility Billing Clerk moves to Tribe's payroll, initially paid from Water and Sewer & bulk fuel revenues; eventually incorporated into the Tribe's administrative pool
- City and Tribe move from separate buildings into Old Clinic, fully integrating operations (freeing up City funds)
- City Custodian position eliminated (freeing up City funds)
- Existing City Office will be converted into commercial space to increase rental revenues, sales tax revenues
- Fuel, electricity for shared administrative building paid from federal/tribal funding (freeing up City funds)
- Tribal Janitor assumes custodial responsibilities, paid from federal/tribal funding (freeing up City funds)
- Tribal Secretary position eliminated, freeing up BIA TPA funds in order to increase Water and Sewer subsidy
- Tribe re-writes EPA IGAP scope of work to allow for maintenance of the City Landfill (freeing up City funds)
- Tribe re-negotiates its BIA 638 Contract to include Natural Resources Scope of Work, allowing for a partial tribal subsidy to Water and Sewer using Tribal Priority Allocation funds, minimizing financial strain on the City
- Tribe incorporates City overhead costs (City Clerk, etc.) into its administrative "pool" and negotiates costs as part of its indirect cost rate proposal (freeing up City funds)
- Water and Sewer Collections beefed up from 85% to 95%
- Municipal Sales Tax revisited, propose a 1% increase vs. a 2% increase in light of savings due to merged operations in order to stabilize cash flow

Kiana, a traditional Inupiat Eskimo village, is located on the north bank of the Kobuk River. The village has been governed by both the City government, which was incorporated in 1964, and the Tribal government. The City of Kiana is a 2nd class City representing the residents of the community of Kiana, providing key municipal services such as water and sewer, public safety, and bulk fuel. The Kiana Traditional Council is a federally recognized Tribe charged with protecting the general welfare of its tribal members. The economy depends on traditional subsistence activities, augmented by a cash economy. Chum salmon, freshwater fish, moose, caribou, waterfowl and berries are harvested. The school, City, and Maniilaq Association provide the majority of year-round jobs.



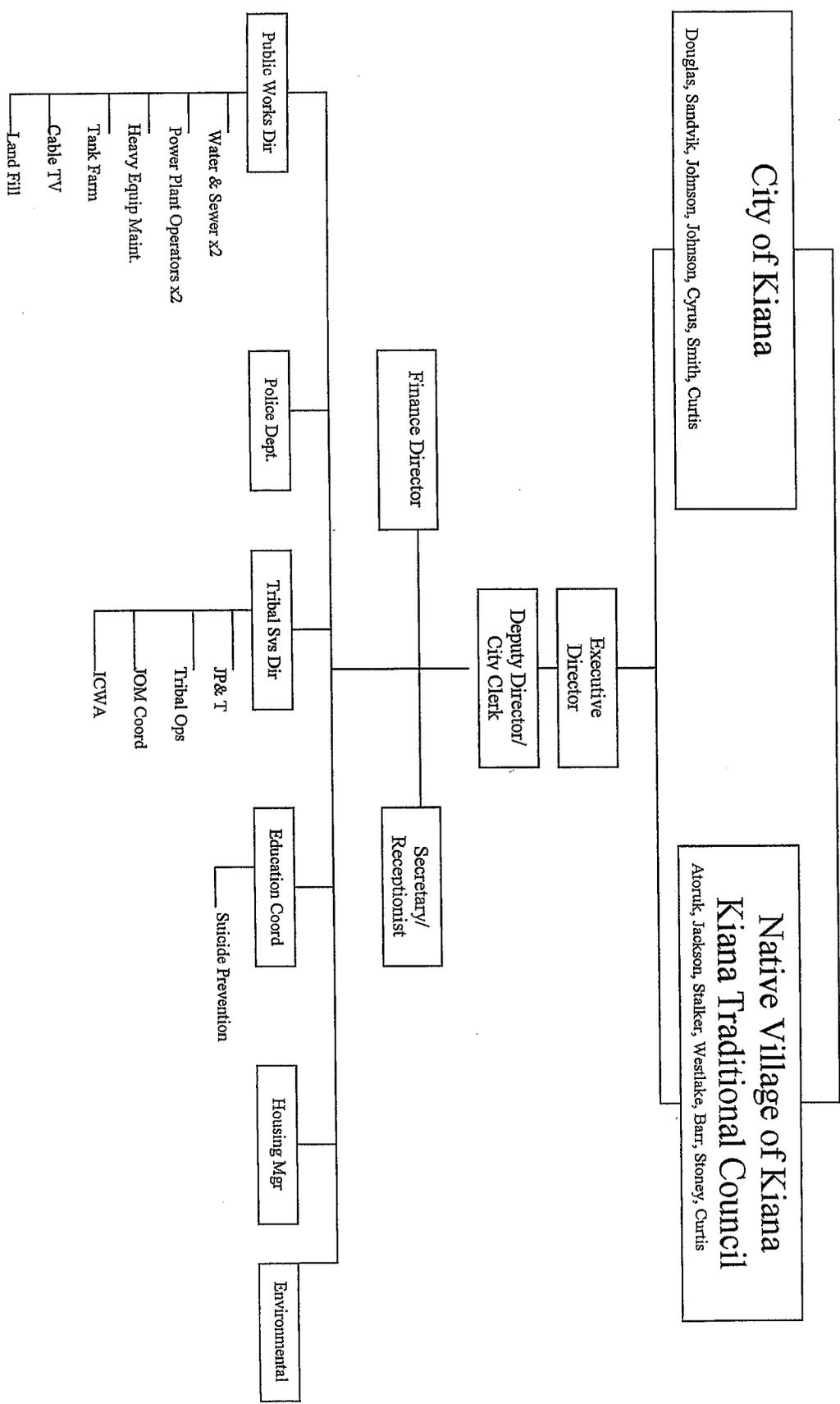
In response to the State of Alaska's elimination of the Alaska Revenue Sharing and Municipal Assistance Program, which comprised more than 75% of the City of Kiana's discretionary operating budget, the City of Kiana and the Kiana Traditional Council (KTC) met on December 12th, 2003 to discuss ways that would address the loss of operating funds and allow the City and Tribe to work together to provide basic essential services that would maintain the health and welfare of the residents of Kiana. During the meeting, several options to address the decrease in funding were reviewed and discussed by the two Councils, including changes in service deliver, personnel reorganization, and consolidation of service operations. The City and Tribe concluded that merging the two administrative operations would be the best solution and will result in the following outcomes:

