

Chevak Activity Report

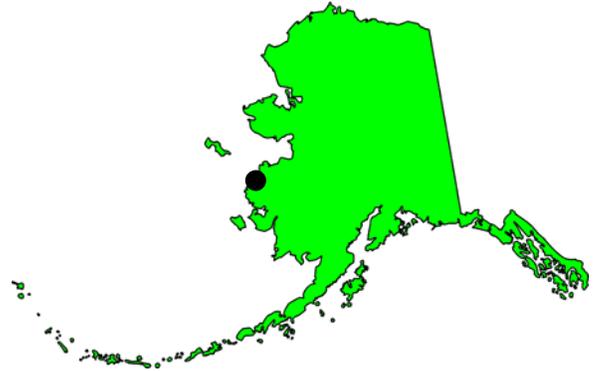
Community Overview

Lead RUBA Staff: Marita Hanson, Bethel Office

2003 Population: 884

Region: Yukon-Kuskokwim Delta

Local Governments: 2nd Class City



The City of Chevak operates the piped water and sewer system, the central watering point and the honeybucket haul. The City Council is the policy making body for the utility. Construction began in 1995 to provide piped water and sewer to homes and the school. Completed projects include a new landfill, a washeteria renovation, a new watering point, water treatment plant, a 150,000-gallon water storage tank, sewage lagoon, and a vacuum sewer plant. Water and sewer mains and household connections are completed. Currently they have 193 units on line. Most of the residents except one home are connected to water/sewer. Some homes still have rain catchment. The new school construction was completed in August 2003. The construction company connected the school and teacher housing to the water/sewer.

RUBA Activity This Reporting Period

As in the past, this quarter RUBA staff has kept in constant contact, working with this City as events and issues occurred throughout the quarter. The City is still experiencing financial strain. An acting administrator, Roy Atchak and bookkeeper, Sherilyn Paniyak were hired by Mayor Vaudrin the second week of October. The annual elections were prepared and took place with no voter turn out. Five council seats were up for election. No candidates declared and no write-ins were received. The council then appointed five members to the council. RUBA worked with the administrator in the appointment process. The City now has a new Mayor, Leo Moses Jr. This new council hired the administrator and bookkeeper to full time status the end of November 2005. The RUBA Manager and Bethel RUBA staff provided the administrator the Capacity assessment indicator review, draft financial problem action plan with creditors and a status of where the City stood with RUBA requested documents in addressing essential and sustainable indicators. AVEC repayments are the same as set by the previous council. The water/sewer department is now under the YKHC/Rural Utility Cooperative (RUC) as of October 2005. Repayment to Yukon Fuel (YF)/Crowley is still an on-going issue. RUC has yet to make a payment for the 32,000 gals of fuel from YF. If and when this happens, a letter will be sent to the City with the remaining balance for payment. Andrea Antoine, YF has informed RUBA and the City to wait for this letter. Then the council should provide a repayment plan or agreement to YF/Crowley. Currently, the City has been buying fuel at 10 gallons a day to keep the office heated enough for the employees to work. As for the IRS and DOL tax problems, the administrator is in communication with Mr. Moss in an effort to resolve the problem. The City is currently trying to keep up to date with deposits and is updating the Federal Quarterly reports.

Capacity Indicators

Finances

- | Yes | No | |
|--------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | All revenue and expenses for the utility are listed in the utility budget. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has adopted a balanced realistic budget. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Monthly financial reports are prepared and submitted to the policy making body. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility is current in paying all water/wastewater electric bills. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility has on hand a year’s adequate fuel supply or it has financial plan to purchase an adequate. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility is receiving revenues (user fees or other sources) sufficient to cover operating expenses. |
| <hr style="border: 1px solid red;"/> | | |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility is receiving revenues (user fees or other sources) sufficient to cover operating expenses and Repair & Replacement (R&R) costs. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | YTD revenues are at a level equal to or above those budgeted. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | YTD expenditures are at a level equal to or below those budgeted. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | A monthly manager’s report is prepared. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Budget amendments are completed and adopted as necessary. |

