

# Chignik Activity Report

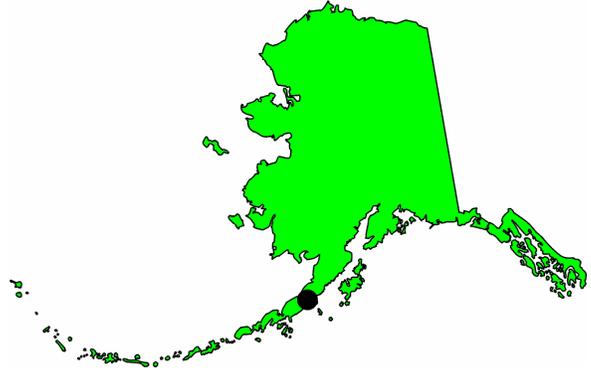
## Community Overview

Lead RUBA Staff: John Nickels, Anchorage Office

2003 Population: 77

Region: Alaska Peninsula

Local Governments: 2<sup>nd</sup> Class City



The City of Chevak operates the piped water and sewer system, the central watering point and the honeybucket haul. The City Council is the policy making body for the utility. Construction began in 1995 to provide piped water and sewer to homes and the school. Completed projects include a new landfill, a washeteria renovation, a new watering point, water treatment plant, a 150,000-gallon water storage tank, sewage lagoon, and a vacuum sewer plant. Water and sewer mains and household connections are completed. Currently they have 193 units on line. Most of the residents except one home are connected to water/sewer. Some homes still have rain catchment. The new school construction was completed in August 2003. The construction company connected the school and teacher housing to the water/sewer.

## RUBA Activity This Reporting Period

RUBA staff visited Chignik Bay May 1-3, 2006, at the request of Mayor Pedersen to assist city staff and council members draft a FY-07 budget. May 2, RUBA staff assisted the city clerk with the process of drafting the new budget using the FY-06 budget and a current financial report. We annualized where appropriate, used actual figures when they could be determined, and estimated where we had to. The draft budget for FY-07 was presented to the council that evening, and the group was led through the line items, explaining the process and the thought that went into estimating the various revenues and expenses. There was discussion concerning the accuracy of certain line items, and a few changes were made. There were other items identified that needed revision but required more information. While the draft budget had a deficit, there was general agreement that with some effort it could be made to work, (balance) particularly if some form of revenue distribution from the State occurred. The status of items on a RUBA work plan were also discussed with city staff and the mayor, focusing on those being worked on currently, such as adopting existing job descriptions as part of their personnel policy. As a related issue, their policy refers to performance evaluations, but there has never been an evaluation form available for the purpose. RUBA staff provided sample forms. We also discussed the need for monthly financial reports to the council that at least include year to date information combined with the budget. This has been an issue for quite awhile, and the clerk has agreed to provide the financial information in that format when he begins the new fiscal year with corrections made to how the budget is entered into QuickBooks. Inventories of parts and supplies have been requested of the operator, but have yet to be created. The clerk felt that their utility collections policy lacked direction regarding how the disconnect process should proceed for late payers; we discussed wording changes that would help. Another issue discussed involved an account held by the city with money believed to be utility deposits collected a number of years ago and never returned. It is unknown whether records exist of who paid the deposits, so city staff and council members were unsure of what to do with the money. The issue was researched by RUBA staff with a written response emailed to the mayor.

## Capacity Indicators

### Finances

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

The FY-07 budget is expected to be adopted at a meeting of the city council planned for June 30th. The city clerk reports that since the budget was drafted in May, it has been revised so that it now balances with a small surplus anticipated. The city staff uses QuickBooks Pro 2005 for all City accounting, however the city's enterprises have all been set up as separate companies, rather than as separate departments within one company. This has made it difficult for the clerk to create meaningful financial reports, and the clerk is now working on the necessary changes. Financial reports have consisted of year to date expenses and revenues presented with the current budget separately. This has been awkward and the clerk is looking forward to combining this information into one report after the changes are made to the city's accounting system.

## 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 System Comments:**

The city uses QuickBooks Pro 2005 for all accounting functions. A new computer system with updated software and needed changes to how the city's accounting is organized, are planned to be implemented shortly after the beginning of the new fiscal year. The Council has adopted a water sewer collection policy for the community and the city staff follows the policy.

**Tax Problems****Essential Indicators**

- | Yes                                 | No                       |   |
|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <b>The utility has a system to accurately calculate, track, and report payroll tax liabilities.</b>             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <b>The utility is current on filing tax reports.</b>  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <b>The utility is current on making tax deposits.</b>   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <b>If there are any past tax liabilities, a repayment agreement has been signed and repayments are current.</b> |

**Tax Problems Comments:**

Payroll is completed using QuickBooks Pro, which calculates, tracks, and reports payroll tax. The City of Chignik is current in filing tax reports and deposits.

**Personnel System****Essential Indicators**

- | Yes                                 | No                       |  |
|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <b>The utility has a posted workers compensation insurance policy in effect.</b> |
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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 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 currently has workers compensation insurance coverage provided by the Alaska Municipal League Joint Insurance Association. There are job descriptions in place for some of the city employees but descriptions are needed for other city positions. Performance evaluations have not been established or put into place by the city staff, however, the mayor recently requested a sample evaluation, which RUBA provided. The city has adopted a Personnel Policy for the community that was revised by the city council on June 15, 1995. The council is now in the process of again revising that policy.

## 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 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 Clerk does much of the day to day utility management, with oversight by the mayor. The Deputy Clerk has bookkeeper experience and is responsible for the majority of city service billings. The city has three operators with certifications for Water Treatment OIT and Water Distribution OIT. The city staff is currently working on an organizational chart for the city.

## 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. |

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### 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 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 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 Bristol Bay Area Health Corporation (BBAHC) provides training money and encourages operators to continue professional growth. BBAHC sends a Remote Maintenance Worker (RMW) periodically to provide local training and support. City operators are taking part in AML/JIA's Loss Control Incentive Program, which brings operators together via teleconference each month for a safety meeting. The water utility is currently listed as a Significant Non-Complier because of low chlorine residuals in samples taken late last year. Removal from the SNC list could occur in June if there are no further violations.

**RUBA Activities for the Coming Quarter:**

RUBA staff will encourage and monitor progress on issues identified in the work plan, as well as the needed changes to the accounting system and a more convenient and easier to read format for the financial reports. Staff will assist, if requested, with a new bulk water rate for a commercial customer, and will follow up with the clerk on revised language for the collection policy regarding the disconnect process.