- ❖ Eliminate duplications in administration, resulting "in the most cost-effective by reducing administrative and overhead costs" and bringing a "best practices' approach to doing the public's business" as stated in one of the Denali Commission's goal for the Government Coordination Program;
- ❖ Bolster cash flow by sharing resources, and
- ❖ Increase the effectiveness and efficiency of service delivery to the public.

PROJECT DESCRIPTION

The City and Tribe has worked quickly to complete a Memorandum of Agreement to transfer maintenance and operation of all remaining City services to the Kiana Traditional Council and consolidate the KTC/CITY administration into one with KTC providing bookkeeping and administration services for all City funds. A draft MOA, which will be finalized by April 30, 2004, has been completed and is currently being reviewed and revised. The MOA does not "dissolve" the City nor does it transfer ownership and title of the City's assets to KTC. The City of Kiana shall continue to function as a body under the MOA and perform the minimum requirements stated in the Alaska Statutes to retain the status of a 2nd Class City. The Native Village of Kiana shall administer City funds and assume the delivery of municipal services. The chart below shows the proposed new organization of functions, services and responsibilities under the MOA.

Native Village of Kiana & the City of Kiana Organizational Chart, January 2004 MOA



The City and KTC are working with local and regional organizations to complete the municipal/tribal merger. A Local Government Specialist is assisting the City/KTC with review of the draft M.O.A. and of existing municipal ordinances to determine the impact of the M.O.A. on existing ordinances, as well as identify whether any revisions will be necessary under the M.O.A. Maniilaq Inc., along with ANTHC, is providing support to address insurance requirements under the MOA and develop a long-term preventative maintenance program for water and sewer as well as other related technical assistance to ensure the ongoing operation of the water and sewer system.

Although the City/KTC has secured technical assistance to address specific issues of the consolidation, the City/KTC has not obtained assistance to develop the long-term administrative capacity to perform their new responsibilities and to implement the consolidation of services. The City and KTC have been working with an advisor, Northern Management, who has presented and reviewed the community's options in order to guide Kiana through the consolidation process. *Therefore, the Kiana Traditional Council, jointly with the City of Kiana, requests \$15,000 to seek ongoing mentoring and technical assistance with Northern Management to develop the administrative and accounting capacity to administer and manage the additional services the Tribe is assuming and to successfully implement the terms of the MOA.* Northern Management will work directly with tribal personnel and both Councils to ensure the successful implementation of the merger.

