

Hydaburg Activity Report

Community Overview

Lead RUBA Staff: Gina Shirey-Potts, Juneau Office

2001 Population: 382

Region: Southeast

Local Governments: First Class City



The City of Hydaburg operates and manages the piped water & sewer system. The City Council is the policy making body for the utility.

The Hydaburg River provides water, which is treated and piped throughout the City. Piped gravity sewage is treated at a secondary treatment plant, with an 800' outfall to Sukkwaw Strait. Over 95% of all homes are plumbed. Funds have been requested to construct a new dam to increase the water supply. The City is exploring options to improve waste disposal. Alaska Power & Telephone Co., based in Skagway, owns and operates diesel power systems in Hydaburg and Craig, which provide electricity to many Prince of Wales Island communities.

RUBA Activity This Reporting Period

A new RUBA assessment was completed on March 6, 2003, to meet the special grant requirements of their VSW water conservation and optimization study. Although a separate document will be issued to meet the grant requirements, the findings of the new assessment are in this document.

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 type="checkbox"/> | <input checked="" 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. This was not in Johnny' table. |
| <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: The City of Hydaburg adopted their FY03 budget by ordinance on August 9, 2002. There is no detail to the budget, just broad categories. The budgeted revenue from the water, sewer, and

garbage utility is \$30,000. The budgeted expense from the Public Works-Water System Operations is \$30,676. There are no subcategories to this expense. The utility budget is not balanced since projected expenditures exceed projected revenues. If the projected revenues are compared to their FY01 audit, they appear to be fairly realistic. In the FY01 audit, the water and sewer fees generated \$77,689. This includes \$34,000 in-kind water, sewer, and garbage service to teacher housing. If the in-kind is subtracted from total revenues, the balance is \$43,689, which is about \$13,000 more than the budgeted revenues for FY03. It is difficult to tell whether the projected expenses appear to be realistic since in the FY01 audit, they are combined with teacher housing rentals. Monthly financial reports are prepared by the city clerk and submitted to the city council. The financial reports are just a listing of current balances in their grant funds and bank accounts. Revenues and expenditures are not reported, and there is not comparison to budgeted amounts. The City is not receiving revenues sufficient to cover operating expenses. In their FY01 audit, the City had a negative balance of \$98,114 in retained earnings at end of year for all proprietary fund types.

Accounting Systems

Essential Indicators

Yes	No	
<input type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" 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 has adopted a shut-off policy in ordinance, but appears to not be following it. The ordinance contains no other provisions for collections. The City Clerk sends out past due notices. The past due notices contain an itemized list of unpaid invoices and a request for the customer to contact the office to discuss what they plan to do to settle their account. No other collection action is mentioned in the letter. The utility customers are billed on a monthly basis. The City Clerk generates monthly bills from QuickBooks Pro 2001. The accounts receivable and accounts payable systems are also in QuickBooks. The City utilizes the payroll features in QuickBooks to calculate payroll and payroll tax reports. The utility uses a paper receipt book to record incoming money. The receipts are transferred to QuickBooks. The City uses the checking account program on QuickBooks for its cash disbursement system to record how money was spent.

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 uses QuickBooks Pro 2001 to calculate, track, and report payroll tax liabilities. The City Clerk reports that are current on filing tax reports and making tax deposits. The City Clerk reports that there are no past tax liabilities.

Personnel System

Essential Indicators

Yes	No	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility has a posted workers compensation insurance policy in effect.

Sustainable Indicators

- The utility has adopted and uses a Personnel Policy, which has been reviewed by an attorney, AML, or DCED for topics and language.
- The utility has adequate written job descriptions for all positions.
- The utility has adopted and follows a written personnel evaluation process that ties the job description to the evaluation.
- The utility has an adequate written hiring process.
- 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: In a letter dated February 18, 2003, to Mayor Dilts, the Alaska Municipal League/ Joint Insurance Association, Inc. (AML/JIA) notified the City of Hydaburg that their entire insurance coverage including workers’ compensation was canceled effective January 15, 2003, for non-payment. The letter also stated that the City owed AML/JIA \$13,950.62 for coverage from July 1, 2002, to January 15, 2003. On March 20th, the City Clerk faxed to Gina an insurance proposal from Dan Wood at AML/JIA dated March 17, 2003, stating that Hydaburg could receive pro-rated insurance coverage through the end of FY03 if they paid \$22,620. This includes a past due of \$12,560 and a prorated premium of \$10,060 for coverage from March 17th to July 1st. The policy takes effect on the date that payment is received in full. On April 4th, Gina spoke with Annette at AML/JIA. They received a payment of \$17,590 from the City on March 26th. With this payment, the City has rejoined the insurance pool and currently has insurance coverage from March 17th through June 30th. There is still an outstanding balance of \$5,030 on the prorated premium through June 30th.

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 type="checkbox"/>	<input checked="" type="checkbox"/>	The policy making body is active in policy making of the utility.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The policy making body enforces utility policy.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility has a adequately trained manager.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility has a adequately trained bookkeeper.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	The utility has a 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 City of Hydaburg owns and operates the water and sewer system. The City Council is the policy making body for the utility. The utility rates are not regularly reviewed. The FY03 budget was passed after the start of FY03. FY03 began July 1, 2002, and the FY03 budget was passed on August 9, 2002. The utility policies are not enforced. No current utility employees have attended any RUBA utility management classes. The City Clerk also acts as the City Treasurer. She is currently taking an online QuickBooks class from the University of

Southeast. The utility has adequately trained operators. The main operator is Level I certified for water treatment and water distribution. The back-up operator is OIT certified. The City has adopted the necessary ordinance to give it the authority to operate.

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 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 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.

Operation of Utility Comments: The operators have achieved the necessary certification to operate the utility. The main operator is Level I certified in water treatment and water distribution. The back-up operator is OIT certified in water treatment and water distribution. The City has a preventative maintenance plan available to them in their Operation and Maintenance Manual, but they are not formally following it.

RUBA Activities for the Coming Quarter

RUBA staff and the new City administration will work on setting goals for the last quarter of FY03.