

Rural Utility Business Advisor Program

RUBA Quarterly Report

July 1 - September 30, 2005
First Quarter FY06





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Rural Utility Business Advisor (RUBA) Program Activity Report July 1 – September 30, 2005

Scope of Report

This report summarizes the activities of the Department of Commerce, Community, and Economic Development (Commerce), Division of Community Advocacy (DCA) in regards to the Rural Utility Business Advisor (RUBA) Program. This document reports RUBA activities for the period of July 1 through September 30, 2005.

The report describes activities in two general areas. The first is program activity not specifically associated with direct community assistance. The second part of the report describes the status and activity of specific communities.

Major Issues

Staffing

Greg Gould resigned his position in the Anchorage Regional Office. He has taken a position as Training Officer with the Division of Emergency Management.

Graham Storey resigned his position as an LGS in the Juneau office effective July 8. At present, the recruitment period for a Local Government Specialist position has been extended.

John Nickels accepted the position of Local Government Specialist in the Anchorage office and started on July 16. John has served as Mayor, City Council Member, and Administrator for the City of False Pass. Other experiences in his background include commercial fishing, fish and game employee, and certified water operator.

Tammy Aga-Helms accepted the position of Local Government Specialist in the Anchorage office and started September 16. Tammy previously worked for the City of Larsen Bay (Kodiak Island) since 1991 as the water operator. She currently holds a Level 1 in Water Treatment and OIT in Water Distribution. Tammy also worked as the utility billing clerk and City Clerk/Treasurer for the past 12 years. While City Clerk/Treasurer, Larsen Bay participated in the RUBA sponsored QuickBooks Pro installation and training program and Tammy is proficient with this accounting method. She also helped set up the chart of accounts and company books for the Larsen Bay Tribal Council and trained their staff.

Resource Development Impact on Utility Services

RUBA staff from Dillingham, Kotzebue, Bethel, Fairbanks, and Anchorage attended statewide community meetings regarding the interest in major resource development. Resource development will have a strong impact on the local governance, fiscal support and infrastructure requirements of the surrounding communities. RUBA staff will continue to monitor community comments and provide support with utility planning needs.

Fuel Shortages Continue to be an Issue

Staff continued to work with many communities on fuel shortage issues. A significant number of communities are concerned that they do not have adequate financial resources to pay for fuel, or that the cost of fuel may require them to price the cost of utility services at a level that many customers can not afford. The Legislature responded to this crisis with a one-time Small Municipal Energy Assistance Program (SMEAP) available to incorporated communities and based on population. RUBA staff provided assistance in completing SMEAP applications and will monitor the program. A solution for the unincorporated rural communities has not yet been proposed.

Communities Allow Worker's Compensation to Lapse

Communities facing revenue shortfalls continue to allow Worker's Compensation Insurance to lapse in order to save money to meet payroll and other obligations. Rising insurance and fuel costs along with a decrease in state shared revenues resulted in communities making choices to cut operational expenditures with insurance as one of the first items cut. RUBA staff work with the utility administration and policy council to remind them that Workers' Compensation Insurance is required by state law, and that allowing the policy to lapse creates a huge liability for both the utility and the council members personally. Staff has assisted these communities in amending budgets and changing spending habits so that funds are available to pay for insurance.

Coordination/Communication

Regulatory Commission of Alaska: RUBA staff attended public work group meetings concerning potential regulatory changes for water and wastewater utilities. This public hearing covered two main areas: (1) a response to a request for allowing utilities to increase rates to include charges to create a reserve fund to amortize (or replace) contributed capital, and (2) to try to identify a standardized rate setting methodology for use by rural utilities. The public comment period on these issues has been extended through November. Staff will continue to monitor this issue and provide comments reflecting rural interests.

Department of Environmental Conservation: RUBA staff continued to coordinate with Department of Environmental Conservation (DEC) regulatory and Village Safe Water (VSW) staff regarding development of a business plan template with the specific focus of VSW funded utility projects. U.S. Environmental Protection Agency (EPA) had previously funded development of a generalized business plan template for rural Alaska utilities, which was released by RUBA in January 2004 and is being used as the base of a water/wastewater specific business plan.

Internal Revenue Service: Staff attended the Quarterly Rural Alaska Pilot Project (RAPP) meeting with the IRS and other agencies. This group is a successor of a past MOU between the IRS and the Department of Community and Regional Affairs. Activity during this quarter included amending the contacts and procedures for processing the Authorization to Release Federal Tax Information form. Staff was also contacted several times by various staff or parties with the Taxpayers Advocates office to let us know their role in the lien hold debt collection process.

Bristol Bay Partners Summit, Community Planning and Workplace Development Conference - King Salmon: RUBA staff and DCA Grants Administrators attended the Community Planning and Workplace Development conference in King Salmon September 26-28. The first day of the conference was intended to offer all communities information to help them progress in their planning and development process. Short presentations were allowed for villages to share their experiences and needs. An evening workshop was designed to present project funding information. The intent of the second day was to support communities in their efforts to access or develop jobs. Governor Murkowski and Commissioner Bill Noll addressed the conference. The third and final day provided communities with information to support them in developing projects that had been identified in their plans. Several communities from the region attended that have water and wastewater systems as their planning project.

