

Arctic Village Tribal Council

Assessment of Management Capacity Indicators

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Introduction

The Arctic Village report was completed by the Rural Utility Business Advisor Program (RUBA) as a requirement for a projected VSW grant-funded project. The report was completed with the voluntary assistance of the utility and based on information utility staff provided to the RUBA program.

The goal of the RUBA Program is to help small communities implement utility management practices that will improve the utility's ability to provide safe drinking water to their communities on a sustainable basis. The RUBA Assessment evaluates essential and sustainable indicators necessary for the managerial and financial health of the utility. These indicators are organized under the following sections:

- Utility Finance
- Accounting Systems
- Tax Problems
- Personnel System
- Organizational Management
- Operation of Utility

Essential Indicators identify policies and practices that are critical to the short-term operation of a utility. ***Sustainable Indicators*** identify policies and practices that make a utility cost-effective to operate and increase the likelihood of long-term financial success.

The Major Recommendations are limited to those items needed to meet deficient essential indicators. Only the essential indicators are required to be met under the grant conditions.

The Arctic Village operates and manages the following utility services:

- Water Utility
- Fuel Sale
- Electric Utility
- Propane

Capacity Indicators

On December 3, 2013, Local Government Specialist Brendan Smyth met with Arctic Village staff to complete a RUBA Assessment of Management Capacity Indicators. Village staff provided documentation supporting the conclusions in this report. Specific documents used in this report were copied and are located in the Fairbanks DCRA office.

Utility Finance

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 checked="" type="checkbox"/>	<input type="checkbox"/>	The utility is current 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 a financial plan to purchase an adequate supply.
<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 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.

Currently the utility does not have a budget in place, the village uses an accounting firm in Fairbanks and the firm does not currently have enough financial information to create a budget. The village accountant is completing a change over from QuickBooks to Financial Edge, stating Financial Edge will make generating reports easier. The utility does pay the water/wastewater electric bills for the washeteria, as it and the electric utility is owned by the Arctic Village Council. The village currently does not receive revenue to cover all operating expenses since they are paying off multiple fuel loans. Most of the revenue they receive goes to the fuel provider and the State of Alaska. Monthly manager reports are not being prepared, although the manager stated she would work on preparing written reports for each meeting.

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

The utility recently changed the way they collect funds for the multiple utilities they operate. The electric company uses the pre-pay AMPY card system to collect revenue regularly. The school is the only billed water utility customer. The accountant has an accounts receivable system that accurately tracks customers and reports past due accounts. The payroll system is correctly calculated by the village accountant in Fairbanks. The accounts payable system consist of, the village clerk submits a check request to the accountant for payment. The village and accountant have developed an adequate cash receipt and disbursement system. The accountants are still organizing the tribe's finances and creating a reasonable and usable chart of accounts. The accountants have been able to reconcile the bank accounts and have introduced a purchasing system that requires check requests be sent to Fairbanks after approval by the council.

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 federal and state tax reports.
<input checked="" type="checkbox"/>	<input type="checkbox"/>		The utility is current on making federal and state 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.

The utility accurately calculates, tracks, and reports payroll liabilities. They are current on their filing of federal and state tax reports. The utility is current in making federal and state tax deposits.

Personnel System

Essential Indicators

Yes No

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 DCCED 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.

The utility does not have workers' compensation insurance. RUBA staff discussed with village staff the importance of having workers' compensation insurance. The village council has a Personnel Policy that has been reviewed and is awaiting adoption by the village council. RUBA staff will review the meeting minutes when the policy is adopted. The utility does have written job descriptions for all the positions; however council needs to adopt a personnel evaluation process and a written hiring process. The utility keeps personnel files in their office that contain each employee's application, I-9, and letter of acceptance. They do not have a probationary period for new hires. The utility does provide training opportunities to the village employees.

