

Gulkana Village Council

Assessment of Management Capacity Indicators

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February 17, 2015

Introduction

The Gulkana report was completed by Rural Utility Business Advisor program staff Roberta Eleazer. 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 Anchorage 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 Village of Gulkana Council operates and manages the following utility services:

- Level II water treatment and distribution system
- Piped sewage system

Gulkana, an unincorporated community of 117 residents, is located on the east bank of the Gulkana River at its confluence with the Copper River. It lies at mile 127 of the Richardson Highway, 14 miles north of Glennallen. Gulkana village has a Class 2 water treatment plant utilizing a MIEX treatment system. The system reduces disinfection by-product (DBP) levels and allows the village to meet federal drinking water quality standards for DBPs. The system has been in operation since July, 2013 and services a total of 42 customers. A community septic tank treats wastewater. Individual septic tanks are also used by a few residences. Permafrost and high water tables are problematic in this region. Copper Basin Sanitation provides refuse collection, using the Glennallen landfill. The sanitation company supplies three dumpsters that are emptied once per week. Electricity is provided by Copper Valley Electric Association.

Capacity Indicators

On October 15, 2014, RUBA staff Roberta Eleazer met with Gulkana staff to complete a RUBA Assessment of Management. Village staff provided documentation supporting the conclusions in this report. Specific documents used in this report included:

- FY14 and FY15 Gulkana Village Council budget
- Gulkana Village A/R Aging Summary, February 13, 2015
- Gulkana Village Council Water and Sewer Cash Basis Budget Summary, February 13, 2015
- Gulkana Village Council Water and Sewer Budget vs. Actual, October 14, February 15, 2015
- Gulkana Village Council Reconciliation Summary, January 31, 2015
- Tribal Administrator report, January 26, 2014
- Gulkana Village Council grants and programs balance sheet, December 31, 2014
- Gulkana Village Council general meeting agenda, November 2014 through January 2015
- Tax clearance from IRS and Alaska Department of Labor and Workforce Development Fourth quarter 941, 2014
- Copper Valley Electric current billing information, February 13, 2015
- Resolution 14-09 Water/Wastewater Collection Fee Schedule Adoption
- Resolution 14-23 Requesting Planning Project Funding through the State of Alaska, Village Safe Water Program
- Gulkana Village Council elder water invoice
- Gulkana Village Council personnel policies
- Gulkana Village Council employee performance appraisal form
- Gulkana Village Council utility ordinance
- Gulkana Village Council utility employee job descriptions
- Alaska Department of Environmental Conservation system classification and operator certification data
- State of Alaska, Department of Labor and Workforce Development, notice for workers' compensation insurance coverage
- Gulkana Village Council organizational chart

Utility Finance

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 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

<input checked="" type="checkbox"/>	<input type="checkbox"/>	The utility is receiving revenues (user fees or other sources) sufficient to cover operating expenses and Repair and 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.

The Gulkana Village Council fiscal year runs from October 1 to September 30 and the village adopted its FY15 budget timely by non-code ordinance. All revenue and expenses are listed on the utility budget. Gulkana is tracking revenue and expenses for the development of a balanced FY15 budget. The community revenue fund previously subsidized the utility at \$20,000 per year; this amount has been reduced by 50 percent in the FY15 budget. Monthly

financial reports are included in the council agenda and minutes. As of July 1, 2014, monthly utility rates were increased to meet expenses. Electricity is provided by Copper Valley Electric Association and the account is current. Crowley Petroleum Distribution supplies heating oil and propane to residents and commercial business year round in Glennallen and the Copper River Valley. The 2015 budget lists an uncategorized expense which the bookkeeper stated was the utilities repair and replacement account. Revenues and expenses are at a level equal to those budgeted. The administrator prepares a monthly management report for the council. Budget amendments are completed and adopted as necessary.

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 tracks 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 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 reconciliations 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.

The Gulkana Village Council adopted a utility ordinance in June 2000 that includes a collections policy. The village council adopted the current water and wastewater collection fee schedule in 2014. The new rate schedule is based on an 80 percent collection rate and a \$100 residential rate. Prior to 2014, the collection rate was very low and council members are formulating a policy to collect past-due accounts. RUBA staff suggested garnishing customers' Permanent Fund Dividends in October 2015. Utility bills are sent to residents monthly on a regular cycle. Gulkana is using internet billing, after having customers sign an agreement. In July 2014, the utility had a 100 percent collection rate. Accounting systems are in place; Gulkana bookkeeping staff use QuickBooks and are confident in its use. Oversight and controls for purchases are well developed. Disbursement systems have council oversight with checks requiring two signatures. Decision making related to disbursement in excess of budgeted amounts is determined by the decision making body. A chart of accounts from the village QuickBooks software was provided during the RUBA assessment. Bank account statements and reconciliations for January 31, 2014 were provided for this report. Village ordinances have written purchasing procedures that require prior approval by the village administrator and the council. A listing of cash payments was provided.

