

Gambell Activity Report

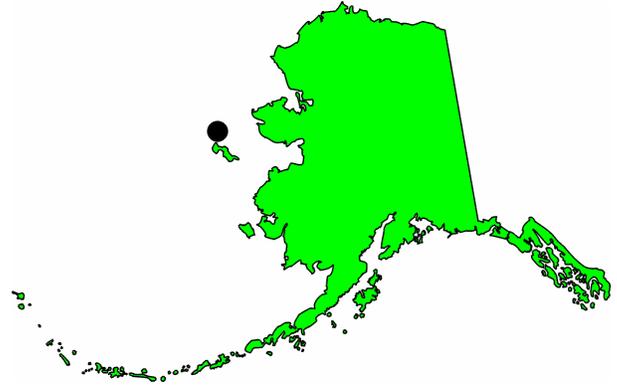
Community Overview

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 July 12, 2006 to assist the City Clerk with their FY07 budget and IRS issues. A second trip was made on September 12-14, 2006 to train the new Utility Clerk with accounts receivable, bank deposits, bank reconciliations, and other financial management duties. Nome RUBA staff participated with a group of Technical Assistance Providers consisting of various State and Federal agencies seeking to assist the Gambell Water System meet regulatory requirements and RUBA essential capacity indicators. At RUBA's advice, water and sewer service rates were increased in accordance with their business plan.

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 type="checkbox"/> | <input checked="" 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 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 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 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 type="checkbox"/> | <input checked="" type="checkbox"/> | Budget amendments are completed and adopted as necessary. |

Finances Comments:

The City Council adopted their FY 07 budget ordinance on July 3, 2006. Upon review, RUBA staff discovered that it was neither balanced nor realistic. Proposed amendments and summary sheets were reviewed with the Mayor and completed by RUBA staff for Council review. At the date of this report, the amendments have not been adopted by the City Council. In the past, Monthly financial reports were prepared by the Utility Clerk and submitted to the Utility Board. With recent turnover in the Utility Clerk position, training was provided to the new Clerk on monthly financial reporting, but no reports have been received by the Nome RUBA office. During RUBA's September visit, a financial picture of the utility was created by RUBA by calculating collection rates, revenues, expenditures, and aged payables that the prior Utility clerk had not paid. At the advice of RUBA, the Council has implemented the appropriate rate adjustments for residents, commercial, and metered customers. Hopefully, this will allow them to get caught up with outstanding bills and assist in the establishment of a Repair and Replacement fund to cover routine and unexpected maintenance costs.

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 System Comments:

The utility has an adopted collection policy, and has been following it more consistently. At the time of this report, the collection rate is at 93%. The utility and City clerk use QuickBooks Pro for payroll, accounts receivable, and billing. Assistance with bank reconciliations and accounts payable was provided this quarter for the last three months. A NEBS cash receipt system is utilized for accounts receivable and Economic Register for tracking expenditures.

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:

Gambell Water and Sewer has set up an installment agreement IRS. This was necessary since taxes weren't paid for quarters in 2004 and 2005. They remain current with reporting and deposits to qualify for the repayment plan. The Utility should have their past obligations paid by next quarter. During the June site visit, RUBA staff and City Clerk contacted the IRS to get the City's arrearage under control. According to the records, the City has not made regular deposits in the past year. RUBA staff recommended that the City get current with 2nd quarter 2006 deposits and start making regular deposits. If this is not possible cutbacks on payroll must be made. The City has prioritized their Municipal Energy Assistance grant funding to get current with IRS. Once they are current, a repayment agreement can be negotiated. Since the City of Gambell is the grantee to all water and sewer projects, this issue will require immediate attention in order for Village Safe Water (VSW) to proceed with their project.

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 are insured by the AML/JIA for FY 07 and are in good standing. The Utility Board passed a resolution and signed a payment contract with AML/JIA to make monthly payments, but the Council plans to pay a bulk of the bill with their Municipal Energy Assistance grant. RUBA staff has prioritized personnel issues in Gambell's workplan. This will include reviewing their personnel policy, job descriptions, and implementing a more effective personnel system.

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 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:

The City of Gambell is the owner of the utility. Decision making authority and enforcement of utility policy has alternated from the Utility Board to the City Council. 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.

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

Village Safe Water (VSW), through contract with CRW, is moving ahead with a \$340,000 water treatment upgrade and design for a new \$3.4 million water tank. In addition to working on financial issues this quarter, RUBA staff also participated in the Sanitation Survey conducted by Alaska Rural Water Association (ARWA) and Norton Sound Health Corporation staff. At the time of this report, a Consumer Confidence Report has been completed with the assistance of ARWA and will be distributed next regular billing cycle.

RUBA Activities For The Coming Quarter

Nome RUBA staff will travel to Gambell next quarter to provide on-site assistance to City and Utility staff per the RUBA workplan. Specifically, the Mayor has requested that RUBA staff review various sections of the City Code of Ordinance with the City Council. Technical assistance will be provided via e-mail, fax, and telephone. RUBA staff will also continue participation with the Technical Assistance Providers Group via teleconference.

