

Gambell Activity Report

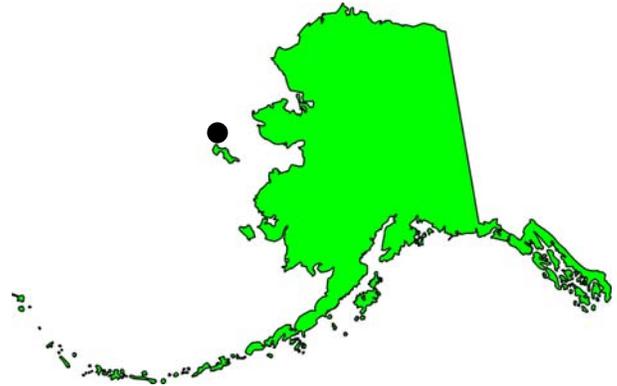
Community Overview

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 August 2nd to work with the Mayor and new Utility Clerk on payment plans for delinquent AVEC bills, State and Federal payroll liabilities, AML-JIA resolutions and payment plan for 2006, and Bulk Fuel Loan application. RUBA staff reviewed RUBA Assessment with Mayor and prioritized workplan activities. A second trip was made on September 19th-21st to train the new utility clerk on Quickbooks Pro, accounts receivable, and billing for work conducted recently on individual homes. RUBA staff also worked with the Mayor on drafting revisions to the water and sewer ordinance. RUBA staff assisted in purchasing a new lift station pump, well pump, and VSD from the Alaska Utility Supply Center at ANTHC. A new Water Plant Operator was hired and plumbing repairs were made to individual homes. Village Safe Water provided materials, ANTHC provided skilled oversight, and the Utility paid for Labor. Nome RUBA staff reviewed rate studies that were conducted in 1998 and 2003.

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 has not adopted their FY 06 budget ordinance. A draft water and sewer budget has been submitted to the City Clerk for inclusion. 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 the IRS approximately \$10,000. Monthly financial reports are prepared by the Utility Clerk and submitted to the Utility Board. 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 adjustment. The Gambell Water & Sewer Utility continues its best to scrape by.

Accounting Systems

Essential Indicators

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

The utility has an adopted collection policy, but should follow it more consistently. The new utility clerk, who previously held the position in 2004, uses QuickBooks Pro for payroll, accounts receivable, and billing. Unfortunately, the previous utility clerks did not utilize it consistently so, RUBA staff and new Utility Clerk created a new Company starting with beginning FY 06. This included entering customer accounts, accounts receivable, payable, and new Chart of Accounts. Bank Reconciliation's have been completed this quarter for all of FY 2005. A NEBS cash receipt system is utilized for accounts receivable and Economic Register for tracking expenditure.

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"/> | <input 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:

The previous utility clerks did not pay taxes or file reports for 3 quarters. Efforts were made by RUBA staff to train on filing reports and make deposits. However, the Clerks quit shortly after and only completed 941's for 3rd quarter, 2004 and 1st quarter, 2005. The utility board dedicated \$10,000 of their Energy Assistance grant to get caught up with the IRS. The new Utility Clerk, who held the same position last year, was the last person to file reports and make regular deposits. She is working to get caught up and has set up an installment agreement of \$1,100 a month with IRS. In order to qualify, they must be current with reporting and deposits.

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 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 insured by the AML/JIA for FY 06 and are in good standing. The Utility Board passed a resolution and signed a payment contract with AML/JIA to make monthly payments for \$763.00. According to the Mayor, the Utility Board has been making hiring decisions without proper hiring process. 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 type="checkbox"/> | <input checked="" 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. However, lines of authority between Utility staff and the Board are unclear. Decision making authority alternates between the City Council and Utility Board. 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 Utility Board cut operator hours to 4 hours per day and cut employee wages. The result has been applicants with minimal experience and the turnover rate with operator and utility clerk remain high. The Mayor has mentioned potential dissolution of the Utility Board, seeing it as an unnecessary expense, which is approximately \$12,000 a year.

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 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 (CCR)</u> . |
| <input type="checkbox"/> | <input checked="" 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:

Major O&M was completed this quarter. This included 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. This quarter, efforts to achieve conservation goals were met by going house to house to make plumbing repairs. At the advise of the RMW & VSW Engineer, a new lift station pump, well pump, and VSD were ordered from the Alaska Utility Supply Center at ANTHC and paid for with NSEDC (CDQ) Community Benefit Share funds. In September, the new Water Plant Operator completed OIT training in Nome. At the time of this report, test scores were not available.

RUBA Activities For The Coming Quarter

Nome RUBA staff will provide assistance, as requested, to the new Utility Clerk. A draft workplan addressing deficient indicators will be presented to the Common Council and Utility Board and discuss pro-active measures to raise the residential collection rate.