Tax Problems

Essential Indicators

Yes	No	NA	
<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 federal and state tax reports.
<input checked="" type="checkbox"/>	<input type="checkbox"/>		The utility is current on making federal and state tax deposits.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	If there are any past tax liabilities or tax liens filed, a payment agreement has been signed and repayments are current.

The Gulkana Village Council bookkeeper use QuickBooks to accurately calculate and track payroll tax liabilities. A December 2014 correspondence from Alaska Department of Labor and Workforce Development in Anchorage indicated the village is compliant with all its payments and reporting requirements and the Anchorage Internal Revenue Service office indicated the village has no delinquent federal tax balances or late informational reports. The village is not listed on the most recent lien watch.

Personnel System

Essential Indicators

Yes No

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

Sustainable Indicators

- The utility has adopted and uses a personnel policy, which has been reviewed by an attorney, AML, or DCCED 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.

Gulkana Village Council is insured by Alaska National Insurance Company. The Alaska Department of Labor and Workforce Development website indicated that the village has a valid workers' compensation policy. Proof of coverage is posted as required. The community's adopted personnel policy is comprehensive. The policy has an adequate written hiring process, gives employees a 90-day probationary period, and addresses job postings, orientation, job training/oversight, the work week, termination, resignations, and evaluations. Employees receive paid leave and paid holidays. Job descriptions are maintained for all positions. Personnel folders contain I-9s, job applications, and letters of acceptance. New hires have a six-month probationary period. Employee training opportunities are provided within budgetary constraints, although the staff at the council office have been employed for years and are highly experienced. According to the personnel policies, a performance evaluation report is required from an employee's immediate supervisor annually from their date of hire. A performance evaluation shall also be rendered upon the completion of the three-month probationary period.

Organizational Management

Essential Indicators

Yes No

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

- 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.

Chapter 1 of the Gulkana Village Council Code of Ordinance makes clear that the village owns, operates, and manages the village sanitation services. General meeting minutes dated November 14 through January 2015 indicate the village council is active in the policy making of the utility and in enforcing those policies. According to the report, the village is continuously working to increase the collection rate. The Gulkana Village Council meets monthly, with an occasional exception based on council member availability due to travel and subsistence activity. The tribal administrator serves as the utility manager, handling day-to-day management decisions and relaying a monthly report from the operator to the council. The bookkeeper handles utility finances, and is well-qualified and organized. The water utility does not currently employ a Level II operator. The primary operator has a Level I

certification and the backup operator holds no certification. The resignation of the Level II certified operator has caused numerous monitoring and reporting violations in 2014. The manager is currently working with the newly assigned remote maintenance worker to address these issues. An organization chart has been developed for the village and is included in the Anchorage file. The policy making board meets as required and complies with the Open Meetings Act for all meetings.

Operation of Utility

Essential Indicators

Yes No

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|-------------------------------------|-------------------------------------|--|
| <input checked="" type="checkbox"/> | <input checked="" 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. |
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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 type="checkbox"/> | <input checked="" 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>Consumer Confidence Report (CCR)</u> . |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility meets all required regulations (is not on the <u>Significant Non-Compliance (SNC)</u> list). |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility maintains an inventory control list. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The utility maintains a critical spare parts list. |

The water operator has a Water Treatment 1 certificate that expires on December 31, 2016 and a Water Distribution Provisional due to expire December 31, 2017. The backup operator does not hold any certification. The village has a written preventative maintenance plan; however, the performance of the plan and record keeping are not consistent. The utility has had numerous monitoring and reporting violations during the past year according to the Department of Environmental Conservation. The tribal administrator is currently working with the newly assigned remote maintenance worker to address these issues. Copies of the 2013 Consumer Confidence Report (CCR), and a certification form signed by the tribal administrator indicate the CCR has been distributed by mail to the community. Both are electronically filed at the Anchorage regional RUBA office. The Gulkana water system is not listed on the current Significant Non-Complier (SNC) list. Inventory control and critical spare parts lists are on hand.

Essential Recommendations

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

- The utility has an adequately trained operator(s).
 - The utility operator(s) are actively working towards necessary certification.
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Sustainable Recommendations

In addition to the Essential Recommendations, the Gulkana Village Council can work to improve Sustainable Indicators in the areas of “Utility Finance,” “Personnel System,” “Organizational Management,” and “Operation of Utility.”

It is recommended that:

- The operator provides status reports to the manager on a routine basis

Conclusion and Next Step

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

The Gulkana Village Council 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.