

Saint Michael Activity Report

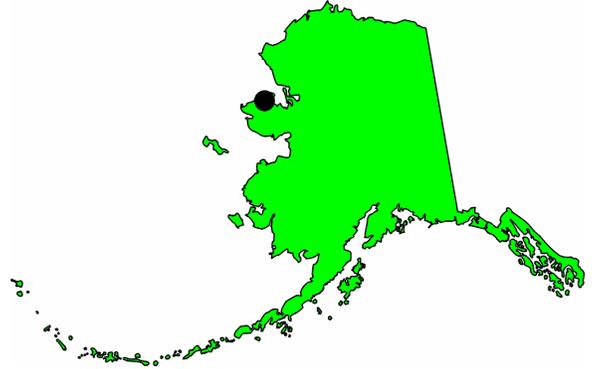
Community Overview

Lead RUBA Staff: Josie Bahnke, Nome Office

2003 Population: 409

Region: Bering Straits

Local Governments: 2nd Class City,



Currently, water is pumped from Lower Lake and stored in the 1.2 million gallon water storage tank. The water is then pumped from the 1.2 million gallon tank, filtered, disinfected and stored in a 400,000-gallon water storage tank for consumption. Wastewater is collected at the vacuum plant and pumped via forcemain to a wastewater treatment area northeast of the community. A new sanitation system is almost complete to provide piped water and vacuum sewer service and residential plumbing to the homes in the community. At the end of 2005, 81 homes are served by the new system. A washeteria upgrade was completed in 2004 that completely renovated the washeteria. A new water source is being developed at Clear Lake, approximately 5 miles north of the community, that will provide a year round water source and is slated for completion in 2005. The water treatment plant is under renovation to meet compliance with the Surface Water Treatment Rule and is expected to be completed mid-2006.

RUBA Activity This Quarter

Nome RUBA staff traveled to Saint Michael on April 19-20 at the invitation of Mayor Carl Otten. The purpose of the trip was to assist the Bookkeeper with monthly financial reports, finalize FY 06 budget amendments, conduct a RUBA reassessment of essential indicators, and present findings with City Council. At this time, the City of Saint Michael meets all RUBA essential indicators. With the assistance of RUBA staff, the City Council passed a budget amendment ordinance on April 25, 2006. On May 24, 2006, the City Council passed an ordinance to place the question of increasing the sales tax on the regular municipal election ballot on November 7, 2006. RUBA staff also worked with the Bookkeeper on the City's FY05 Certified Financial Statement. The Bookkeeper successfully completed the RUBA sponsored Introduction to Quickbooks class on May 22-26, 2006 in Nome. Operator Norbert Otten was certified in Level one Water Distribution and Water Treatment following training in March, 2006 in Nome. Operator Alex Tom was certified with operator in training (OIT) level Water Treatment.

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

Finances Comments:

At this time, the Alaska Native Tribal Health Corporation (ANTHC) project is paying all water/wastewater electric bills. While total actual monthly costs is unknown, there is concern that the City will not be able to adopt a balanced utility budget in FY 07, when ANTHC transfers ownership of the sanitation system to the City. ANTHC project has been paying for fuel and electricity costs associated with the vacuum plant, washeteria, and water treatment plant. An effort must be made by ANTHC and the City to communicate what the actual costs are and how the increases will impact the business plan and overall financial status of the utility.

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 Comments:

The utility has adopted a collection policy and is actively following with honeybucket haul customers prior to re-connecting to the system. Customers who owed prior to the January freeze-up have been written letters and encouraged to set up a re-payment plan. In June 2005, the City joined the ANTHC/DSO billing program. This has added consistency to their billing and collection process. The City Bookkeeper is responsible for accounts payable, receivable and payroll for the City. Alaska Accounting Solutions is doing payroll for the current water/sewer project. The city uses a manual and computerized accounting system. The Bookkeeper utilizes 2 computers with different versions of QuickBooks software. Information from the 1999 Quickbooks version should be transferred to the 2005 version in upcoming months.

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 bookkeeper uses a manual and computer system to calculate, track and report payroll tax liabilities. In the past year, the city has been timely with filing tax reports and making deposits. Completing these reports and making payments has been a priority task of the new bookkeeper. The current balance owed to IRS is six figures from old taxes from 1997-2000. The City has submitted an Offer in Compromise to the IRS and is working with the Taxpayers Advocate office to submit at the end of 3rd Quarter 2006. In the past, the account was closed and determined to be in 'not currently collectable' status with IRS, and is not active in collections. If the offer is accepted, the City will pay a portion of the actual tax owed and the liens will be removed.

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 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 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 type="checkbox"/> | <input checked="" 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 type="checkbox"/> | <input checked="" type="checkbox"/> | The utility provides training opportunities to staff as needed and available. |

Personnel System Comments:

The City has insurance coverage through the Alaska Municipal League/Joint Insurance Association and is in good standing.

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 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. |
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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:

The City of Saint Michael is the policy making body that owns the water and sewer utility and washerteria. The City Council adopted an amended utility ordinance on January 10, 2006. A separate ordinance providing for the establishment of utility rates and fees was adopted concurrently. The utility has two operators that are adequately trained, however more training will need to be diligently pursued with the upgraded system.

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 type="checkbox"/> | <input checked="" type="checkbox"/> | Utility facilities have not suffered any major problems/outages due to management issues that are still unresolved. |
| <input type="checkbox"/> | <input checked="" 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:

The two operators are actively working towards necessary certification. However, a freeze-up occurred in January and according to project engineer and Remote Maintenance Worker (RMW), the situation was preventable but due to lack of action, both pointed to Operator error. At this time, the preventative maintenance plan consists of operators utilizing daily maintenance checklists for vacuum plant, washeteria and temporary Water Treatment Plant. According to Brad Rea, the upcoming ANTHC project this summer will create so many changes that a Preventative Maintenance Plan will be completed once construction and modifications are complete. Monthly O&M reports are prepared and submitted to the city council.

RUBA Activities For The Coming Quarter

Upon the City's request, Nome RUBA staff will travel to Saint Michael next quarter to provide technical assistance or training as requested.

