

Chevak Activity Report

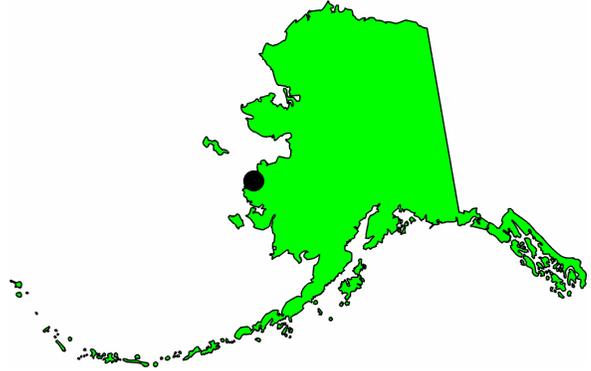
Community Overview

Lead RUBA Staff: Marita Hanson, Bethel Office

2003 Population: 884

Region: Yukon-Kuskokwim Delta

Local Governments: 2nd Class City



The City of Chevak operates the piped water and sewer system, the central watering point and the honeybucket haul. The City Council is the policy making body for the utility. Construction began in 1995 to provide piped water and sewer to homes and the school. Completed projects include a new landfill, a washeteria renovation, a new watering point, water treatment plant, a 150,000-gallon water storage tank, sewage lagoon, and a vacuum sewer plant. Water and sewer mains and household connections are completed. Currently they have 193 units on line. Most of the residents except one home are connected to water/sewer. Some homes still have rain catchment. The new school construction was completed in August 2003. The construction company connected the school and teacher housing to the water/sewer.

RUBA Activity This Reporting Period

On June 9, RUBA staff met with Yukon Kuskokwim Health Corporation-Rural Utility Cooperative (YKHC-RUC) staff in Bethel to complete an assessment of management capacity of the Chevak Water/Sewer Utilities. YKHC-RUC has signed a Memorandum of Agreement (MOA) with the city to provide maintenance and operations of the utility services. The MOA transfers the day-to-day operational control of the water/sewer system but not the ownership or title of assets. This report is based upon information and documentation provided by the RUC staff. As in the past, this quarter RUBA staff has kept in contact, working with this City throughout the quarter through phone and fax. The City continues to experience financial hardship. AVEC repayments continue as best as the City can keep up due to financial hardship. As for the IRS and Department of Labor tax problems, the administrator and council continue to make very slow and small efforts to resolve the problems. The City continues to keep as current as possible with deposits and Federal Quarterly reports. However, this quarter DOL levied the City bank accounts for the past due amount owed to them. This has left the City account in a zero balance and in jeopardy of being closed. The administrator is in contact with the bank manager and they are working to resolve this. The Administrator is also very busy putting together the FY07 Budget. Once completed he then will have to complete the City financial Statement and send both to Bill Rolfzen in Juneau by June 30th.

Capacity Indicators

Finances

- | 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 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. |
| <hr/> | | |
| <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:

Monthly finance and budget reports are prepared by RUC as two separate documents to the community on a monthly basis. The reports show the revenues and expenditures for Chevak and RUC administration. The finance report list expenses and revenues with columns for This Month, Last Month, and Year to Date but no budget amounts. A separate budget report only addresses the budgeted amounts and uses slightly different chart of accounts. RUBA staff recommended changes to the monthly finance report to incorporate budgets for comparison. RUC does not specifically have a line item in the chart of accounts (COA) for repair and replacement (R&R) funds, however, they do have funds for this purpose included in the annual operating budget. Most sanitation funding or regulatory agencies are recommending that utilities show R&R separately. The Sanitation Business Plan Template requires utilities to account R&R separately. The budget process begins with the RUC manager and accountant drafting a budget using the previous years actual and next year's projections. Future project plans are considered when making the projections. The budget is submitted for YKHC-RUC board approval. RUC provided a copy of the monthly statement from Alaska Village Electric Cooperative for the Chevak utility. RUC pays the utility electric statement promptly and completely each month. Fuel for the utilities is bulk purchased bi-annually. The operators in Chevak self-report fuel consumption for the utility. RUC has instigated fuel use efficiency and accountability practices that have substantially lowered the consumption and expenses in the community.

