

Holy Cross Activity Report

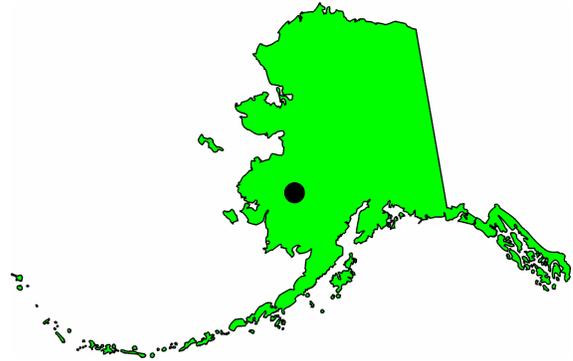
Community Overview

Lead RUBA Staff: Ken Berlin, Bethel Office

2003 Population: 205

Region: Yukon-Kuskokwim Delta

Local Governments: 2nd Class City



Water is derived from a deep well and is treated. A new backup well, new pump house and water treatment facility have been completed. Seventy-one households and the school are connected to the piped water and sewer system. A number of residents in the community still haul water from the washeteria and use honeybuckets or outhouses. A Master Plan is underway to examine and engineer expansion of the system. Landfill improvements are needed.

RUBA Activity This Reporting Period

On June 9, Rural Utility Business Advisors (RUBA) staff met with Yukon Kuskokwim Health Corporation-Rural Utility Cooperative (YKHC-RUC) staff to complete an assessment of management capacity indicators as requested by YKHC-RUC. Holy Cross has signed a Memorandum of Agreement (MOA) with RUC transferring maintenance and operations of all water and wastewater services 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 checked="" type="checkbox"/> | <input 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 checked="" type="checkbox"/> | <input type="checkbox"/> | Budget amendments are completed and adopted as necessary. |

Finances Comments:

Monthly finance and budget reports are prepared by RUC as two separate documents and provided to Holy Cross monthly. The financial report shows the revenues and expenditures and the budget report shows the adopted budget. The reports use slightly different chart of accounts (COA). RUBA recommended changing the monthly finance report to incorporate the budgeted amounts for comparison. 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 utilities account for R&R funds separately. The budget process begins with the RUC Manager and Accountant drafting a budget using the previous years actual and next year's projections. Future projects or plans are considered when making the projections. The budget is submitted for YKHC-RUC board approval. RUC provided a copy of the monthly statement from Alaska Village Electric Cooperative for Holy Cross utility. RUC pays the utility electric statement promptly and completely each month. Fuel for the utilities is purchased bi-annually. The operators in Holy Cross self-report fuel consumption. RUC has instigated fuel use efficiency and accountability practices that have substantially reduced the consumption and expense for fuel. Regulatory testing expenses are not accounted for in the monthly finance reports. Also the travel and per diem year to date is several times more than the budgeted amount.

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 customers are either \$100/mon or metered \$.10/gallon. Payments of money orders or checks are sent to a lock box at Wells Fargo who sends a list of payments daily to RUC. Payments of check, cash, money order or credit card may be made at the Bethel RUC office. A hand written receipt is issued there. RUC also uses QuickBooks Pro for accounting purposes. Bills are sent at the end of every month. They are considered overdue if unpaid 20 days later. Thirty days after that, 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 disconnection for non-payment. Payment plans are offered, however, the manager noted that many non-payment plans are not honored. NSF checks are submitted to a collection agency. The Chart of Accounts (COA) for the finance report and the budget do not match. It is recommended that one chart of accounts be used for both in a complete and understandable manner. 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 sent on to the YKHC Board of Directors for action. The utility has a written purchasing system. An operator places a 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 on the amount of the purchase requested. The higher the amount, the more signatures are 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 YKHC-RUC as the utility is an enterprise system included in the YKHC's tax payer EIN. The IRS deemed the taxpayer compliant at this time. The State Department of Labor reports that YKHC is compliant 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 Holy Cross. 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 if the manager deems expediency necessary. Native and local hire are encouraged when possible. Applications are submitted to YKHC who completes the background and reference checks. The personnel policy also allows for temporary hire 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 water/sewer related 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 checked="" type="checkbox"/> | The utility complies with the open meeting act for all meetings. |

Organizational Management Comments:

Holy Cross has signed a Memorandum of Agreement (MOA) with YKHC-RUC to operate the utility. 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 YKHC Board of Directors has the authority to set rates, ordinances, policies and procedures for the Holy Cross utility. The RUC Manager is also very diligent in personally attending city council meetings to report on the utility. Four certified operators live in Holy Cross. Matthew Burkett and James Wade are certified as Water Distribution OIT and Water Treatment OIT. David Walker is certified for Water Distribution 1. Bruce Werba holds certificate for Water Treatment 1, Wastewater Treatment 1, Water Distribution 1 and Wastewater Collection 1. 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</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:

Copies of operator certification and preventative maintenance plan were submitted and are available at the Bethel Regional Office. Safety training is provided in conjunction with regularly scheduled operations training. The Holy Cross utility has not suffered any major problems/outages due to management issues. YKHC-RUC hires summer interns to complete the CCR reports. This summer an additional assignment will be to complete inventory control and critical spare parts lists. The utility has a large amount of inventory and critical spare parts on hand and has not suffered any loss of service due to lack of parts. With the stable work force and frequent Remote Maintenance Worker on site support, maintenance requirements are minimal.

RUBA Activities For The Coming Quarter

Continue to monitor RUC reports and provide assistance as requested.