

Nondalton Activity Report

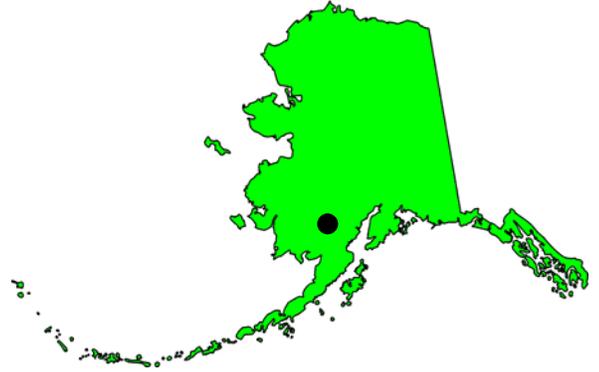
Community Overview

Lead RUBA Staff: Roxanne Auge, Anchorage Office

2003 Population: 317

Region: Alaska Peninsula

Local Governments: 2nd Class City



The City of Nondalton operates the piped water and sewer system and provides a central watering point for residents to haul their own water. The City Council is the policy making body for the utility. An infiltration gallery at Six-Mile Lake supplies the community with treated water. There are 88,000 gallons of storage capacity. 70 residences are connected to the piped water and sewer system and are plumbed. Funds have been requested to extend the system to 11 newly constructed homes, and to make system improvements -- demand has doubled over the past 12 years. Refuse collection is not provided. A new 5-acre landfill and burn box project were completed this summer ('05). Construction of the Iliamna-Nondalton road and bridge is pending. The INN Electric Cooperative owns a diesel plant in Newhalen and 50 miles of distribution line to connect Iliamna, Newhalen and Nondalton. The Tazimina Hydroelectric Project has recently been completed, and powers the three communities

RUBA Activity This Reporting Period

This reporting period RUBA staff continued to provide phone and fax assistance and traveled to Nondalton December 14 - 16 to provide follow up training and assistance. There was a lot of capital project activity going on in Nondalton this summer (new landfill, water and sewer repairs, airport repairs, proposed new post office, and new health clinic planning and design). While acting as the point of contact for these activities, the administrator fell behind on the administrative duties and needs to make a significant push to catch up. The city had adopted its budgets and certified financial statements as required by law; however, the administrator failed to transmit to Juneau the non-code ordinances and resolutions representing the final step in the process. During my onsite visit, these were all compiled and sent to Juneau, so the city is up to date on all of its required DCCED financial reporting. The mayor and I discussed the administrator's job performance lately and concluded that several factors, some out of his control, have contributed to the lapse in his usual commendable performance. Overall; however, the administrator's contribution to the city has been such that he warrants consideration as an outstanding employee. An example is the initiative and tenacity he exhibited by taking advantage of an opportunity, provided by a late annual rental payment from AT&T, to renegotiate the terms of their rental contract. As a result AT&T monthly rental rate is equal to what had previously been the annual rate (from \$250 per year to \$250 per month). The administrator's considered and consistent effort on this represents a significant gain in revenue for the city. In consideration of this and the administrator's other accomplishments for the city it was agreed that once he completes the list of items required to get the city back on track that a raise is in order and more than adequately financed by the renegotiated AT&T contract. Highlights of the administrator's accomplishments include: follow through with the repayment plan for eliminating a significant portion of the city's back debt (the original \$400,000 is down to a little over \$35,000 after the small energy assistance fuel payment is made), consistent billing, signed user agreements, 14 small claims judgments on overdue water and sewer accounts, improved collection rate on water and sewer, successful

completion of the landfill project, ongoing oversight of repairs and maintenance on the water and sewer system, and much more. We also discussed the problem of the school district not wanting to pay the trash haul rate the city has set for them and their late water and sewer payment. The administrator will prepare a letter outlining how they arrived at the rate and the collection schedule for the school and will provide a copy of the water and sewer ordinance authorizing the imposition of penalties for late payment. Other items discussed and requiring follow up included: combining the water, sewer and trash haul billing, the steps needed to complete their municipal election, the status of their 14 (c) agreement, and the construction grant for the new clinic.

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 type="checkbox"/> | <input checked="" type="checkbox"/> | Monthly financial reports are prepared and submitted to the policy making body. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility is current in paying all water/wastewater electric bills. |
| <input type="checkbox"/> | <input checked="" 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 city is continuing to whittle away at its back debt. (At one time the city was \$400,000 in debt, which has gotten down to approximately \$35,000.)

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 Systems Comments:

The city continues to use their revised accounting and financial reporting systems and to implement ongoing recommendations for improvement as they are identified. The city is following through on implementing its collection policy and collections are at around 60% (this was up to 85% at one time; however, one of the things that was let slip during the busy construction season was shut off of non-payers). The city has gotten repayment agreements on most delinquent accounts and had been diligent about shutting off customers who either fail to follow the terms of their repayment agreement or fail to stay current on their bill. I expect to see improvement in this area over the next quarter.

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 city is working directly with IRS to address its problems. They have entered into a repayment agreement and are making regular monthly payments on the back debt, while keeping current with regular deposits and reports to both IRS and Department of Labor. A portion of their IRS debt has passed the statutory limitation on collection and been forgiven.

Personnel System

Essential Indicators

- | | | |
|-------------------------------------|--------------------------|---|
| Yes | No | |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has a posted workers compensation insurance policy in effect. |
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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 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:

The city recently purchased worker's compensation insurance from a private carrier and is in negotiations with AML to work out a repayment plan and reinstitute their insurance coverage with AML. According to the city administrator, AML is considering reinstating coverage to the city based on their knowledge of the existing situation. DCCED/RUBA staff plans future training for the council and staff in personnel management.

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 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:

There has been a problem recently getting a quorum together for meetings. I plan to conduct council training the end of January. The city continues to move forward in its efforts to improve. The city has adopted ordinances for the operation of the utility and actively implements them. The city administrator is working on obtaining his water operator certifications and has attended four of the six RUBA Utility Management courses. The mayor and two water plant operators are also working on their water operator certifications.

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. This is being revised. |

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>Consumer Confidence Report (CCR)</u> . |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility is 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:

The city administrator, and the two water plant operators are working on their water operator certifications. There have been recent system failures due to lack of preventive maintenance over the past several years. The city is in possession of its preventive maintenance plan and is working to mitigate the impacts from lack of proper maintenance.

RUBA Activities For The Coming Quarter

RUBA staff plans a trip to Nondalton January 26 to: Continue monitoring their financial management practices; Provide Newly Elected Officials training; Work on job descriptions and personnel policies with the council and staff; and Provide assistance on planning efforts.

