

City of Mountain Village

Assessment of Management Capacity Indicators

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Introduction

The City of Mountain Village report was by Rural Utility Business Advisor program staff Ken Berlin 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 Bethel 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 Mountain Village operates and manages the following utility services:

- Piped water and sewer
- Landfill
- Garbage haul

Capacity Indicators

On 9/16/2014, RUBA staff Ken Berlin met with City of Mountain Village staff to complete a RUBA Assessment of Management. City of Mountain Village staff provided documentation supporting the conclusions in this report. Specific documents used in this report included:

- FY15 budget
- Monthly finance report for August 2014
- City council meeting minutes
- AVEC electric billings
- Fuel order from Vitus Marine
- Monthly managers reports August 2014
- Water and sewer ordinance/collection policy
- Water and sewer rate increase August 13, 2014
- FY13 CFS
- Chart of accounts
- Accounts receivables August 2014
- Accounts payables August 2014
- Copy of a billing statement
- Purchasing system
- IRS release form
- Copies of last 4 IRS and state DOL/ESC quarterly reports
- Workers compensation insurance AML/JIA
- Personnel policy
- Personnel file (spot check)
- Organization chart

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. |

- The utility has on hand a year's adequate fuel supply or it has a financial plan to purchase an adequate supply.
- The utility is receiving revenues (user fees or other sources) sufficient to cover operating expenses.

Sustainable Indicators

Yes No

- 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.

The city manager and finance director prepare and manage the City of Mountain Village's financial information. The FY15 budget is on file. Finance reports are current up to August 31, 2014 with the city council meeting minutes, dated September 9, 2014. Finance reports are QuickBooks Profit and Loss, Budget vs. Actuals. The AVEC electric billings have a credit balance as of 9/4/2014. The city ordered and received it's fall delivery 2014 and has adequate fuel supply to last until spring barge. The city does not have a repair and replacement account.

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 follows its collection policy and enforces it. The utility rates were raised on August 2014. The utility customers are billed on a monthly basis. Accounting system is in QuickBooks Pro. A chart of accounts, collection policy, accounts receivable and payables report, copy of a billing statement, and the purchasing system policy is on file. Monthly bank reconciliations are completed every month. A purchasing system is in place and used by administration and finance.

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 payroll system is all in QuickBooks. IRS confirmed non-compliance on 9/30/14, for a small balance due for the 941 2014/06. The city is working with IRS to correct this issue. State DOL verified compliance on September 17, 2014. No tax liens recorded on the July-August 2014 Lien Watch.

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 is insured by the Alaska Municipal League Joint Insurance Association, Inc. effective to July 2015. The city has a personnel policies and procedures handbook that was prepared by Alaska Municipal League Joint Insurance Association. The city has adequate written job descriptions and conducts written personnel evaluations. The city also has an adequate written hiring process. Personnel folders contain all required information. There is a probationary period for new hires and training opportunities to staff in encourage as funding is available.

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 of Mountain Village owns and operates the piped water and wastewater system. The city council is the policy making body for the utility. The city manager's position is vacant and job openings are posted, a temporary staff person was assigned. The finance director was hired in February 2014 and is experienced with QuickBooks. She is getting familiar with the city's finances and operations. The water and wastewater operator works full time and is adequately trained but not certified. The city has adopted a water utility ordinance that gives it the authority to operate, and it covers most of the aspects needed in a utility ordinance. Along with a collection policy, the ordinance includes policies on service area, level of service, customer agreements, the utility's responsibilities, the customers' responsibilities, billing procedures, shut-off procedures, and penalties for violating provisions of the ordinance. This ordinance was passed in 1989 and is being updated.

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 operators are trained but not certified to operate the current utility. The main operator is being trained and will attend classes in October to get certification. The alternate operator was certified in the past but needs to get recertified. AMLJIA holds monthly safety meetings with the city staff. The preventative maintenance plan, inventory control list and critical spare parts list are in the file. The July 2013 CCR report is not on file with DEC, but the YKHC/OEH had just send the CCR documents to the city and the city needs to certify and submit to DEC. The city is not on the July SNC listing.

Essential Recommendations

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

- Make all tax deposits achieve IRS compliance.
- Train a manager so they may adequately conduct their job duties .

Sustainable Recommendations

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

- Receiving revenues (user fees or other sources) sufficient to cover operating expenses and Repair & Replacement costs.
- Completed and distributed its "Consumer Confidence Report".

Conclusion and Next Step

By implementing the above recommendations, the City of Mountain Village 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 Mountain 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.