Organizational Management

Essential Indicators

Yes No

- The entity that owns the utility is known and the entity that will operate the utility is set.**
- The policy making body is active in policy making of the utility.**
- The policy making body enforces utility policy.**
- The utility has an adequately trained manager.**
- The utility has an adequately trained bookkeeper.**
- The utility has an adequately trained operator(s).**
- The utility has adopted the necessary ordinances (or rules and regulations) necessary to give it the authority to operate.**
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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.

The utility needs to pass a bylaw stating they own and operate the water utility. The tribal council meets regularly and discusses utility issues; however they do not currently enforce all policies. The manager, bookkeeper, and operator are all adequately trained. The tribal council needs to adopt the necessary rules and regulation to have the authority to operate. The utility has adopted an organizational chart posted in their office. The policy making body meets regularly, since they are a tribe and not a city do not have to follow 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 type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>	The operator provides status reports to the manager on a routine basis.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility has completed and distributed its <u>Consumer Confidence Report</u> (CCR).
<input type="checkbox"/>	<input checked="" type="checkbox"/>	The utility meets all required regulations (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.

The utility has an operator who is currently certified. Village staff informed RUBA staff of plans for the operator to attend future training. The utility does not have a preventative maintenance plan in place, RUBA staff and the operator will coordinate with the RMW to talk about setting up a plan. The manager does not receive regular reports from the operator. They also do not have a safety manual or hold safety meetings. The utility had one major breakdown last year but have since hired a new operator and released the old operator who was responsible for the breakdown. The utility operates at the necessary level of service, the operator reports any issues to the manager as needed. The community has not completed a CCR report. The utility is on the October 2013 SNC list. RUBA staff suggested they get with the assigned RMW to complete an inventory and critical spare parts list for the utility.

Major Recommendations

Arctic Village has not met all of the essential capacity indicators. In order to meet them, the utility must take the following actions:

- Create and adopt a utility budget that list all revenue and expenses for the utility.
- Prepare and present monthly finance reports to the policy making body.
- Ensure the utility is receiving revenue sufficient to cover operating expenses.
- Secure a workers’ compensation insurance policy.
- Adopt the proper rules and regulations stating Arctic Village Council is the utility owner and has authorization to operate the water utility.
- Actively enforce utility policy.
- Adopt the necessary rules and regulations giving it the authority to operate the utility.
- Work with the Remote Maintenance Worker to adopt a preventative maintenance plan.

Conclusion and Next Step

In addition to the Major Recommendations, Arctic Village can work to improve Sustainable Indicators in the areas of “Utility Finance,” “Tax Problems,” “Personnel System,” “Organizational Management,” and “Operation of Utility.”

It is recommended that:

- Receive revenues sufficient to cover operating expenses and repair and replacement costs.
- Ensure Year-To-Date revenues are equal to or above those budgeted.
- Ensure Year-To-Date expenses are equal to or below those budgeted.
- Ensure a monthly managers report is prepared and presented at council meetings.
- Complete and adopt budget amendments as needed.
- Create a chart of accounts that is organized and identifies categories in a reasonable, useable manner.
- Adopt a Personnel Policy that includes probationary period for new hires.
- Complete written personnel evaluations that ties the job description to the evaluation.
- Adopt a written hiring process.
- Comply with the Open Meetings Act when discussing business that includes state funding
- Receive monthly Operations and Maintenance reports to keep up-to-date on the operation of the utility.
- Develop a safety manual and keep it in the utility workroom.
- Complete a Consumer Confidence Report for the water utility
- Meet all required regulations and be removed from ADEC’s SNC list.
- Work with the RMW to develop an inventory control list and a critical spare parts list.

By implementing the above recommendations, Arctic Village will put itself into position to better meet unanticipated financial costs and ensure that employees are aware of their conditions of employment.

Arctic Village staff was open and helpful with providing information to complete this assessment. They realize the importance of community health, financial stability, effective utility management practice and sustainability.

RUBA staff is available to provide assistance for any sustainable capacity indicators that are not being met.