

Shishmaref Activity Report

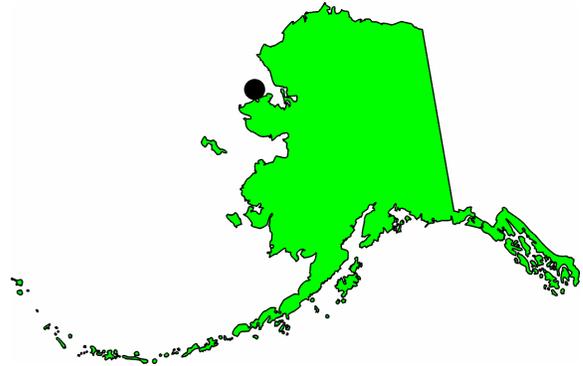
Community Overview

Lead RUBA Staff: Leroy Seppilu, Nome Office

2003 Population: 594

Region: Bering Straits

Local Governments: 2nd Class City



The City of Shishmaref operates a central watering point, a water truck delivery service, multiple watering points and a washeteria. They also provide a honey bucket service. The City Council is the policy making body for the utilities. Water is derived from a surface source; it is treated and stored in a new tank. Shishmaref is undergoing major improvements, with the construction of a flush/haul system and household plumbing. Nineteen HUD homes have been completed, and 71 homes remain. The new system provides water delivery, but the unserved homes continue to haul their own water. The City hauls honeybuckets and the new flush tanks. The school, clinic, friendship center, city hall and fire hall are connected to a sewage lagoon.

RUBA Activity This Quarter

To date, the city has not adopted the FY '07 budget. Nome RUBA staff has been encouraging the bookkeeper to work on the budget and the FY '05 Certified Financial Statement. Once these are completed, along with the Payment-In-Lieu-of Taxes (PILT) resolution, the city will be eligible to receive over \$41,000 in PILT funds. This is desperately needed by the city as it has been experiencing money shortages for the last several years. The city is also eligible to receive \$50,000 from the State Municipal Energy Assistance Program. They need to complete the FY '07 Municipal Energy Assistance Program (MEAP) form along with the budget and Certified Financial Statement. There have been several resignations from the Administration and Finance Department. The city clerk submitted her resignation due to lack of funds. The city averages at least \$72-80,000 each quarter for payroll expenses, and the IRS has frozen the city's bank account several times over the past couple of years for non-payment of tax liabilities. RUBA staff has been encouraging the city council to cutback on less essential employees. The city was forced to buy fuel oil for the washeteria and other city-owned buildings on a daily basis because it could not afford to purchase fuel in bulk. The city is on a cash only basis with the Shishmaref Native Store because the store and other businesses will not accept the city's checks anymore. The city owed Alaska Village Electric Cooperative, Inc. (AVEC) at least \$12,500, but managed to pay the debt before being disconnected. The washeteria is open only three times a week, but despite major cutbacks in hours of operation, the washeteria still generates many expenses.

Capacity Indicators

Finances

Essential Indicators

- | Yes | No | |
|-------------------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" 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 checked="" type="checkbox"/> | <input 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 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 type="checkbox"/> | <input checked="" 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:

Customers must pay in advance before the septic tanks are drained or water is delivered to the homes. Since these services must be paid in advance, the city has a 100% collection rate. The washeteria still loses money due to high electricity and fuel consumption. The City Council has cut where it can to lower expenses, but it still loses money.

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 type="checkbox"/> | <input checked="" 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 type="checkbox"/> | <input checked="" 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 city continues to have cash-flow problems. In several instances, the city was as much as 75% short of meeting payroll. RUBA staff recommended to the mayor and the City Council to reduce spending so that essential employees and services can be maintained. RUBA also explained that state and federal laws require employers to pay its employees on designated paydays. There have been some cutbacks made, but major ones are still needed.

Tax Problems

Essential Indicators

- | Yes | No | |
|-------------------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility has a system to accurately calculate, track, and report payroll tax liabilities. |
| <input type="checkbox"/> | <input checked="" 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 has managed to reduce the past due tax liabilities owed to IRS and Employment Security Div., but when new paydays come around, at times the debt increases. However, the bookkeeper consistently tries to keep the IRS debt down by paying whatever she can.

Personnel System

Essential Indicators

- | | | |
|--------------------------|-------------------------------------|--|
| Yes | No | |
| <input type="checkbox"/> | <input checked="" 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 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 type="checkbox"/> | <input checked="" type="checkbox"/> | The utility provides training opportunities to staff as needed and available. |

Personnel System Comments:

The city still does not have worker's compensation insurance because it cannot afford it. After the city clerk resigned, a new city clerk was hired who proposed the idea of hiring a city manager that would make tough decisions and get the city back into financial shape. The City Council took no action, and that clerk has also resigned.

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 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 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:

Despite advance planning, the utility clerk was not available when RUBA staff came to town to provide training for the bookkeeper, city clerk and utility clerk. One of the water treatment plant operators is certified at the Water Treatment 2 level, and the other one is Operator in Training (OIT) certified. The OIT certified operator was recently relieved of his duties for performance reasons, and the council has not yet hired a replacement.

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 type="checkbox"/> | <input checked="" 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 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 type="checkbox"/> | <input checked="" 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 type="checkbox"/> | <input checked="" type="checkbox"/> | The utility is not on the <u>Significant Non-Compliance</u> (SNC) 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 city water treatment plant is on the SNC list. The operator does not make monthly O and M reports to the supervisor or to the city council. Reports are made on 'as needed' basis. The operator does not hold safety meetings. They also do not have an updated safety manual. RUBA staff will work with the city clerk, city council and the utility operator to make an inventory control list. RUBA staff had recommended to the city council to have the operator make an inventory list so that the unused and unneeded parts and equipment can be sold to raise money to pay off debts to vendors. The bookkeeper said it was not completed yet.

RUBA Activities For The Coming Quarter

RUBA anticipates that two trips to the community will be needed to continue the training for the clerks and bookkeeper. RUBA staff will also continue to assist the city in finding ways to reduce the total gross wages each quarter, so that the city can 'afford' to meet payroll and deposit taxes on time. RUBA staff will assist in finding a way to pay off the past due electric bill and ordering fuel for next winter to avoid purchasing fuel on an as-needed basis. RUBA will offer assistance to the Remote Maintenance Worker to get the city off the SNC list, and will attempt to begin an inventory list, so that the city can sell unneeded parts and equipment and use the money to pay off debts.

