

Nondalton Activity Report

Community Overview

Lead RUBA Staff: Roxanne Auge, Anchorage Office

2003 Population: 217

Region: Alaska Peninsula

Local Governments: 2nd Class City,
Tribal Council



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 60-acre landfill and incinerator are planned, following construction of the Iliamna-Nondalton road and bridge in 2003. 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 Roxanne Auge provided phone and fax assistance to Nondalton. Primary issues this reporting period focused on providing assistance to the city administrator in his efforts to collect sales tax from area lodges. The city enacted a 3% sales tax at the time of incorporation in 1971 and has only intermittently been paid the tax since then. I provided back up information from my files, reviewed the incorporation boundary to ensure the lodges are within the boundary, and recommended the administrator contact the borough to see if it can provide any financial or legal assistance to pursue the matter further. Based on the administrator's calculations the sales tax could be a significant revenue source for the community. The city administrator, followed up with Lake & Peninsula Borough staff regarding borough assistance and was referred to the borough's attorney to review the issue. Also, in an effort to address immediate fuel needs, the city is selling its fuel stores to community members. According to the city administrator, community members are very eager to have a consistent and reliable fuel source available in the community.

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 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 worked with DCED/RUBA staff to draft a realistic budget and repayment plan and is continuing to work on implementing these. The city was at one time \$400,000 in debt and has entered into repayment agreements to make monthly payments to reduce this. This fiscal year, the city has paid off \$40,913.74. As of May 2004, the city owes \$118,301.42 in back debt (\$21,659.88 to vendors and \$96,641.54 IRS debt). The city administrator implements recommendations in a timely manner. Monthly financial reports are prepared regularly for the council and the budget is amended as necessary to reflect needed changes identified in the monthly financial report. Minor changes and updates need to be made to the monthly reporting format.

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

ANTHC recently helped the city calculate their collection rate and came up with an 86% collection rate. Also, the city's small claims filings have recently resulted in two default judgements totaling \$14,000. 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 adopted a new utility ordinance and is following through on implementing the collection policy. The city has gotten repayment agreements on most delinquent accounts and has recently shut off 15 customers who either failed to sign a repayment agreement or failed to follow the terms of the agreement. The city is also in the process of filing Small Claims action on nine accounts. Water and sewer payments have doubled over the course of this fiscal year. At the beginning of the fiscal year (July 2003) the city collected \$1,300 in payments and in May 2004 collected \$2,560. The total outstanding water and sewer payments owed to the city went from \$67,330.11 in July of 2003 to \$64,343.87 as of May 2004. The city clerk attended QuickBooks training in Anchorage June 21-25, 2004.

Tax Problems

Essential Indicators

- | Yes | No | NA | |
|-------------------------------------|--------------------------|--------------------------|---|
| <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"/> | <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. The latest IRS debt calculation is \$96,641.54, of which \$51,711.48 are actual deposits owed, \$34,981.91 is interest, and \$9,948.15 is penalty. The city administrator reported that, according to IRS, the statute of limitations will run out on \$24,531.93 in November, which will reduce the total debt by that amount.

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:

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. DCED/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:

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. There is occasionally a problem getting a quorum at meetings that could have a negative impact on the city's ability to operate. The city administrator is working on obtaining his water operator certifications and has attended three of the five 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 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 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>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. |

- The utility maintains a critical spare parts list.

Operation of Utility Comments:

The city administrator attended the RUBA Planning Management training in King Salmon this reporting period. The city administrator, and the two water plant operators are working on their water operator certifications.

RUBA Activities For The Coming Quarter

Plan a trip to Nondalton the beginning of November to continue working with staff and the council; Continue monitoring their financial management practices; Continue assistance on collection issues and methods; Continue council training; Help develop job descriptions and go over their personnel policies with the council and staff; and Provide assistance on planning efforts.

