

Adak Activity Report

Community Overview

Lead RUBA Staff: Nicole Grewe, Anchorage Office

2003 Population: 69

Region: Aleutians

Local Government: 2nd Class City



The City of Adak operates and manages a piped water and sewer system. The city council is the policy making body for the utility. Surface water is derived from Lake Bonnie Rose, which is located approximately three miles southwest of the core townsite. The water utility is operated as a Class A public water system and operates under filtration avoidance (Public Water System Identification Number 260595); therefore, the only treatment provided is chlorination with required detention for disinfection. Water is treated, stored in two 450,000-gallon tanks, and piped to facilities and housing units. If needed, two 500,000-gallon storage tanks provide additional water storage. The wastewater treatment system discharges through a marine outfall line to Kuluk Bay. One-hundred percent of homes have complete plumbing. The City collects and deposits refuse at a municipal landfill, Roberts Landfill, which is a permitted Class Three landfill with balefill. The City also provides electricity, road maintenance, airport maintenance, and a small boat harbor facility. Bulk fuel is provided by the Aleut Corporation, which maintains nine underground tanks with a total capacity of approximately 18,000,000 gallons of marine diesel, gasoline, and jet fuel. Cable television is provided by Adak Eagle Enterprises. A feasibility study to provide guidance for water and wastewater utility downsizing, upgrading, and future utility project planning for the City of Adak is underway under the auspices of Alaska Department of Environmental Conservation, Village Safe Water. The study is being conducted by the Bristol Environmental and Engineering Services Corporation located in Anchorage. Although the water treatment plant is operating and provides adequate potable water, the City of Adak is attempting to address numerous water and wastewater utility concerns including aging infrastructure, chronic leakage, and maintaining a water/wastewater utility designed for much larger capacity than is actually needed.

RUBA Activity This Reporting Period

An on-site RUBA Assessment was conducted on April 1, 2005. All essential capacity indicators were met.

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

Finances Comments:

A balanced and realistic FY05 budget was passed on June 16, 2004 and the fiscal year started on July 1, 2004. The water, sewer, and garbage budgets are part of the overall City of Adak budget. In preparing the budget, the city manager reports generally underestimating income and overestimating expenses. All revenue and expenses for water, wastewater, and garbage services are listed in the utility section of the budget. Monthly financial reports are prepared and submitted to the policy making body. The utility receives revenues sufficient to cover operating expenses; however, user fees do not completely cover operating costs causing the City of Adak to subsidize water and wastewater utility services with other sources of funding. The City of Adak has not necessarily implemented a repair and replacement fund for municipal utilities, but does have a capital improvements fund. However, user fees and other sources of funding are not sufficient to cover operating expenses and repair and replacement costs in total. Year-to-date revenues are at a level equal to or above those budgeted for FY05. Year-to-date expenditures are not at a level equal to or below those budgeted largely due to unanticipated lab and testing equipment purchases. A monthly manager's report is not prepared. The bookkeeper and city manager report making budget amendments as needed.

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 reconciliations 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 of Adak has adopted and actively follows an aggressive collection policy. The City has installed and is currently using the Powerstat utility billing and collection system for electricity, which requires prepayment for services rendered. For large volume customers not utilizing the Powerstat system, utility bills are regularly distributed on a monthly basis. Water, sewer, garbage, and electric are combined onto one bill. An accounts receivable system is implemented which documents customer payments and reports past due accounts with corresponding amounts. The City is currently using the QuickBooks accounting software for their accounts receivable, accounts payable, and payroll. The City uses a manual written receipt system to record incoming funds, which is later entered into QuickBooks. The City also uses QuickBooks for their cash disbursement system to record the spending of funds. The City has created a chart of accounts that identifies categories in a reasonable and useable manner. The bookkeeper completes monthly bank reconciliations and reports reconciling all bank accounts through March 2005. The City has implemented a purchase order system by ordinance that requires approval prior to purchase.

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 type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	If there are any past tax liabilities, a repayment agreement has been signed and repayments are current.

Tax Problems Comments:

The City of Adak uses QuickBooks to calculate, track, and report payroll liabilities. They are current on filing their tax reports and making tax deposits.

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 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 checked="" type="checkbox"/>	<input 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 of Adak has a posted workers compensation insurance policy in effect for the current fiscal year. Alaska Public Entity Insurance is the insurance provider. The City of Adak has adopted and uses a personnel policy, which is recorded in the Adak Municipal Code. The City does not have adequate job descriptions for all municipal positions. For municipal positions with written job descriptions, the City does have a formal evaluation process that ties job description to evaluation. A satisfactory hiring process is documented in the City's codebook. There are personnel folders for every municipal employee that contains at least an I-9 and job application. The City has implemented a probationary period for new hires that includes orientation, job training, oversight, and evaluations. The City provides training opportunities as needed.

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. |

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 of Adak owns and operates the water and wastewater system. The city council is the policy making body for the utility and is active in developing, adopting, and implementing utility policy. The city council generally enforces the utility policy including billing and collections. The City has adopted the necessary ordinances required to give it the authority to operate. The city council meets as required (twice a month) and complies with the Open Meetings Act for all meetings. On a daily basis, water and wastewater utility duties are generally split between two adequately trained operators. The first operator is certified at the following levels: Water Treatment Level 1, Water Distribution OIT, Wastewater Collection OIT, and Wastewater Treatment OIT. The second operator is certified at the following levels: Water Treatment OIT and Water Distribution OIT. There is also a third operator that fills in when necessary that is certified as a Water Treatment and Water Distribution OIT. The city manager also serves as a utility manager, but is generally unneeded in daily operations considering operator experience, training, and autonomy. The utility bookkeeper is adequately trained with an associate's degree in accounting and prior bookkeeping experience. The City does not have a written organizational chart that reflects the current municipal structure; however, the City does maintain a current city employee list that also includes vacated positions.

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 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 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 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 checked="" type="checkbox"/> | <input type="checkbox"/> | The utility has completed and distributed its <u>Community Confidence Report (CCR)</u> . |
| <input checked="" type="checkbox"/> | <input 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 water utility operators have achieved the necessary certification to operate the utility and are actively considering further training. The city manager is also pursuing further utility management training. The water utility operators report a preventative maintenance plan is included in the water utility Operation and Maintenance Manual. Furthermore, the city manager reports a new user-friendly preventative maintenance plan is currently being drafted. The water utility manager does not necessarily receive monthly operation and maintenance reports from the operators, but does review a journal that operators use to record relevant daily operation and maintenance issues. The water utility manager does not spot check facilities to verify maintenance items are being completed; however, this task is likely unnecessary due to the extensive daily involvement of both water operators. Furthermore, both utility operators communicate regularly with the utility manager. A water operator reports the utility has a safety manual and conducts safety meetings. Utility facilities have not suffered any major problems or outages due to unresolved management issues. The water utility is not operating at the proposed level of service because it was originally designed for a much larger capacity. Specifically, the water utility was designed for a large military base, but now only serves a community of approximately 100 residents. Utility operators provide status reports to the utility manager on a routine basis via a written communication log and regular verbal communication. The water utility completes and distributes its Community Confidence Report (CCR). The utility is not currently on the Significant Non-Compliance List. The utility does not maintain an inventory control list or a critical spare parts list.

RUBA Activities For The Coming Quarter

RUBA activities for the coming quarter include providing support for improving utility management practice.