

City of Buckland

Assessment of Management Capacity Indicators

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Introduction

The City of Buckland report was by Rural Utility Business Advisor program staff Margaret Hansen as a requirement for a proposed grant-funded sanitation project. The report was completed with the voluntary assistance of the utility staff and based on information provided to the RUBA program. Specific documents provided by the utility staff are in the Kotzebue regional office regional office for viewing if requested.

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 Essential 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 Sustainable Recommendations are intended to improve cost effectiveness and sustainability of the utility.

The City of Buckland operates and manages the following utility services:

- Water
- Wastewater
- Washeteria
- Honeybucket haul
- Landfill
- Garbage haul

Capacity Indicators

On 1/7/2014, RUBA staff Margaret Hansen met with City of Buckland staff to complete a RUBA Assessment of Management. City of Buckland staff provided documentation supporting the conclusions in this report. Specific documents used in this report included:

- Business Plan
- Financial reports
- Budget
- Certified financial statement
- Minutes
- Collection policy
- Accounts receivable and payable
- Payroll records
- Tax reports
- Bank Reconiliations
- Personnel Policies
- Personnel files and certifications

Finances

Essential Indicators

Yes **No**

- | | | |
|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | All revenues 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 board. |
| <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 a financial plan to purchase an adequate supply. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility is receiving revenues (user fees or other sources) sufficient to cover operating expenses. |

Sustainable Indicators

Yes **No**

- | | | |
|--------------------------|-------------------------------------|---|
| <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) costs. |
|--------------------------|-------------------------------------|---|

- YTD revenues are at a level equal to or above those budgeted.
- YTD expenditures are at a level equal to or below those budgeted.
- A monthly manager's report is prepared.
- Budget amendments are completed and adopted as necessary.

All revenues and expenses for the utility are listed in the budget. In December, the city amended their budget to reflect the increase in revenues and expenses. Monthly financial reports are prepared and submitted to the policy making board. Copies of the financial reports were provided to RUBA staff. Water/wastewater electric bills are current and fuel is purchased as needed. Although they are receiving revenues equal to those budgeted and expenditures are at a level equal to those budgeted, they have not been able to save funds for major repair and replacement costs. The city administrator provides a written monthly report to the council. Budget amendments are completed and adopted as necessary.

Accounting Systems

Essential Indicators

Yes No

- The utility has adopted a collection policy and actively follows it.
- The utility bills customers on a regular basis.
- An accounts receivable system is in place which tracks customers and reports past due accounts and amounts.
- An accounts payable system is in place.
- The payroll system correctly calculates payroll and keeps records.
- A cash receipt system is in place that records incoming money and how it was spent.
- The utility has a cash disbursement system that records how money was spent.

Sustainable Indicators

Yes No

- A chart of accounts is used that identifies categories in a reasonable, usable manner.

- Monthly bank reconciliations have been completed for all utility accounts.
- The utility has a purchasing system that requires approval prior to purchase, and the approval process compares proposed purchases to budgeted amounts.

The city adopted new collection policies in 2011 before their new system came online and is actively follows it. Customers are billed monthly. The billing clerk provides the council an accounts receivable and payable report and they determine which homes if any will be disconnected per policy. The clerk uses QuickBooks to accurately calculates payroll, cash receipts and cash disbursements. The city has all systems in place to track customers, accounts payable, payroll, in coming cash, and cash disbursements which are kept current utilizing Quick books. When items need to be purchased, the clerk completes a check request for the administrator to approve. The administrator checks the latest finance report and any other outstanding purchase orders to determine that there is enough funds in the budgeted line item before approving. The budget items are used as their chart of accounts, which identifies the categories in a reasonable manner. Monthly bank reconciliations are completed.

Tax Problems

Essential Indicators

Yes No

- The utility has a system to accurately calculate, track, and report payroll tax liabilities.
- The utility is current on filing tax reports.
- The utility is current on making tax deposits.
- If there are any past due tax liabilities or recorded tax liens, a lien release has been issued or a repayment agreement has been signed and repayments are current.

The clerk uses QuickBooks to accurately report and pay all tax liabilities in a timely manner. The Internal Revenue Service and Department of Labor have deemed the City of Buckland compliant at this time. There are no tax liabilities per IRS tax report.

Personnel System

Essential Indicators

Yes No

- The utility has a posted workers compensation insurance policy in effect.

Sustainable Indicators

Yes **No**

- The utility has adopted and uses a Personnel Policy, which has been reviewed by an attorney, AML or Commerce 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 City of Buckland has workers compensation coverage, which was posted, showing coverage from July 2013 to June 2014. Personnel policies were reviewed by their attorney, and their personnel files job descriptions, evaluations and written hiring process followed. All employees had files that include the I-9, job application and acceptance letter. The utility provides training opportunities to staff as needed. Both the administrator and clerk completed a QuickBooks class, RUBA clerks class and RUBA financial management class within the last year. Job announcements are posted for at least two weeks for permanent hire, the administrator and council interviews applicants and hire based on merit. Once hired, the applicant fills out the appropriate forms, reviews the job description, reads through the personnel policy, and is placed on a three-month probation. Once the employee completes her probation, the administrator then does the probationary evaluation.

Organizational Management

Essential Indicators

Yes **No**

- The entity that owns the utility is known; 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 or operators.
- The utility has adopted the necessary ordinances (or rules and regulations) necessary to give it the authority to operate.

Sustainable Indicators

Yes No

- 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 city is the known entity that operates the utility who adopted the necessary ordinances to give it authority. In February the city had been an ARUC assisted utility but since has ended that agreement. The council and the public understand that they own and are responsible to operate and maintain all utility facilities. The council is active in enforcing policy who adopted the necessary ordinances to give it authority to operate who complies with the open meetings act for all meetings. They do have an organizational chart that shows their current structure. The council meets monthly enforcing policies, utilizing a trained manager and clerk who shares the bookkeeping tasks per their job descriptions. Both operators are certified.

Operation of Utility

Essential Indicators

Yes No

- The utility operator(s) are actively working towards necessary certification.
- The utility has a preventative maintenance plan developed for the existing sanitation facilities.

Sustainable Indicators

Yes No

- 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.
- The utility has a safety manual and holds safety meetings.
- Utility facilities have not suffered any major problems/outages due to management issues that are unresolved.

- The utility is operating at the level of service that was proposed.
- The operator provides status reports to the manager on a routine basis.
- The utility has completed and distributed its "Consumer Confidence Report".
- The utility is not on the "Significant Non-Complier" (SNC) list.
- The utility maintains an inventory control list.
- The utility maintains a critical spare parts list.

The utility is on the SNC list due to needed upgrades that is pending. The construction of new water source intake will begin this summer to be able to reduce DBP levels. Both operators are certified and attend all trainings that are offered to further their certification. They hold regular safety meeting and provide the administrator and council status reports operating at the level that was proposed maintaining an inventory and critical parts list.

Essential Recommendations

The City of Buckland has met all of the essential capacity indicators. The City of Buckland needs to diligently continue to operate in the efficient and effective manner that meets all essential capacity indicators.

Sustainable Recommendations

The City of Buckland has not met all of the sustainable capacity indicators. The City of Buckland can work to improve sustainable indicators as follows:

- Ensure the utility is receiving revenues (user fees or other sources sufficient to cover operating expenses and repair and replacement costs.
- Continue with proposed sanitation project in order to be removed from the "Significant Non-Complier" (SNC) list.

Conclusion and Next Step

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

The City of Buckland 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.

RUBA staff will continue to monitor the cities progress in meeting all essential and sustainable indicators working with the engineer as well.