

Cold Bay Activity Report

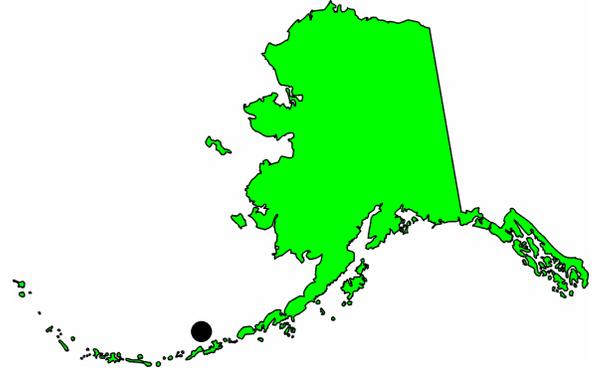
Community Overview

Lead RUBA Staff: John Nickels, Anchorage Office

2003 Population: 95

Region: Aleutians

Local Government: 2nd Class City located within the Aleutians East Borough.



City provided services include piped water, piped sewer, landfill, health clinic, dock, fire/EMS/ambulance and a library. The city municipal building includes a fitness center. The new community center is open and provides space for training or community presentations from outside agencies. Currently, water is supplied by one well and stored in a 213,000-gallon tank. The city has applied for funding to dig a second well. The majority of residents are connected to the piped water and sewer system. A few homes have individual wells and septic systems. The sewage treatment plant can process up to 45,000 gallons a day. Residents transport their own refuse to the landfill located 1.5 miles north of the city. A feasibility study is being done to determine whether to clean up or replace the landfill. G & K, Inc. provides electricity to the community.

RUBA Activity This Reporting Period

Deficient essential indicators involving the budget and financial reports were corrected in April. A Village Safe Water (VSW) project to make improvements on the water and sewer systems is underway this summer. In response to a conversation with the Aleutians East Borough administrator, an offer was made May 12 to the Cold Bay mayor to complete a work plan and RUBA agreement to assist the community with administrative and management issues. There was no response. RUBA staff visited the Cold Bay city office briefly this quarter while enroute to a nearby community. The city clerk was busy completing the Consumer Confidence Report (CCR) for the city's water system, but we discussed several things. Their draft budget for FY-07 is nearly complete. As written, the city will have a \$52,000 shortfall in revenues that they plan to cover with savings. We discussed state audit requirements, and how certified financial statements would save the city audit costs in the event that the guidelines requiring an audit are not met. We also discussed an earlier concern regarding cruise ship security requirements, and the loss of the city's maintenance employee, who has accepted a job with the Dept. of Transportation in Cold Bay.

Capacity Indicators

Finances

Essential Indicators

- | 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 checked="" type="checkbox"/> | <input type="checkbox"/> | Monthly financial reports are prepared and submitted to the policy making body. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility is current in paying all water/wastewater electric bills. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has on hand a year's adequate fuel supply or it has financial plan to purchase an adequate. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility is receiving revenues (user fees or other sources) sufficient to cover operating expenses. |

Sustainable Indicators

- | | | |
|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility is receiving revenues (user fees or other sources) sufficient to cover operating expenses and Repair & Replacement (R&R) costs. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | YTD revenues are at a level equal to or above those budgeted. |
| <input checked="" type="checkbox"/> | <input 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 checked="" type="checkbox"/> | <input type="checkbox"/> | Budget amendments are completed and adopted as necessary. |

Finances Comments:

The FY-06 utility budget was been amended and now appears to be realistic and balanced. Their draft budget for FY-07 is nearly complete. As written, the city will have a \$52,000 shortfall in revenues that they plan to cover with savings. Monthly financial reports to the city council include the budget and year to date expense and revenue information combined in one report, and copies of the most recent bank account statements.

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 checked="" type="checkbox"/> | <input 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 checked="" type="checkbox"/> | <input 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 Comments:

Financial accounting for all city operations was updated this quarter to the 2006 version of QuickBooks Pro accounting software. Billing occurs monthly with a statement being mailed to each customer that includes all city charges. Reports are produced using QuickBooks for various accounting functions including accounts receivable, accounts payable, payroll, cash receipt and cash disbursement. Sections 100, 110, and 120 of Chapter 36 of the Cold Bay Code of Ordinances define rules for utility rates and collections; the utility enjoys a high collection rate, with little outstanding debt.

Tax Problems**Essential Indicators**

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

Tax Problems Comments:

Tax deposits are made electronically each pay period by the city clerk. An IRS response to a request for tax information dated May 2, 2006 confirmed that the city continues to be in compliance and has no Federal tax liabilities at this time.

Personnel System**Essential Indicators**

- | Yes | No | |
|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input 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 type="checkbox"/> | <input checked="" 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 checked="" type="checkbox"/> | <input 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:

Personnel policies and procedures are found under a section by that name in the Cold Bay Policy Manual. The hiring process, probationary periods, performance evaluations, and other personnel issues are covered in detail, however, there were no examples of written employee evaluations available for inspection by RUBA staff at the time of the assessment. During a recent telephone conversation with the clerk, she reports that evaluations are now being completed, however, RUBA has not received any documentation.

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 checked="" type="checkbox"/> | <input 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) 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:

The policy making body meets regularly and reviews the utility services at each meeting. All meetings are posted as required. A verbal report is required from the utility manager at each meeting. City staff is proficient and council members show a high level of interest and concern for utility management issues. With the help of city staff, a draft organizational chart showing the current structure was created, but it has not been adopted by the city council.

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 type="checkbox"/> | <input checked="" 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 checked="" type="checkbox"/> | <input 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 checked="" type="checkbox"/> | <input 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:

The utility operator has resigned, and the position will be filled temporarily by an individual who is OIT certified while recruiting a permanent replacement. There are comprehensive operations and maintenance manuals for both water and sewer utilities, that include chapters on a safety program, safety equipment, procedures, and safety meeting outlines, however city staff knew of no safety meetings having been conducted. Lists for inventory control or critical spare parts are not known to exist.

RUBA Activities For The Coming Quarter

RUBA staff will continue contact by phone, fax, and email. Assistance will continue to be offered, and provided on issues and projects as requested.

