

Gambell Activity Report

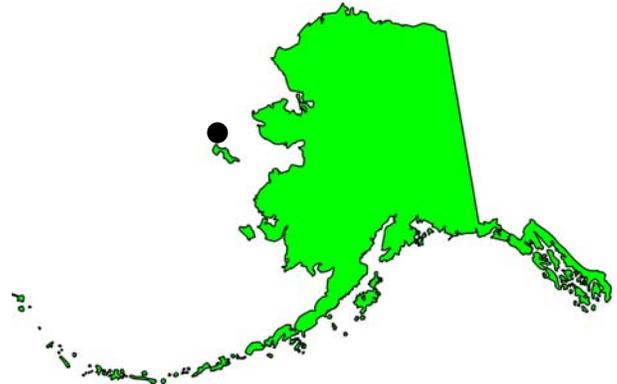
Community Overview

Lead RUBA Staff: Josie Bahnke, Nome Office

2003 Population: 648

Region: Bering Straits

Local Government: 2nd Class City



Water is derived from a shallow aquifer at the base of Sivuokuk Mountain, and is treated and stored in three storage tanks. 121 homes and 13 public and commercial buildings including the school and washeteria are now connected to the piped water and sewer system. Forty three homes in the original townsite still haul water and honeybuckets. A feasibility study is complete. A new water source and additional water storage tanks are needed to ensure no shortages will occur. Significant infrastructure growth is proposed over the next 5 years. The first phase of improvements upgraded the existing infrastructure, including water treatment, lift station upgrades, and a 2.2 million gallon water storage tank. The second phase will be to develop a well field 2 miles outside of town at the south end of Troutman Lake, and construct a summer only raw water transmission line. The third phase will be water and sewer service to Old Town (approximately 43 service connections). Ultimately, there will be 174 residential services. New service connections to 10 new HUD houses and a new clinic are planned for 2005, despite the fact that the aquifer is already being over pumped and will not support the additional development.

RUBA Activity This Reporting Period

Nome RUBA staff traveled to Gambell on May 10th to conduct a RUBA assessment and work with the utility clerk on QuickBooks, monthly financial statements, and FY 06 budget. On May 11th, RUBA staff met with the Common Council and Utility Board to present them with financial reports and discuss pro-active measures to raise the residential collection rate. Also in attendance were staff from Village Safe Water and Alaska Native Tribal Health Consortium to discuss water conservation and future finding for water and sewer upgrades. A second trip was made on June 13th for a Utility Management workshop and RUBA staff met with the temporary utility clerk to complete an IRS quarterly report and train her on monthly financial statements. The Utility Clerk resigned and two water plant operator were terminated this quarter. The City Council reorganized after losing their Mayor in a whaling accident.

Capacity Indicators

Finances

Essential Indicators

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

Sustainable Indicators

- | | | |
|-------------------------------------|-------------------------------------|---|
| <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:

The City passed their 2005 budget ordinance in December of 2004. Not included in the water and sewer budget were supplies for the water plant. To date, the utility has spent approximately \$20,000 on water plant supplies. This line item is included in the draft FY06 budget. According to a monthly financial statement compiled by RUBA staff, the water/sewer utility and washeteria's total operating expenditures exceed operating revenues by \$5,705.14. In addition to the deficit, the utility owes AVEC and the IRS approximately \$10,000 each. Monthly financial reports are prepared by the Utility Clerk and submitted to the Utility Board. RUBA staff is working with the utility clerk on a new spreadsheet format in Excel. Residential customers pay \$75 a month for water and sewer. According to the recommended budget in their business plan, residential customers need to pay \$90 a month and it would gradually increase to \$105. RUBA staff recommends implementing the business plan and considering the appropriate rate adjustments.

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 type="checkbox"/> | <input checked="" 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 type="checkbox"/> | <input checked="" 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 reconciliations have been completed for all utility accounts. |
| <input type="checkbox"/> | <input checked="" 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:

The utility has an adopted collection policy. However, they have recently experienced a low collection rate. From January-March, 2005, the total collection rate for the community was 65%. Residential collection rate for the same timeframe was 38%. In May, the Council agreed to implement the collections policy and shut-off customers for non-payment. This announcement to community members elicited an overwhelming response to get accounts current or repayment agreements in place. The utility clerk uses QuickBooks Pro for payroll, accounts payable, and billing. Unfortunately, the previous utility clerk did not utilize it consistently. A majority of the information gathered during the assessment was from manual records. A NEBS cash receipt system is utilized for accounts receivable and Economic Register for tracking expenditures

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:

As of May 11th, 2005, the last return filed was for 3rd quarter 2004. In the fourth quarter, two tax deposits were made, but no form 941 was filed. No return and deposits for 12/31/2004 and 03/31/2005. The previous utility clerk told RUBA staff that she was instructed by a Nome accountant to not worry about paying taxes. In May, RUBA staff trained the utility clerk on how to file reports and make deposits. She quit two weeks later and only completed the 941 for 3rd quarter, 2004. In June 2005, RUBA staff met with the temporary utility clerk to complete 1st quarter 941 and make a deposit. The utility board has been made aware of the situation and has dedicated \$10,000 of their Energy Assistance grant to get caught up with the IRS.

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

Gambell Water and Sewer is currently insured by the AML/JIA. RUBA staff will focus on personnel issues in Gambell's workplan. This will include reviewing their personnel policy, job descriptions, and implementing a more effective personnel system. Due to high turnover in the utility clerk position, the utility has been invited into the ANTHC/DSO billing program. They are considering this as an option.

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 type="checkbox"/> | <input checked="" type="checkbox"/> | The utility has an adequately trained bookkeeper. |
| <input type="checkbox"/> | <input checked="" 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:

Gambell Water and Sewer is the owner of the utility. There is a seven member utility board that makes and enforces policies. The utility does not have a manager. The current organizational chart for the utility does not show who the operators and clerk report to. In the past, it has been the Mayor, City Administrator, and Utility Board Chairman. This issue will be addressed in the RUBA workplan. The City needs to hire permanent operators that are willing to learn and get certified. RUBA staff recommended raising the \$12/hour salary to attract a more qualified applicant pool. Three utility board members, the Mayor, and utility clerk successfully completed a 32-hour RUBA workshop held in Gambell, June 13-17, 2005.

Operation of Utility

Essential Indicators

- | Yes | No | |
|-------------------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" 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 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 type="checkbox"/> | <input checked="" type="checkbox"/> | The utility is not on the <u>Significant Non-Compliance</u> (SNC) list. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility maintains an inventory control list. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility maintains a critical spare parts list. |

Operation of Utility Comments:

According to the RMW, the system is running adequately, but major O&M needs to be looked into later this summer. This includes flushing out manholes, sewer mains, and water mains, cleaning lift stations, pumping out septic tanks, and thawing out fuel line for day tank. Implementation of a water conservation program to limit consumption and protect the existing water supply has been strongly recommended by VSW to no avail.

RUBA Activities For The Coming Quarter

None RUBA staff will provide assistance, as requested, once a utility clerk is hired. A workplan will be created to address deficient indicators and presented to the Utility Board in August.