

False Pass Activity Report

Community Overview

Lead RUBA Staff: Elizabeth Manfred, Anchorage Office

2002 Census Population: 79

Region: Aleutians

Local Government: Second Class City located within the Aleutians East Borough.



City provided services include piped water, electric, refuse collection, landfill, public safety office, volunteer fire, dock, airport (state contract), roads, community hall, youth center, boat haul-out, pet registration, driver’s licenses, and voter registration. The city also maintains the buildings housing the post office, library, and clinic.

Water is derived from a nearby spring and reservoir and is treated and stored in a 60,000-gallon tank. Most homes are connected to the piped water system. Almost 80% of the homes are fully plumbed. Many residents have individual septic tanks; wastewater from seafood processing flows directly into an ocean outfall line. Water system improvements and a new landfill are needed. The community is in compliance with DEC water regulations.

ANTHC is the lead agency to administer a DEC \$150,000 grant for a feasibility study to assess options for repair or replacement of the wastewater outfall and an evaluation of the water source to comply with the surface water treatment rule. The resolution and planning agreements were signed in October and the study is scheduled to begin in December 2003.

EDA approved an extension of the contract with Montgomery Watson Harza, who recently finished the design for the water improvement project, to include another \$52,000 for Construction Management Assistance on the project. They will provide oversight and inspection of the work as it progresses. EDA was the original funding source for the water improvement project with \$250,000 of which approximately \$100,000 has been spent for design and permitting. False Pass has an additional \$946,000 from VSW for construction of this project and will use force accounting in administering the construction.

The Alaska Energy Authority responded to a request for \$346,900 to upgrade the electric utility by offering a grant of \$264,700, and a loan for the remaining \$82,200. The project will replace the existing electric utility building with a smaller prefabricated module containing three generators. They will be able to match electric output with community demand.

RUBA Activity This Reporting Period

RUBA staff maintained contact via telephone, fax, and e-mail with the Mayor and City Clerk on various financial topics. The city drafted and adopted the FY04 budget, which identifies all revenues and expenditures for the utility system. Loss of state revenue sharing and lower fish taxes forced the city to make several budget cuts, including the loss of the travel and training budget for utility operators.

The city continues to use QuickBooks Pro efficiently for all city accounting. A monthly finance report is provided to the council and a copy is provided to RUBA staff.

The Mayor is seeking funding to provide the city’s cost of revamping some septic systems. Presently, severe rainstorms cause the septic systems to back up from groundwater influence. False Pass is conducting a feasibility study to upgrade the septic system and consider this a good time to seek funding.

The Mayor has also requested assistance in initiating the additional revenue sources of accommodation tax, alcohol tax, and an increased sales tax. RUBA staff provided a draft ordinance and outlined the election process necessary for adoption of requested taxes.

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 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 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: The FY04 utility budget correctly identifies revenues and expenses. The general funds continue to subsidize utility expenses. Monthly finance reports are generated using QuickBooks Pro and Excel.

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 Systems Comments: The city uses a customized version of the chart of accounts recommended by the Regulatory Commission of Alaska. Quick Books was adapted to provide a single invoice for all city services. The invoice and statements are generated monthly.

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 remains current on all 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 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.
- The utility has a probationary period for new hires that includes orientation, job-training/oversight, and evaluations.
- The utility provides training opportunities to staff as needed and available.

Personnel System Comments: The Mayor is still writing accurate job descriptions for all positions. He is working with RUBA staff to develop a personnel evaluation method that ties the job description to the evaluation. Letters of job acceptance will become a part of the hiring process and placed in personnel folders upon hire.

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

- The utility has adopted an organizational chart that reflects the current structure.
- The policy making body meets as required.
- The utility complies with the open meeting act for all meetings.

Organizational Management Comments: The Mayor is also the paid administrator for the city. He has a strong background in seafood plant maintenance, personnel supervision, and self-employment. He and the clerk received QuickBooks Pro training. The utility has two certified operators who actively seek training to maintain certification. The FY04 adopted budget eliminated all travel and training funds due to revenue shortfalls.

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 type="checkbox"/>	<input checked="" 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 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 checked="" type="checkbox"/>	<input 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 has two certified operators who are working to maintain their certification. Doug Abbas, VSW, is working with the operators to develop a preventative maintenance plan, inventory control list, and critical spare parts list.

RUBA Activities For The Coming Quarter

RUBA staff will continue to monitor the city’s use of the QuickBooks accounting system and cooperate with Doug Abbas in the development of a preventative maintenance plan for the utility. Ongoing assistance will be provided to the Mayor with budgeting and personnel issues. Using data provided from the first full year of QuickBooks input, a utility rate analysis will be completed and utility rates may be raised.