

Grayling Activity Report

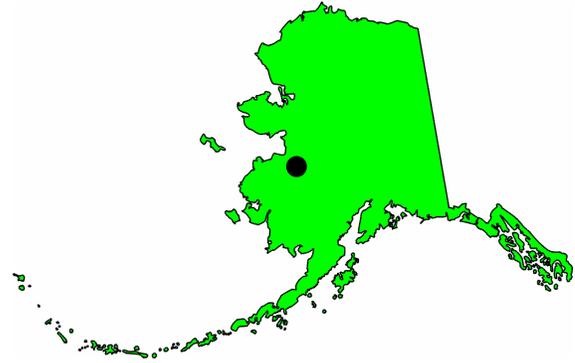
Community Overview

Lead RUBA Staff: Ken Berlin, Bethel Office

2003 Population: 171

Region: Yukon-Kuskokwim Delta

Local Governments: 2nd Class City



Water is derived from an infiltration gallery at Grayling Creek, treated, stored and piped throughout the community. All but three homes are connected to the piped water and sewer system. The remaining three have piped water. Grayling has recently upgraded the water treatment and plumbed 20 homes. A new landfill site has been funded.

RUBA Activity This Reporting Period

On June 9 Rural Utility Business Advisor (RUBA) staff met with Yukon Kuskokwim Health Corporation-Rural Utility Cooperative (YKHC-RUC) staff at their request to complete a management audit. Grayling has signed a Memorandum of Agreement (MOA) with RUC transferring the maintenance and operations of all water and sewer systems to RUC. Specific documents used in this report may be reviewed in the Bethel Regional Office.

Capacity Indicators

Finances

Essential Indicators

- | 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. |

Sustainable Indicators

- | | | |
|-------------------------------------|-------------------------------------|---|
| <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 type="checkbox"/> | <input checked="" 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 as two separate documents. The finance report does not list adopted budgets for comparison purposes. While both reports cover the same expenses and revenues, they use slightly different chart of accounts (COA). It is recommended that one COA be used and one financial report with the budget included be prepared. RUC does not specifically have a line item in the 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 and regulatory agencies recommend that utilities track R&R separately. The Sanitation Business Plan Template requires that utilities account for R&R separately. The budget process begins with the RUC Manager and Accountant drafting a budget using the previous year's actuals and the next year's projections. Future plans are considered when making the projections. The budget is submitted to the YKHC Board of Directors for approval. RUC provided a copy of the monthly statement from the Alaska Village Electric Cooperative for Grayling. RUC pays the utility electric bill promptly and completely each month. Fuel for the utility is purchased bi-annually. The operators self-report fuel consumption. RUC has instigated fuel use efficiency and accountability practices that have substantially lowered the consumption and expenses in the community. The May financial report shows that revenues received to date are approximately 38% of those budgeted.

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/mon) are mailed at the end of each month. Commercial cusotmers are either metered (\$.10/gal) or charged a flat rate (\$100/mon). Payments of money orders or checks only are sent to a lock box at Wells Fargo who submits a payment report to RUC daily. Payents of check, cash, money order or credit card may be made at the RUC Bethel office. A hand written receipt is issued at time of payment. RUC also used QuickBooks Pro for accounting purposes. Presently bills are sent at the end of each month. They are considered overdue if unpaid 20 days later. Thirty days after tha, the 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 with disconnection of service for non-payment. Payment plans are offered, however, the manager noted that many customers do not honor the payment plan. NSF checks are submitted to a collection agency. The chart of accounts (COA) for the finance and budget reports do not match. It is recommended that one chart of accounts be adopted and used for all accounting practices. Through the MOA, RUC has the authority to change customer rates. The manager and

accountant make recommendations to the advisory board who votes support or non-support of the request. A vote of support is 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 for the purchase are based upon the amount of purchase requested.

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 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:

A signed Tax Information Release Authorization was provided by the YKHC-RUC as the utility is an enterprise system included in the YKHC's tax payer EIN. The IRS deemed the taxpayer in compliance at this time. The State Department of Labor 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

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|-------------------------------------|--------------------------|--|
| <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 Grayling. All RUC employees follow the YKHC adopted personnel policy which 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. Native and local hire are encouraged. 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 classes per year. The Remote Maintenance Worker also presents CEU 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

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

Organizational Management Comments:

Grayling has signed a Memorandum of Agreement (MOA) with YKHC-RUC to operate the utility. The MOA was signed for two years with option for renewal. 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 Board of Directors has the authority to set rates and adopt policies, ordinances, and procedures for the Grayling utility. The RUC Manager is also diligent in personally attending city council meetings to present utility information. Recently RUC hired a Certified Public Accountant as project manager/accountant. Mr. Tompkins is responsible to oversee the accounting procedures for all RUC communities. YKHC finance department tracks and issues the payroll. Two certified operators live in Grayling. Edward Deacon is registered as Water Distribution OIT until 12/31/06. Dennis West is registered as Water Distribution OIT until 12/31/08. 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

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|-------------------------------------|-------------------------------------|---|
| <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 (CCR)</u> . |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | The utility is not on the <u>Significant Non-Compliance (SNC)</u> 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 the preventative maintenance plan were submitted and are available in the Bethel Regional office. Safety training is provided in conjunction with regularly scheduled operations training. Grayling utility has not suffered any major problems/outages due to management issues. A recent change in regulations caught the operators unaware resulting in being added to the SNC list after a long spell of being compliant. The manager is confident that they will return to compliant status shortly. The last Stage 1 violation occurred in February 2006. The system must have 12 months with no violations to return to compliance. A summer intern will complete an inventory and critical spare parts list. The utility has a large amount of inventory and critical spare parts on hand. With the stable labor force and frequent Remote Maintenance Worker on-site support, maintenance requirements are minimal.

RUBA Activities For The Coming Quarter

Monitor RUC reports and provide assistance when requested.