Finances Comments:

Completed Monthly financial reports have not been received as of August 2005. However, the administrator and the bookkeeper are updating the data entries and have provided RUBA draft reports. RUBA reviewed these and identified miscalculations, errors and provided correction procedures to the administrator and bookkeeper. The reports will be corrected and resent to RUBA. The City administrator has provided a couple of reports on the status of the City. Small efforts have been made such as disconnection of unused phone lines, reduction of long distance calls, etc. to save costs. The administrator has informed RUBA that the FY05 budget will need amendments and he plans to work with the council do this after the holidays. Due to large debts and financial hardship, the City was not able to get any bulk fuel ordered for the winter. They are currently buying fuel from the Corporation. As of December with the cold winter months, the administrator has had to buy fuel at 10 gallons a day out of his own pocket to heat the building so they can work. RUBA has recommended that he keeps track of the receipts and get re-imbursed from the City.

Accounting Systems

Essential Indicators

- | Yes | No | |
|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has adopted a collection policy and actively follows it. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility bills customers on a regular basis. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | An accounts receivable system is in place which track customers and reports past due accounts and amounts. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | An accounts payable system is in place. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The payroll system correctly calculates payroll and keeps records |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | A cash receipt system is in place that records incoming money and what it was for. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The Utility has a cash disbursement system that records how money was spent. |

Sustainable Indicators

- | | | |
|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | A chart of accounts is used that identifies categories in a reasonable, usable manner. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Monthly bank reconciliation's have been completed for all utility accounts. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has a purchasing system that requires approval prior to purchase, and the approval process compares proposed purchases to budgeted amounts. |

Accounting System Comments:

Essentials are not met. YKHC/RUC has taken over the Water/Sewer management. RUBA has yet to receive monthly financial reports for this department from RUC. With the holiday season, the RUC manager is out of the office. RUBA has left a message with Karl Powers, Director for information with no reply yet. RUBA will follow up after the New Year holiday. Bank reconciliations are being worked on by the bookkeeper. The administrator has yet to review these. It appeared these reconciliations had not been done for quite a while. He wants to make sure the calculations coincide with the check register.

Tax Problems

Essential Indicators

- | Yes | No | |
|--------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility has a system to accurately calculate, track, and report payroll tax liabilities. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility is current on filing tax reports. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility is current on making tax deposits. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | If there are any past tax liabilities, a repayment agreement has been signed and repayments are current. |

Tax Problems Comments:

Essentials are not met. The tax debt amount continues to rise along with penalty and interest. The administrator has contacted Mr. Moss, IRS officer and is working with him to put together a plan to resolve this. A letter was received by Mr. Moss requesting a release of levy on the bank account, Sales Tax and PILT so that he can have some funds to work with in keeping the City operational and try to keep services provided to the community. Mr. Moss, IRS replied and a copy of Release of Property of Levy was issued and sent to the City and RUBA office. The City is trying to keep current with tax deposits and is catching up on the 941 Employer federal tax liability. RUBA called Craig Selby, DOL Field Auditor for this City requesting a tax status. The City now owes \$11,000 (+) on DOL taxes. The City's situation and the new staffed administration has been explained to Mr. Selby and that a request to have this included on the next council meeting agenda has been passed on to the administrator. Year end reports, W2's and W3 have been completed according to the administrator.

