

Pilot Point Activity Report

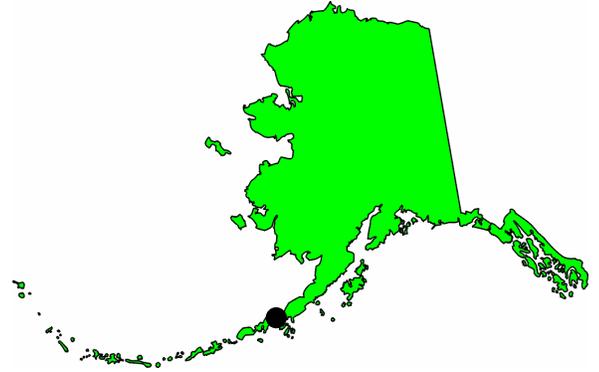
Community Overview

Lead RUBA Staff: John Nickels, Anchorage Office

2003 Population: 70

Region: Alaska Peninsula

Local Governments: 2nd Class City



Individual wells, cisterns, septic tanks and outhouses are used in Pilot Point. There is no central water or sewer system, but all occupied homes have complete plumbing. The City provides septic pumping services and maintains a sewage lagoon. Over half of homes are used only seasonally. Major improvements were recently funded. Wind strength is being monitored by three towers; plans are underway to install a wind turbine during the summer of 2002 to supplement electricity. A new landfill is nearing completion. Electricity is provided by Pilot Point Electrical.

RUBA Activity This Reporting Period

A VSW project was shut down last summer because the city did not meet essential indicators noted in a RUBA management assessment conducted in 2004. There was no response from the community to a RUBA workplan submitted to the city council in February 2005 which focused on the deficient indicators, and there were also unresolved site control issues regarding a proposed community drainfield. A city council member reports that the community has been responding to a number of issues locally involving new local leadership and resolution of various financial concerns. To clarify their progress and assist with those issues, a new RUBA assessment was requested. RUBA staff visited the community in May and conducted the assessment. The final assessment report is pending, and may differ slightly from the indicators shown here if further documentation is received.

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 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 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. |
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Sustainable Indicators

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|--------------------------|-------------------------------------|---|
| <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 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 has adopted a budget for FY06, however it is not balanced. A balanced budget for FY07 has been drafted, but an adopted copy has yet to be received by RUBA. Currently, financial reports consist of a check register and a profit and loss statement. The information is not broken out by enterprise or department and the budget is not included so it is very difficult to get an idea of the expenses and revenues involved with the various enterprises. Regarding the payment of utility bills, use of fuel by the electric utility and electricity by the city historically has not been accounted for. The city's fuel inventory currently is low and there is a significant amount still owed to the AEA for fuel purchased last year. The city has applied for a loan from RAFS which will have to be paid in addition to the past due amounts owed to the AEA. The city currently has an unusual amount of debt left by an earlier administration. While they are unable to pay it off immediately, it appears that with careful management sufficient revenues are available to pay off the debt and cover operating expenses. The city currently has no reserves, and it is unknown whether the city is receiving enough to fund a reserve account once the debt problem is resolved.

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 reconciliation's 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 Systems Comments:

A collection policy for the electric utility is located in Title 11 of the Code of Ordinances; however, the utility installed Power Stat electric meters for residential customers about a year ago. Past due amounts are being paid off by collecting 25% of each purchase, so there are no electric utility collections problems with residential customers, and the collection policy is largely unused with the pay-as-you-go Power Stat system. A policy adopted in 2004 dealing with fuel sales has some elements of a collection policy, but it is not complete. The city lacks a collection policy that applies to all utilities and services it provides, and lacks one for the sewer/ wastewater utility. Accounting functions that include billing, A/R and A/P, payroll, and cash receipt/ disbursement are all conducted using a Chart of Accounts, and QuickBooks 2005 accounting software. An A/R Aging Summary report shows a large amount of outstanding customer debt, about two thirds of it belonging to the electric utility. The city has not adopted written purchasing policies and procedures; however, an informal system exists. The city clerk does most of the purchasing, but gets council approval for purchases over \$200. In the past, budgets have not been used as part of the purchase approval process.

Tax Problems**Essential Indicators**

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

Tax Problems Comments:

The City utilizes the QuickBooks 2005 accounting program for all accounting functions, including calculating and tracking payroll liabilities. A past due balance owed to the IRS was reduced by the amount of penalties and some of the interest through negotiation. The city understands that the IRS has given them until October 2006 to pay the past due balance, after which a notice of federal tax lien will be filed. They intend to pay off the outstanding IRS balance with fish tax revenue when it becomes available late in the summer. Information provided by the IRS indicates liens already exist for several reporting periods, and that liens are pending for two other periods.

Personnel System**Essential Indicators**

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

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

Worker's Compensation Insurance for the period 7/1/05 through 7/1/06 is provided by JIA and the notice is posted in the city office. Title 7 of the Code of Ordinances contains a personnel policy, and includes a process for hiring, performance evaluation, and a probationary period. However, the policy does not contain job descriptions and is not followed regularly. Descriptions for the positions of clerk and treasurer have been created and approved, and other job descriptions are being written. The provisions for performance evaluations and the probationary period are not followed currently. The clerk has created and maintains complete personnel folders for each employee.

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 type="checkbox"/>	<input checked="" type="checkbox"/>	The utility has adopted the necessary ordinances (or rules and regulations) necessary to give it the authority to operate.

Sustainable Indicators

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|-------------------------------------|-------------------------------------|--|
| <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 Pilot Point is well known. The city council meets regularly and has been working to improve the city's management practices, including enforcement of utility policy, particularly in the area of collections. Power Stat meters are now being used to collect past due amounts for electric and to keep residential customers current by requiring them to pay in advance. Billing for fuel and other services occurs regularly with service withheld for those with delinquent accounts. An ordinance authorizing and setting out rules for operating the septic/ wastewater utility has not been adopted. City voters recently approved the question for changing to the manager form of government. A manager has yet to be hired, although an accountant has been hired on as-needed basis to assist the clerk. In the meantime, a council member has been acting as a part time administrator. The council has not chosen a mayor.

Operation of Utility**Essential Indicators**

- | Yes | No | |
|--------------------------|-------------------------------------|--|
| <input 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. This is being revised. |

Sustainable Indicators

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|-------------------------------------|-------------------------------------|---|
| <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 type="checkbox"/> | <input type="checkbox"/> | The utility has completed and distributed its <u>Consumer Confidence Report (CCR)</u> . |
| <input type="checkbox"/> | <input type="checkbox"/> | The utility is on the <u>Significant Non-Compliance (SNC)</u> 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 community has no public wastewater collection/treatment system. Residents use septic tanks with drain fields, and the sanitation utility is responsible for pumping out those septic tanks and disposing of the sludge. There has been no effort to certify the operator involved with this service because there is no requirement to be wastewater certified for this activity. There is no known preventative maintenance plan or critical spare parts list for the septic pumping equipment, nor is there a safety manual or safety meetings held. Since there is no public water system, CCR requirements and water regulations are not applicable. With the exception of a fuel inventory for the fuel sales enterprise, the clerk was unaware of any inventory control list for the city’s utilities.

RUBA Activities For The Coming Quarter

RUBA staff will complete the RUBA assessment report and continue contact with the city's acting administrator and clerk via email, telephone and fax. Assistance with those indicators needing correction will be offered. If requested, RUBA staff will assist with other local government issues.