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 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 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 utility charges flat rates for residential customers. Combined bills for water and sewer (\$70/month) are mailed at the end of the month. Commercial rates are \$170 per month or \$.10/gal. Payments of money orders or checks only are sent to a lock box at Wells Fargo who then sends a list of payments daily to RUC. Payments of check, cash, money order or credit card may be paid at the RUC office in Bethel. A hand written receipt is issued at the time of payment. RUC also uses QuickBooks Pro for accounting purposes. Bills are sent at the end of every month. They are considered overdue if unpaid 20 days later. Thirty days after that, operators are given a list to place pink door hangers alerting the customer that service will be shut off in three days. RUC strictly enforces the three day notice for disconnection for non-payment. Payment plans are offered, however, the manager noted that many customers do not honor repayment plans. NSF checks are submitted to a collection agency. THE COA for the finance report and the budget do not match. It is recommended that one chart of accounts be used for both reports in a complete and understandable manner. Through the MOA, RUC has the authority to change customer rates. The manager and accountant make recommendations to the advisory board who vote support or non-support. The votes of support are then submitted to the YKHC Board of Directors for action. The utility has a written purchasing system. An operator places a purchase request to the manager who then submits the request to administration. Administration checks the budget prior to approval. Approving signatures required are based on the amount of the purchase requested. The higher the amount, the more signatures required.

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:

While the city of Chevak continues to have IRS difficulties, the YKHC-RUC does not. A signed Tax Information Release Authorization was provided by the YKHC-RUC as the utility is an enterprise system within the YKHC' tax payer Employee identification number. The IRS deemed YKHC is currently in compliance. The State Department of Labor office reports the YKHC in compliance at this time

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:

The utility has a posted worker's compensation insurance policy from Alaska National Insurance Company for the period of February 1, 2006 through February 1, 2007. The insurance covers all employees of RUC including the operators in Chevak. All RUC employees follow the YKHC adopted personnel policy. This policy was reviewed by an attorney. Employees are at-will hire. An evaluation is performed at 90 days and one year from hire. The blank evaluation form is attached to the position description and presented to the employee upon hire. All new hires attend a corporate orientation for 2 1/2 days in Bethel for instruction regarding company policies, procedures and department specific orientation. On-site training is also provided. Job openings are posted with job titles and duties in the village for at least a week if the manager deems expediency is necessary. Native and local hire are encouraged when possible. Applications are submitted to YKHC who completes the background and reference checks. The personnel policy also allows for temporary hires for short term projects. Training opportunities are provided to staff when money allows. YKHC, Office of Environmental Health operates the training program and presents four water/sewer related topics per year. The Remote Maintenance Worker also presents Continuing Education Unit modules on site.

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 type="checkbox"/> | <input checked="" type="checkbox"/> | The utility complies with the open meeting act for all meetings. |

Organizational Management Comments:

Chevak has signed a Memorandum of Agreement with YKHC-RUC to operate the utility. YKHC-RUC has an advisory board that meets three times a year to recommend policy and procedures via letters of support to the YKHC Board of Directors. The YKHC-RUC has authority to set rates and adopt ordinances, policies and procedures for the utility. The RUC Manager is very diligent in personally attending city council meetings of all RUC communities. Recently RUC hired a Certified Public Accountant as project manager. Mr. Tompkins is responsible to oversee the accounting procedures for all RUC communities. The YKHC finance department tracks and issues payroll. The utility employees John Atchak as an operator. He holds certificates for Water Distribution 2, Wastewater Treatment 1, and Wastewater Collection 1; all certificates are valid until 12/31/07. The system has received a certificate of public convenience from the Regulatory Commission of Alaska. The utility is not required to meet 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 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</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:

Copies of operator certification and preventative maintenance plan were submitted and are available upon request. Safety training is provided in conjunction with regularly scheduled operations training. The Chevak utility has not suffered any major problems /outages due to management issues. YKHC-RUC hires summer interns to complete the CCR reports. This summer an additional assignment to the intern project will be completion of an inventory control and critical spare parts list. RUC maintains a large spare parts inventory. With the stable labor force and frequent Remote Maintenance Worker on-site support, maintenance requirements are minimal.

RUBA Activities for the Coming Quarter:

RUBA continues to work with the City /RUC toward meeting the essentials. This is an on-going process involving, support via phone, fax, and on-site visits when necessary.