Personnel System

Essential Indicators

- | Yes | No | |
|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility has a posted workers compensation insurance policy in effect. |
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Sustainable Indicators

- | | | |
|-------------------------------------|-------------------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has adopted and uses a Personnel Policy, which has been reviewed by an attorney, AML, or DCED for topics and language. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has adequate written job descriptions for all positions. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has adopted and follows a written personnel evaluation process that ties the job description to the evaluation. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has an adequate written hiring process. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility has personnel folders on every employee that contain at least: I-9, Job Application and Letter of Acceptance. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has a probationary period for new hires that includes orientation, job-training/oversight, and evaluations. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility provides training opportunities to staff as needed and available. |

Personnel System Comments:

Essential not met. The City still does not have any revenue to purchase workman's comp coverage. RUBA has tried to call the YKHC/RUC manager to get information on coverage for the Water/Sewer operator's but was not able to get a response due to the holiday season. RUBA will follow through after the holidays. Roy Atchak and Sherilyn Paniyak were hired as acting administrator and bookkeeper by Mayor Vaudrin in October 2005. After the elections, the new council hired both of them about end of November as full time employees.

Organizational Management

Essential Indicators

- | Yes | No | |
|-------------------------------------|-------------------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The entity that owns the utility is known and the entity that will operate the utility is set. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The policy making body is active in policy making of the utility. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The policy making body enforces utility policy. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility has an adequately trained manager. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has an adequately trained bookkeeper. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has an adequately trained operator(s). |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has adopted the necessary ordinances (or rules and regulations) necessary to give it the authority to operate. |

Sustainable Indicators

- | | | |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility has adopted an organizational chart that reflects the current structure. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The policy making body meets as required. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility complies with the open meeting act for all meetings. |

Organizational Management Comments:

Essentials are not met. YKHC/RUC has taken over management of the Water/Sewer Department in October 2005. The RUC manager is Seth Smith out of the YKHC Bethel office. The bookkeeper with the help of the administrator is having to refresh her bookkeeping skills especially with the Quick books Pro system. RUBA has recommended to the bookkeeper to make sure she has the administrator review her financial reports before faxing or mailing them into RUBA. This years election through the appointment process has seated the following people on the City Council: Leo Moses Jr.-Mayor, John Atchak-Vice, Mary Jones-Secretary, Pete Slats-Treasurer, Leo Moses Sr.-Member, Rueben Nash-Member and Ulric Ulroan. Mr. Ulroan's seat maybe up for appointment in the next meeting for missing three consecutive meetings.

Operation of Utility

Essential Indicators

- | Yes | No | |
|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility operator(s) are actively working towards necessary certification. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has a preventative maintenance plan developed for the existing sanitation facilities. |

Sustainable Indicators

- | | | |
|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The manager receives a monthly O&M report from the utility operator and routinely "spot checks" the facilities to see that the maintenance items are being completed. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility has a safety manual and holds safety meetings. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Utility facilities have not suffered any major problems/outages due to management issues that are still unresolved. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility is operating at the level of service that was proposed. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The operator provides status reports to the manager on a routine basis. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility has completed and distributed its <u>Community Confidence Report</u> (CCR). |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility is not on the <u>Significant Non-Compliance</u> (SNC) list. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility maintains an inventory control list. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility maintains a critical spare parts list. |

Operation of Utility Comments:

Essentials are met. Operators continue to keep their certifications updated. Latest copies of re-certification has been requested by RUBA from the operators. The Water/Sewer has had glycol leakage problems this quarter. The operators have been busy trying to perform careful examination of the pipes to find the leaks. They are using the glycol supply faster than anticipated. The east loop, sewer glycol has been done just before Christmas. They currently do not have a supply but are still experiencing some leakage. Recommended they contact the Remote maintenance worker for help and the RUC manager and get a supply order. This operation has replaced the vacuum pumps to better and stronger pumps in September 2005. This change has improved the system. The operator has informed RUBA that they need to order boiler spare parts. They do not have spares at this time. RUBA has explained the need to have the inventory control and critical spare parts list to Franklin Ulroan and John Atchak, operators. Recommended that they work together in creating these two lists.

RUBA Activities for the Coming Quarter:

RUBA continues to work with the City toward meeting the essentials. This is an on-going process involving, support via phone, fax, and on-site visits when necessary.