

Chignik Lake Activity Report

Community Overview

Lead RUBA Staff: John Nickels, Anchorage Office

2003 Population: 113

Region: Alaska Peninsula

Local Governments: Unincorporated



Well water is piped directly to 32 households. An old wood staved storage tank has been dismantled and a large steel storage tank has been constructed farther from the community, at a higher elevation and close to a series of new wells. As part of the project, a new water treatment facility will also be built. The school has its own well. Approximately 70% of the homes are plumbed. Fifteen HUD homes are connected to a central sewer system with a waste pump and lagoon; the remainder use individual septic systems. Funds have been provided by VSW to develop a water and sewer Master Plan. Refuse is disposed of by residents in the new landfill. Chignik Lake Electric Utility has been generating power only during the summer months and in winter, electricity was purchased from the School District. A power consolidation project is now nearly finished that will generate power year-round from the school district owned equipment, and be distributed to the community by Chignik Lake Electric.

RUBA Activity This Reporting Period

RUBA staff visited the community to perform a re-assessment of management capacity indicators in early August. Since the original assessment, the council has adopted a utility ordinance and work has begun on a realistic budget, however more work needs to be done and all essential indicators were not met. A sample budget was provided to community staff during the visit, and the assessment report was mailed to all council members. RUBA staff also has been in contact with staff from Chignik Lake, the RCA, AEA, Dept. of Revenue, and Lake & Pen School District in an effort to help the community become current with PCE and RCA reporting requirements so that PCE funding to the community can be restored. RUBA staff made a second site visit in September to accompany Del Conrad. Mr. Conrad presented information to the community concerning a fuel loan. RUBA staff worked with the Tribal Administrator on the annual PCE report while in the community.

Capacity Indicators

Finances

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 type="checkbox"/>	<input checked="" type="checkbox"/>	The utility is receiving revenues (user fees or other sources) sufficient to cover operating expenses.
<hr style="border: 1px solid red;"/>		
<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 checked="" type="checkbox"/>	<input 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:

QuickBooks Pro 2005 is used for the Village Council finances, however individual budgets for each of the utilities that include all expenses and revenues have yet to be set up by the Village Council staff. As a result, the data needed for monthly financial reports is not available. Without comprehensive budgets and monthly financial reports, it is difficult to know if the utility is receiving sufficient revenues to cover operating expenses, however it appears that they are not. Neither is it likely that there are revenues available for R&R costs, nor have R&R funds been budgeted for or set aside in the past. Similarly, YTD revenues, expenditures, and budget amendments are not yet available, but will be as budgets are developed and implemented using the QuickBooks program. A verbal report of management issues is given at council meetings and is recorded in hand written meeting minutes. The Administrator plans on beginning written quarterly reports to the Council soon.

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

The Village Council Administrator, who is responsible for accounting functions, utilizes QuickBooks Pro accounting software. The utility is billing its customers regularly, and a system to track receivables is in place. All bills are sent separately. There are significant amounts owed on many accounts to the utility, and it appears that steps to collect on these delinquent accounts have not been taken by the Council. A similar system for tracking accounts payable was not demonstrated and apparently is not used, however there is a system for recording cash transactions for both incoming cash, and cash disbursal. There is a Chart of Accounts, and the Administrator reports that monthly bank reconciliation's are being done, however there is no purchasing system in place that utilizes any prior approval or coordination with a budget. Supplies and parts are reportedly ordered by the operator as needed and billed to the Village Council without prior approval from the Administrator.

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 type="checkbox"/> | <input checked="" type="checkbox"/> | The utility is current on filing tax reports. |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility is current on making tax deposits. |
| <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 Village Council is current with federal reporting and tax payment requirements, however AK Dept. of Labor reports that the ESC report for the second quarter of 2005 has not been received, and that the community owes a significant amount of back taxes to the State.

Personnel System

Essential Indicators

- | | | |
|--------------------------|-------------------------------------|--|
| Yes | No | |
| <input type="checkbox"/> | <input checked="" 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 type="checkbox"/> | <input checked="" 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:

There was no worker's compensation insurance policy notice posted, nor could a current policy notice be located. It was unclear if a worker's compensation policy is in force for the community. While the community has adopted employee policies and procedures, including a hiring process, job descriptions, and performance evaluations, the Administrator reports that written performance evaluations are not done. Similarly, the adopted policies provide for a probationary period, but it did not appear that this portion of the policy was being followed. A sample employee evaluation form was provided to the Administrator by the RUBA staff for review. Employment recruitment is done within the community first, as hiring locally solves the housing problem. When the need arises and an opportunity is presented, employees are encouraged to attend job-related training.

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 type="checkbox"/> | <input checked="" type="checkbox"/> | The policy making body is active in policy making of the utility. |
| <input type="checkbox"/> | <input checked="" 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 Chignik Lake Village Council owns and operates the community's utilities; they meet regularly, and have demonstrated an interest and willingness to adopt the necessary policies and rules to operate them. In the area of utility rate collections, however, there appears to be a lack of policy enforcement by the Council, as there is a large amount of overdue customer debt to the utility. The administrator, who performs many of the day to day management tasks, as well as the clerk, have both received training in fulfilling requirements of the PCE program, however both positions would benefit from further training in utility management, and the QuickBooks program.

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 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 administrator reported that the operator for the water/sewer utility is OIT certified, however there is no preventative maintenance plan. The utility appears to be operating at a level of service acceptable to the community with the operator providing routine verbal status reports to the administrator. The current CCR has been completed, the utility is not on the current SNC list, nor has the utility suffered any major problems due to management. The utility would improve its operation if there were monthly written O&M reports from the operator, and lists for inventory and critical spare parts were maintained. Safety would be enhanced with regular safety meetings and the implementation of a safety manual. The RMW visits regularly and the Bristol Bay native Association provides technical assistance as needed.

RUBA Activities for the Coming Quarter:

RUBA staff will continue to provide assistance to the community staff as they work to improve the management of their utilities and become current with all reporting requirements of the RCA and DOL. A reassessment will be provided if requested.