KTC proposes to complete the following tasks with Denali Commission's financial assistance, between the period of May 1, 2004 to December 31, 2004 – each of these tasks has been identified as crucial for successfully implementing the merger.

| TASK | DESCRIPTION | DATE |
|--|---|--------------------|
| ADMINISTRATIVE MENTORING | | |
| Roles and Responsibilities Matrix Poster | After the MOA is finalized, develop a poster size matrix that identifies the roles and responsibilities | May 1-May 31 |
| Natural Resource Program update | Update Natural Resources Program to incorporate municipal type services, such as water and sewer services | May 1- May 31 |
| Review and update EPA Indian General Assistance Program (IGAP) | Amend EPA IGAP scope of work to permit partial funding of solid waste (dump) site | June 1-July 1 |
| Review community planning needs | Review need to update community plans to reflect consolidated administration, operations, and budget, and if necessary, funding sources for | May 1- December 31 |

| | | |
|--|---|---------------------|
| | completion of such plans | |
| Resolve Joint Council Meeting issues | Develop meeting protocols during joint sessions | May 1-June 31 |
| Update Ordinances as necessary | After Local Government Specialist's review of MOA and comments, update ordinances as necessary to resolve conflicts with current ordinances, if necessary | May 1-December 31 |
| Update Tribal Policies | Update the Tribe's Policies and Procedures (finance, personnel, purchasing, property)based on final organizational chart, roles and responsibilities of the City and Tribe as delineated in the MOA, particularly regarding hiring and firing of "city funded positions". | May 1-December 31 |
| Secure Insurance | Coordinate with Maniilaq Inc. and/or a private insurance agency to determine the best options for obtaining property and liability insurance to protect the Tribe while operating under the MOA | May 1- July 31 |
| Development of task implementation tracking system | Develop a working system to track tasks and progress to insure timely completion | June 1- August 30 |
| FINANCIAL MENTORING | | |
| Update Accounting system to include new funds/programs | Determine what additional accounts need to be created to track municipal funds and services to incorporate into the updated accounting system. | May 1- September 30 |
| Development of consolidated budget | Develop Consolidated Operating Budget for City and Tribe (effective July 1, 2004) | May 1-June 30 |
| Develop billing capability | Develop billing capability in the Tribe's Accounting Dept. | May 1- June 30 |

| | | |
|-----------------------------|--|----------------|
| Review Indirect Rate option | Review the advantages/ disadvantages of adopting an indirect rate, and incorporating the municipal overhead expenses such as the coordinator position into the Tribe's administrative pool. | May 1- July 1 |
| Update IRS of status | Coordinate with the IRS and State of Alaska Unemployment Division to brief them on the MOA and alert them that effective July 1, 2004 the Tribe will likely be handling all payroll reporting under the MOA, if it is ultimately approved. | July 1-July 31 |

The project will be lead by Mr. Anthony Caole of Northern Management. Mr. Caole has worked extensively with rural Alaskan tribes for the past decade to develop tribal local administrative capacity, to complete community development plans, and to secure funding for capital projects. Mr. Caole recently facilitated a workshop in Anchorage on surviving budget cuts. Mr. Caole has expertise implementing municipal/tribal mergers. In 1996, with his assistance and leadership, the City of Quinhagak and the Native Village of Kwinhagak consolidated their governments under a Memorandum of Agreement to pool their resources and implement a single vision under one community administration.

Working closely with Mr. Caole will be Mr. Charlie Curtis, current Tribal Administrator of Kiana and tribal member. Mr. Curtis served as President and CEO of NANA Corporation for over a decade, and under his leadership, NANA profits increased by 500 percent, the corporation said. Revenue blossomed from \$38 million in 1992 to \$176 million last year in 2001 according to the Alaska Journal of Commerce. Mr. Curtis is currently a member of Governor Murkowski's Alaska Panel to discuss the Permanent Fund Dividend issue.

BUDGET

Attached below is a detailed budget of the tasks to be accomplished and the total cost estimate as well as a breakdown of cost for each individual tasks.