Alaska Water/Wastewater Manager's Association - Sitka Presentation: Anchorage staff attended the annual AWWMA-SE Conference September 21-23 in Sitka. This event attracted approximately 75 of Southeast's water and wastewater utility staff for the exchange of the latest research and technical information. Attendees also had the opportunity to network with water and wastewater industry professionals from throughout the state and earn continuing education units toward maintaining certifications.

Alaska Rural Water Association – Anchorage Presentation: Anchorage staff was requested to present a training segment reference the Utility Management Training offered by RUBA. The RUBA Utility Management Training series is designed to develop new skills to meet the challenges of managing and operating sanitation utilities. Participation in the courses also provides points on VSW and/or SDS grant applications, three core CEUs for operator certification and two college credits with the University of Alaska.

Village Safe Water: Anchorage RUBA staff served on the VSW scoring committee for planning and capital improvement grants.

National Environmental Services Center Institute for Small Communities: Dillingham regional RUBA staff attended the Environmental Training Institute in Morgantown, West Virginia July 24-29, 2005. The conference offered information relevant and valuable to the RUBA program and rural Alaskan communities. Course were effectively presented and resembled much of the content and delivery methods of the RUBA Utility Management training series.

Sustainable Utilities Steering Committee Anchorage: RUBA staff attended the August meeting of the Sustainable Utilities Steering Committee. Representatives from the Governor's office, and other State and Federal agencies met to discuss rural fuel/distressed community issues, Regulatory Commission of Alaska rural rate study, Indian Environmental Grant Assistance Program, Denali Commission Pilot Competition to reward sustainability, innovation and efficiency, update of Council on Economic Policy for Rural Alaska and set a time and place for the Sustainable Utilities Work Group Retreat.

Denali Commission 2005 Sustainability Award: RUBA staff met with Denali Commission and Alaska Rural Water Association staff to determine a purpose, definition, and criteria for a 2005 Sustainability Award for Rural Utilities. The purpose of the award was determined to publicly recognize rural communities, organizations, and individuals for making sustainability an integral part of their operations and community development process. Basically communities nominated must be economically sustainable, have financial and operational costs that address the true cost of the systems and have set aside money in order to replace the utility when necessary. Seldovia, Ouzinkie, and Nikolaevsk all met the criteria and received an award.

Training Classes Presented

Utility Management Training Series – Financial Management for Rural Utilities

The Financial Management for Rural Utilities course was presented September 12-16 in Tok. The Tanana Chief's Conference Health Corporation and RUBA staff from Fairbanks Regional Office cosponsored this course. Course materials provide highlights of budgets, chart of accounts, rate setting, collections, financial reports and managerial reports. Twelve students from Arctic Village, Chalkyitsik, Tetlin, Birch Creek, Koyukuk, Minto, and Ruby attended and completed the training.

Akiachak Activity Report

Community Overview

Lead RUBA Staff: Ken Berlin, Bethel Office
 2003 Population: 633
 Region: Lower Kuskokwim
 Local Government: IRA Tribal Council



The Tribal Council operates the washeteria, water treatment plant, garbage collection, and the honey-bucket haul system. The Tribal Council is the policy making body for the utility. Construction of a piped water and gravity sewer system is still halted temporarily due to unmet grant conditions. A new well, water tank, water treatment plant and a road to the new lagoon have been completed. Currently, the school and teacher's housing are served by a piped system; most residents haul water from the community's watering point and IRA provides container haul (hoppers) for sewage.

RUBA Activity This Reporting Period

RUBA staff traveled to Akiachak and updated the RUBA assessment. All of the essential management capacity indicators are still being met. The collection rate is 82%. Accounting staff need more training on QuickBooks Pro. Water and sewer pipes are being worked on for 22 units. The Community is still on honeybuckets and three watering points.

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 checked="" type="checkbox"/> | <input 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 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 Tribe continues to subsidize the utility with funds from the BIA Grant and Clinic Lease with approximately \$33,000. The Youth and Elder Building and the Child Care Center also provide funds to the Container Haul System.

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 accounting system uses QuickBooks Pro financial software. The organization meets both the essential and sustainable capacity indicators. Collection rate is 82%. Accounts delinquent more than three months need to be dealt with by the Manager. Manager is working with a collection agency on this matter.

Tax Problems

Essential Indicators

- | Yes | No | |
|-------------------------------------|--------------------------|--|
| <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 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 community is still current with their tax liabilities.

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

Personnel System Comments:

None

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. |

Organizational Management Comments:

The Council is proactive in the water/sewer business. The utility manager is experienced and adequately trained. He worked for the Tribe as an accountant since 1989 and promoted to business manager on March 2004. The primary operator is certified and they sent the alternate operator to the OIT Program through YKHC for certification.

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 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 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 (CCR)</u> . |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility 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. |

Operation of Utility Comments:

The utility now meets the indicators since the appointment of a Utility Manager. The preventative maintenance plan for the present system is in place and a new preventative maintenance plan will be developed when the new system is in place.

RUBA Activities For The Coming Quarter

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