

Kasaan Activity Report

Community Overview

Lead RUBA Staff: Nicole Grewe, Juneau Office

2003 Population: 55

Region: Southeast

Local Governments: 2nd Class City



The City of Kasaan operates and manages a piped water system. The city council is the policy making body for the utility. Water is derived from a water infiltration gallery (impoundment) at Linkum Creek, is treated, and piped to all homes in the core area. Homes use individual septic tanks and 95% are fully plumbed. A feasibility study to examine water and sewer service for a new 121-lot subdivision is underway under the auspices of Alaska Native Tribal Health Consortium (ANTHC). The City collects and deposits refuse weekly at the Thorne Bay landfill. Electricity is provided by Alaska Power and Telephone Company. Kasaan has an annual operating budget of approximately \$280,000. Kasaan is connected via gravel road to the Prince of Wales Island road system. As of 12/29/2003, the City has been operating under a "Boil Water Notice" due to a landslide that damaged the city's potable water system. Repairs to the water treatment plant and corresponding infrastructure have been completed. The City is currently involved with completing the necessary water quality testing to remove the Boil Water Notice.

RUBA Activity This Reporting Period

RUBA staff provided local government assistance via telephone and fax. Assistance included follow-up QuickBooks monitoring, support for increasing utility collection rates, and assistance to move the water treatment plant repair project forward.

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

The fiscal year started on July 1, 2004 and the FY05 budget was passed on August 25, 2004. The budget is balanced, but with carry forward money from FY04. All revenue and expenses are listed in the utility budget. Attending QuickBooks classes and on-site training have allowed the city clerk to submit regular monthly reports to the city council, which is an improvement from the past. The utility receives revenues sufficient to cover operating expenses; however, user fees (\$60 per month) do not completely cover operating costs causing the City of Kasaan to subsidize the service with other sources of funding. The City has increased water utility rates in an effort to foster a self-sufficient water utility. The City is not placing any funds in a repair and replacement fund. Year-to-date revenues and expenditures are relatively close to what was budgeted. A monthly manager's report is not prepared. The city clerk reports 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 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 council has adopted increased water utility and garbage service user fees an additional \$20.00 and \$10.00 per month respectively. The City has increased efforts to actively pursue past due utility accounts. The City is considering adopting and implementing a more aggressive collection policy that requires past-due customers to pay 10% of the past due amount in addition to their regular monthly payment. The City has been utilizing a Ketchikan collection agency to collect from delinquent accounts. Utility bills are sent out monthly. The City is currently using QuickBooks for their accounts receivable, accounts payable, and payroll. The City does not use a receipt book to write receipts for all payments, but they record all people who pay them so the city clerk can reconcile the cash box and deposit slips. The City uses QuickBooks for their cash disbursement system. The City has identified a chart of accounts. QuickBooks training and classes have allowed the city clerk to complete monthly bank reconciliation's for all utility accounts, which is an improvement from the past. The city clerk reports reconciling all bank accounts through November 2004. The City uses a purchase order system for large purchases only (greater than \$1,000).

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 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 checked="" type="checkbox"/>	<input 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 has insurance coverage through the Alaska Municipal League/Joint Insurance Association. The City has adopted a personnel policy, but it has only been reviewed by Commerce in the distant past and should be re-reviewed. The city clerk reports she will be seeking review in the near future. The City has job descriptions for all positions in the employee handbook. The City does not have a formal evaluation process, but the city clerk reports a regular bi-annual \$0.25 pay increase. The city clerk also reports the only time employees are contacted regarding performance is for poor performance and subsequent disciplinary action. The hiring process is documented in the City's codebook. There are personnel folders on every employee with the necessary documentation. The city clerk reports the City does not have a probationary period for new hires that includes systematic 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 type="checkbox"/>	<input checked="" 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 Kasaan owns and operates the water and sewer system. The city council is the policy making body for the utility. The city council is active in making policy. The city council has adopted increased utility rates. The city council enforces utility policy and notifies staff regarding extending credit to residents. The duties of the utility manager are split among different staff, making it difficult to evaluate a utility manager. The bookkeeper has no formal training other than what she has learned on the job. Previously the City contracted with an accounting firm in Ketchikan to keep their books. The operator is certified for Water Treatment I, Wastewater Collection OIT, and Wastewater Treatment OIT. Three other people in the city also hold water certifications. The City does not have a written organizational chart. The city council does meet as required and complies with the Open Meetings Act.

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>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 operators have achieved the necessary certification to operate the utility. The utility has a preventative maintenance plan that was provided with the installation of the water treatment plant. Since one person is not designated as the utility manager, the manager does not receive a monthly O&M report and does not spot check facilities. The utility has a safety manual, but does not hold meetings because there is currently only one operator. The City is on a boil water notice, but the notice is not necessarily tied to management-related issues. There was a landslide in their watershed during October 2003 that extensively damaged the utility. Before the landslide occurred, the utility was operating at the level of service that was proposed. The operator does not provide a status report on a routine basis. The utility has not completed a CCR since posting a boil water notice. The utility does not maintain an inventory control list or a critical spare parts list.

RUBA Activities For The Coming Quarter

Continue providing the following assistance: 1) monitor use of QuickBooks Pro for accounting needs; 2) provide Newly Elected Officials Training; 3) review and assist Code of Ordinance revisions; and 4) provide support for increasing collection rates.