Kiama MOA Implementation Assistance: Cost Estimate

| Task | Description | Hrs | Cost | Hrs | Cost | Expenses | Description | Totals |
|------|--|-----|---------|-------------------------------|----------------------------|----------|--------------------------|----------|
| | <i>MOA Implementation Assistance</i> | | | | | | | |
| | | | | Anthony Caole, M.I.I.M. | Anne Herschleb, M.A. | | | |
| | ADMINISTRATIVE ASSISTANCE | | | | | | | |
| 1 | Roles and Responsibilities Matrix Poster | | 0 | 8 | 600 | 57 | Supplies | 657 |
| 2 | Natural Resource Program update | | 0 | 8 | 600 | | | 600 |
| 3 | Review and update EPA Indian General Assistance Program (IGAP) | | 0 | 8 | 600 | | | 600 |
| 4 | Review community planning needs | 15 | 1373 | | 0 | | | 1830 |
| 5 | Resolve Joint Council Meeting issues | 20 | 1830 | 0 | 0 | 1500 | roundtrip airfare x 2 | 3330 |
| 6 | Update Ordinances as necessary | 0 | 0 | 15 | 1125 | | | 1125 |
| 7 | Update Tribal Policies | 5 | 458 | 10 | 750 | | | 1208 |
| 8 | Secure Insurance | | 0 | 8 | 600 | | | 600 |
| 9 | Development of task implementation tracking system | 5 | 457.5 | 10 | 750 | | | 1208 |
| | FINANCIAL ASSISTANCE | | | | | | | |
| 10 | Update Accounting system to include new funds/programs | 15 | 1373 | 0 | 0 | | | 1830 |
| 11 | Development of consolidated budget | 10 | 915 | | 0 | | | 915 |
| 12 | Develop billing capability | 10 | 915 | | 0 | | | 915 |
| 13 | Review Indirect Rate option | 10 | 915 | | 0 | | | 915 |
| 14 | Update IRS of status | 2 | 183 | | 0 | | | 183 |
| | TOTAL | 102 | \$8,418 | 67 | \$5,025 | \$1,557 | | \$15,000 |

PROJECT RELATION TO DENALI COMMISSION

The City and Tribe's efforts to minimize administrative costs by consolidating resources and functions to better service the public directly reflects the Denali Commission's goal to "get the most accomplished with the least amount of resources". Successful implementation of the MOA between the City of Kiana and the Kiana Traditional Council is critical to the continuance of delivery of essential health, safety, and life services to community members. Pooling municipal and tribal resources and efforts towards achieving a common goal will result in significant savings in a operational costs as funding are being eliminated or decreased and causing hardships in local governments to maintain adequate level of basic services to the public.

This project also reflects Denali Commission's goal to provide funding in order to facilitate the training of local rural Alaska to promote economic growth. This project will provide an opportunity for our local employees to receive training that will result in job skills necessary to ensure proper administration and management of funds and programs essential to welfare of community members.

Denali Commission's funding to enable the Kiana Traditional Council to seek assistance with the implementation of the consolidation of the municipal and tribal government will significantly help the community to not only address financial problems and service delivery, but will empower the community to address its problems without setting up an administratively burdensome new entity or program.

Native Village of Kiana
Kiana Traditional Council
P.O. Box 69
Kiana, AK 99749

&

City of Kiana
P.O. Box 150
Kiana, AK 99749

Joint Resolution 04-02

- TITLE:** **A resolution requesting financial assistance to implement the consolidation of the Municipal and Tribal governments' to sustain Municipal budget cuts without jeopardizing the operation of core municipal services, such as water and sewer.**
- WHEREAS,** the City of Kiana is a 2nd class city representing the residents of the community of Kiana, providing key municipal services such as water and sewer, public safety, and bulk fuel; and
- WHEREAS,** the Kiana Traditional Council is a federally recognized Tribe charged with protecting the general welfare of its Tribal members; and
- WHEREAS,** the State of Alaska has eliminated the Revenue Sharing and Municipal Assistance Program, which comprises more than 75% of the City of Kiana's discretionary operating budget; and
- WHEREAS,** the loss of operating funds jeopardizes the ability of the City of Kiana to continue operating critical services such as water and sewer and public safety, and the loss of such services will significantly impact the health and welfare of the residents of Kiana; and
- WHEREAS,** the City of Kiana and the Kiana Traditional Council met on Friday, December 12, 2003 to discuss ways in which the City and Tribe can work together to maintain basic service delivery; and
- WHEREAS,** the City and Tribe desire to merge administrative operations in order to eliminate redundancies in administration, bolster cash flow, and increase the effectiveness of service delivery; and
- WHEREAS,** the City and Tribe require assistance and resources in order to successfully implement the merger of their administration.
- NOW THEREFORE BE IT RESOLVED:** the City of Kiana and Kiana Traditional Council request \$15,000.00 from Denali Commission to seek ongoing technical assistance and training to develop the administrative and accounting capacity