

City of Akutan

Assessment of Management Capacity Indicators

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Introduction

The City of Akutan report was completed by Rural Utility Business Advisor program staff Roberta Eleazer. The report was completed with the voluntary assistance of the utility and based on information utility staff provided to the RUBA program. Specific documents provided by the utility staff are in the Anchorage regional office for viewing if requested.

The goal of the RUBA Program is to help small communities implement utility management practices that will improve the utility's ability to provide safe drinking water to their communities on a sustainable basis. The RUBA assessment evaluates essential and sustainable indicators necessary for the managerial and financial health of the utility. These indicators are organized under the following sections:

- Utility Finance
- Accounting Systems
- Tax Problems
- Personnel System
- Organizational Management
- Operation of Utility

Essential Indicators identify policies and practices that are critical to the short-term operation of a utility. **Sustainable Indicators** identify policies and practices that make a utility cost-effective to operate and increase the likelihood of long-term financial success.

The Essential Recommendations are limited to those items needed to meet deficient essential indicators. Only the essential indicators are required to be met under the grant conditions. The Sustainable Recommendations are intended to improve cost effectiveness and sustainability of the utility.

The city of Akutan is a second class city in the Aleutians East Borough and the utilities serve a population of 94. The Akutan airport is located on Akun Island, six miles away from village. For the last year, travel from the island to the city of Akutan, has meant taking a hovercraft. In February 2014, the hovercraft was replaced by a helicopter which accommodates six passengers and has an inflight time of six minutes from Akun to Akutan. The Aleutian borough has stated this is not a permanent solution as the helicopter will not be able to transport large freight items.

Water is supplied by a local stream and dam, originally constructed in 1927. Water is treated and piped into all homes. The city received \$1.8 million from Alaska Native Tribal Health Consortium (ANTHC) for repairing water and wastewater transmission lines and impoundment, and another \$90,000 from Village Safe Water for general repairs for FY14, which will be rolled over to FY15 and constructed the summer of 2015. The city additionally submitted an FY15 request to both Alaska senators requesting \$3.6M for a water system at the harbor and an upgrade to the water and wastewater system in the village.

Wastewater is piped to a community tank, with effluent discharge through an ocean outfall. Refuse is collected three times a week; a new landfill site and incinerator were recently completed.

The City of Akutan operates and manages the following utility services:

- Water
- Wastewater
- Electricity
- Landfill
- Garbage Haul
- Harbor / Dock
- Fuel Distribution

Capacity Indicators

On March 4, 2014, RUBA staff met with City of Akutan staff to complete a RUBA Assessment of Management Capacity Indicators. Anchorage and Akutan city staff provided documentation supporting the conclusions, in this report. Specific documents used in this report included:

- The City of Akutan FY14 budget and adopting ordinance 14-05
- Monthly financial reports from September and December 2013, March 2014
- City of Akutan statement of revenue and expenditures for water and wastewater fund December 31, 2013
- Akutan City Council special meeting minutes from November 2013 and January 2014
- Akutan City Council meeting minutes from December 2013
- Title 9 of the Akutan Code of Ordinances: Utilities
- Accounts payable reports; an aging report from February 2014
- Chart of Accounts for the general ledger
- Title 5, Chapter 5 of the Akutan Code of Ordinances: Purchasing
- A signed Authorization to request Federal Tax Information
- The Customer Confidence Report from 2012
- City of Akutan Organizational Chart
- State of Alaska Department of Environmental Conservation, Drinking Water Program, Significant Non-Complier List, January 2013.
- Alaska Certified Water/Wastewater Operator Database
- IRS response to Authorization for Federal Tax information request – March 2014

Utility Finance

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 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 a financial plan to purchase an adequate supply.

The utility is receiving revenues (user fees or other sources) sufficient to cover operating expenses.

Sustainable Indicators

- The utility is receiving revenues (user fees or other sources) sufficient to cover operating expenses and Repair and Replacement (R&R) costs.
- YTD revenues are at a level equal to or above those budgeted.
- YTD expenditures are at a level equal to or below those budgeted.
- A monthly manager's report is prepared.
- Budget amendments are completed and adopted as necessary.

The City of Akutan FY14 budget has the water/wastewater operating revenues at \$72,500 and the operating expenditures at \$72,500. It was adopted on June 18, 2013 with non-code ordinance 14-05. Currently year-to-date expenditures and revenues are near the budgeted amounts. The finance director provides monthly financial information to the city administrator and the council. Budget amendments are completed as necessary

Customers are not charged a monthly fee for water and wastewater; cable fees, diesel sales, and the general fund subsidize the water and wastewater enterprise.

The finance director is based in Anchorage and provides monthly financial statements that are submitted to the council. The monthly financial reports include a budget versus actual format and show the remaining amount for each enterprise.

Fuel is ordered every six months. The last delivery for 41,000 gallons of diesel was delivered March 9, 2014.

The utility is not receiving revenues sufficient to cover repair and replacement costs; however the new finance director has included \$10,000 in the draft of the FY15 budget for this account.

Accounting Systems

Essential Indicators

- | Yes | No | NA | |
|-------------------------------------|--------------------------|-------------------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | | The utility has adopted a collection policy and actively follows it. |
| <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" 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 tracks 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

- A chart of accounts is used that identifies categories in a reasonable, usable manner.
- Monthly bank reconciliations have been completed for all utility accounts.
- The utility has a purchasing system that requires approval prior to purchase, and the approval process compares proposed purchases to budgeted amounts.

