

Koyuk Activity Report

Community Overview

Lead RUBA Leroy Seppilu, Nome Office

2003 Population: 340

Region: Bering Strait

Local Governments: 2nd Class City



The City of Koyuk operates the water and sewer system and maintains a central watering point for residents to haul their own water. There are honeybucket pits but no sewage lagoon. The City Council is the policy making body for the utility. A piped water and sewer system was recently completed for the West side of town, serving 51 households. The east loop system is under construction. The school has requested funding to connect to the new sewer system, since its septic effluent is posing a health hazard. DEC has approved the landfill for use, although it is not permitted. Funds have been requested to construct a new water plant and small washeteria.

RUBA Activity This Quarter

This quarter has been fairly a difficult time for the Koyuk w/s utility department. The mayor was voted out in the municipal elections. He had been instrumental in making the necessary cutbacks and raising utility rates for the city-run utility services. These may be some of the reasons that he was voted out. The cutbacks and rising of utility rates are still necessary for the city to break even or to put some money aside for emergencies or deferred maintenance.

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

Finances Comments:

The city council continues to balk at raising utility rates for w/s, washeteria and cable tv. The cable tv enterprise makes money, but the other utilities still do not. The utility clerk has made some very realistic financial scenarios, but the council has not adopted them because of public backlash. There has been some people coming into the utility office and demanded that the city not raise the rates. At least one candidate has ran on platform of opposing the necessary utility rate increases. The council will be discussing the rate increases in the near future.

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 past due utility bills for various utility services have grown substantially to about \$90,000. Most of the past dues are for trash haul. RUBA staff discussed collection strategies with the utility clerk and concluded that she would first try to talk with the customers before she takes them to small claims court. The city provides w/s, honeybucket/trash haul and cable tv utility services.

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

There are no payroll tax issues this quarter, however, the utility department has had to delay submitting payment for payroll taxes until it has enough money in the bank account to pay the payroll taxes. The Utility Department has its own Fed. Employer Identification Number (FEIN).

Personnel System

Essential Indicators

Yes No

 The utility has a posted workers compensation insurance policy in effect.

Sustainable Indicators

- The utility has adopted and uses a Personnel Policy, which has been reviewed by an attorney, AML, or DCED for topics and language.
- The utility has adequate written job descriptions for all positions.
- The utility has adopted and follows a written personnel evaluation process that ties the job description to the evaluation.
- The utility has an adequate written hiring process.
- The utility has personnel folders on every employee that contain at least: I-9, Job Application and Letter of Acceptance.
- The utility has a probationary period for new hires that includes orientation, job-training/oversight, and evaluations.
- The utility provides training opportunities to staff as needed and available.

Personnel System Comments:

The city council hired a new city clerk after the other one quit for personal reasons. The utility clerk, who was previously a city clerk, provided training for her. She is also being cross-trained with the utility clerk's duties. This has proven to be effective when the utility clerk goes on leave or quits. The utility keeps functioning effectively even if the main utility clerk is gone.

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

Mayor Wilbur Napayonak was defeated in his bid to be re-elected to his council seat that had expired. He has been instrumental in trying to raise the w/s utility rates so that it wouldn't operate in red, as it has for the past several years. The utility clerk was even seriously considering resigning her council seat so that he can be appointed, but has since reconsidered it. RUBA staff had told her that since the council is the one that appoints by voting, it would not be a guarantee to specifically have him appointed. The city has an ordinance that allows city employees to run for and obtain city council seats.

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

As the w/s utility system grows older, it is starting to show "wear and tear". Since it has started getting colder, the system has been experiencing freeze-ups. This costs the city a considerable amount every time this happens. Parts, supplies and labor rates are costly when the freeze-ups occur. Once the rate increase plans are implemented, we are hoping to be able to put money aside for deferred maintenance.

RUBA Activities For The Coming Quarter

Nome RUBA may have to gently nudge the utility clerk/council member to follow the implementation utility rate increase plan agreed to a couple of quarters ago. At least two trips may be made to work with them on the utility rate increases. The utility plans to raise commercial w/s utility rates to \$150 a month from the current \$92 a mo. The residential rates would be raised to \$70 a mo. from the current \$45 a mo. The school would be charged \$3,850 a mo. from the current \$2,300 a mo. The new w/s utility rates will still not be enough to cover the expenses, but the city, at the recommendations of RUBA, will continue to raise the rates over the next several years until the costs are covered.

