

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

This quarter communication has continued between the RUBA office and the City of Chevak. Financial reports are being received to date. Review of these reports showed corrections to both 2004 and 2005 needed to be done. Recommended by RUBA to send the FY05 budget to Bill Rolfzen, Juneau. The FY06 budget is being put together. Letters of explanation and payment plans had been submitted to the larger debt creditors. Due to the large debt amounts, the creditors, especially AVEC and Yukon Fuel, were not accepting the payment plans. They want larger payments than proposed. Yukon Fuel has given this case to their attorney. IRS on the other hand is willing to work with the City. They were in agreement to take only a portion of the PILT funds that the city has yet to receive in order for the City to make payments toward the creditors. As of the 28th of June, payments from PILT and other funds have been sent to AVEC and IRS. Water/Sewer billing and collections is being enforced by the Mayor.

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 type="checkbox"/> | <input checked="" type="checkbox"/> | The utility has adopted a balanced realistic budget. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Monthly financial reports are prepared and submitted to the policy making body. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility is receiving revenues (user fees or other sources) sufficient to cover operating expenses. |
| <hr/> | | |
| <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 type="checkbox"/> | <input checked="" 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:

Monthly financial reports to date have been received by RUBA. The City was able to make four full payroll payments but once again it appears that this next payroll the City will not be able meet full employee payroll. The City is struggling on a day to day basis. Essentials are still not met. Currently the City of Chevak has appeared on the AVEC delinquent list and is in jeopardy of being disconnected very soon. Recommended to the City to make arrangements to take care of the clinic and Water/Sewer project. A MOA with the Tribe for the clinic and YKHC/RUC program for the Water/Sewer may be the best solution at this time. So far this has not yet been done. However, as of June 28th, large payments out of the PILT funds have been made to IRS and AVEC. RUBA is hoping that this will be enough to keep the electricity on.

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 reconciliations 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. Written bills to customers were enforced this quarter. According to the Mayor, customers have been making efforts to pay up their debts. He has had to disconnect a couple customers. The rest have made arrangements or payment plans and are following the process.

Tax Problems

Essential Indicators

Yes	No	NA	
<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 continue to not be met. Tax liens continue to be in effect. The tax debt amount continues to rise along with penalty and interest. The payment plan letter was received by Mr. Moss, IRS Revenue Officer who is willing to work with the City. Once the PILT is released, he is willing to take a portion so that the City can utilize the rest to pay for other major debts. He has informed the City that the Employer Federal Tax liability filing must be completed and up to date. So far the bookkeeper had submitted the 1st quarter to Mr. Moss, who found errors. Recommendations to correct this were submitted back to the City. IRS has also recommended that payroll deposits should be made for each payroll. The Mayor has informed the bookkeeper to start paying the current payroll taxes first before payroll. This of course means that full payroll will not be made to employees until revenues increase. As of June 28th, a large payment was submitted to IRS from the PILT funds.

Personnel System

Essential Indicators

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

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:

With the lack of revenue funds, the City has no workers compensation insurance coverage. The City planned to utilize some of the PILT funds for this. The administrator position has not yet been filled. The city has received about three applicants for this position. The council (4 members) has reviewed these applications and has identified the person they feel is a local and should be considered for the position. The Mayor has second thoughts and is not convinced yet that this person is qualified especially with the current situation of the City. He would like to bring this to the whole council and have them involved in this. However, with the current financial situation and lack of revenue, hiring has not yet taken place.

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 type="checkbox"/> | <input checked="" type="checkbox"/> | The policy making body meets as required. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility complies with the open meeting act for all meetings. |

Organizational Management Comments:

Essentials continue to not be met. Billing and collection is being enforced. The Mayor currently is the executive administrator and is working very hard to find resolution to the problems. It is a very slow process and he is overwhelmed. However, with encouragement from RUBA, he is taking care of what he can, when they (City) can financially. Two councilmen have one more chance of unexcused meetings before they are removed from their seat according to Title 29. One is out of town working and has plans to move out of Chevak. He has not submitted a written resignation from his seat. The other has two unexcused absences from regular council meetings also. The next scheduled monthly meeting is July 2nd. If they do not show up or call to be excused then they will have no choice but to take action following Title 29 process. The Water/Sewer rate change from \$50 to \$85 has not yet taken place. The Mayor has informed RUBA that this may take place in August. He wants to send a letter to all customers before enforcement.

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 type="checkbox"/> | <input checked="" 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 type="checkbox"/> | <input checked="" type="checkbox"/> | The utility is operating at the level of service that was proposed. |
| <input type="checkbox"/> | <input checked="" 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 (CCR)</u> . |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility is not on the <u>Significant Non-Compliance (SNC)</u> 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. The City is not listed on the latest SNC list.

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.