The water and wastewater utility does not charge customers, but Title 9: Utilities, Chapter 20: Sewer and Water Utility, Section 450: Consequences of Non-payment of Service Charges is in the Akutan Code of Ordinances to address if the city chooses to begin charging for water and wastewater.

The city uses Assyst accounting software for all accounting and payroll transactions. There is an accounts receivable system in place for the cable, electricity, and harbor enterprises that the city manages, which subsidize the water utility. The city is also using the Assyst accounting software to process cash disbursements. The chart of accounts for both the Anchorage office and Akutan office show all assets, liabilities, revenue sources and expenses for the city. Assyst is also used to reconcile monthly bank statements. The Anchorage city office has direct control of the capital fund accounts and the Akutan city office has direct control of the general fund accounts.

Title 5, Chapter 5 of the Akutan Code of Ordinances contains the purchasing procedure and states the mayor or the mayor’s designee is the purchasing agent for the city.

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 federal and state tax reports.
<input checked="" type="checkbox"/>	<input type="checkbox"/>		The utility is current on making federal and state tax deposits.
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	If there are any past tax liabilities or tax liens filed, a payment agreement has been signed and repayments are current.

The city uses Assyst to accurately calculate, track and report payroll liabilities.

The Internal Revenue Service reports, as of March 9, 2014 the city is compliant with federal tax filing and deposits.

There is no record of a lien in Division of Community and Regional Affairs’ publication Nov-Dec 2013 Lien Watch Report.

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

The City of Akutan is a member of the Alaska Municipal League Joint Insurance Association, Inc. (AMLJIA) and has workers compensation current from July 1, 2013 to July 1, 2014.

Although the city currently has an employee handbook, a new employee handbook from AMLJIA is under review by the city.

There is not an active, scheduled practice of regular employee evaluation and feedback.

Employee training opportunities are provided as funding allows.

The city has requested examples of written operator job descriptions.

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 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.

Title 9: Utilities, Chapter 2: Sewer and Water Utility in the Akutan Code of Ordinances establishes the wastewater and water utility and the city accepts the ownership and maintains the utility.

The utility manager is the public works director and holds the office of mayor. The bookkeeper is the financial director and is based in Anchorage. The city clerk has been in her position since 2011 and the utility clerk was hired in 2013. Both clerks participated in an on-site clerks training in January 2014.

There are two operators employed by the city. One operator was previously certified in Small Water System Treated and Water Distribution Provisional which expired December 31, 2013. He is enrolled in the Introduction to Small Water Systems class April 14-18, 2014 in Anchorage to renew his certification. The other operator is certified in Water Distribution Provisional and Water Treatment Provisional that expire on December 31, 2016.

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 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>Consumer Confidence Report (CCR)</u> .
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility meets all required regulations (is not on the <u>Significant Non-Compliance (SNC)</u> list).
<input checked="" type="checkbox"/>	<input type="checkbox"/>	The utility maintains an inventory control list.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	The utility maintains a critical spare parts list.

As previously stated, in the Organizational Management section, there are two operators employed by the city.

The city has adopted the Operations and Maintenance Manual for the Water Treatment Plant from the Alaska Native Tribal Health Consortium dated September 2008. The lead operator routinely inspects the water treatment facilities according to the operations and maintenance manual.

The assistant administrator reported that the utility manager does not receive a monthly operations and maintenance report from the utility operator and does not routinely “spot check” the facility to see that maintenance is being completed. No record of safety meetings was provided. The utilities have not suffered any major problems or outages due to management issues that are still unresolved. The March report from the RMW reported that the water treatment plant was well cared for.

The CCR for 2012 was distributed and the RMW is facilitating the 2013 report.

The utility is listed on the January 2014 SNC list because winter weather cancelled flights to the city. In February 2014, Steve Evavold, Remote Maintenance Worker, Alaska Department of Environmental Conservation Operations Assistance Program, hand delivered the sample and will report results April first.

Essential Recommendations

The City of Akutan has met all of the essential capacity indicators.

Sustainable Recommendations

In addition to the Major Recommendations, the City of Akutan can work to improve Sustainable Indicators in the areas of “Utility Finance, Personnel System, Organizational Management and Operation of Utility”.

It is recommended that:

- Ensure utility fund is receiving (user fees or other sources) sufficient to cover operating expenses and Repair and Replacement (R & R) costs.
- Create written job descriptions for all positions.

- Require a written personnel evaluation process that ties the job description to the evaluation.
- Ensure operators provide a monthly O & M report from the utility operator and routinely “spot check” the facilities to see that the maintenance items are being completed.
- Hold and document regular safety meetings.
- Require the operator to provide status reports to the manager on a routine basis.
- Meet all required regulations for water/wastewater

Conclusion and Next Step

RUBA staff will continue to work closely with the City of Akutan staff, toward a goal of fulfilling all essential indicators on the RUBA assessment, as well as the sustainable indicators.

The City of Akutan staff was open and helpful with providing information to complete this assessment. They realize the importance of community health, financial stability, effective utility management practice and sustainability.

Cc: Tuna Scanlon, City Administrator, City of Akutan
Mary Tesche, Administrative Assistant, City of Akutan
Karen Vincler, City Clerk, City of Akutan
Steve Evevold, Remote Maintenance Worker, State of Alaska Department of Environmental Conservation
Elizabeth Manfred, RUBA Program Manager