

# Native Village of Kwigillingok

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## Assessment of Management Capacity Indicators

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# Introduction

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The Native Village of Kwigillingok report was completed 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 Native Village of Kwigillingok operates and manages the following utility services:

- CoWater flush and haul
- Washeteria
- Water treatment plant
- Sewage lagoon
- Manmade lake for water source
- Landfill

# Capacity Indicators

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On 11/26/2014, RUBA staff Ken Berlin met with Native Village of Kwigillingok staff to complete a RUBA Assessment of Management. Native Village of Kwigillingok staff provided documentation supporting the conclusions in this report. Specific documents used in this report included:

- CY14 budget
- Monthly finance report for September 2014
- Current electric billings
- Water and sewer revenues vs expenditures
- Collection policy and enforcement
- Accounts receivables
- Chart of accounts
- Purchasing system
- IRS tax release dated October 9, 2014
- State DOL/ESC September 2014
- Workers compensation insurance coverage certificate
- Meeting minutes dated October 15, 2014
- Utility operator certificates
- CCR
- SNC July 2014

## 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**

- 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 balanced CY14 budget is on file. The finance reports are up-to- date to January-August 2014 with meeting minutes. The September 2014 finance report is on file but no meeting minutes. The utility's electric billing statements are current to September 30, 2014. Fuel is bought from a local vendor. The new washeteria is subsidized from general fund accounts, mainly from equipment rental. The flush haul system is currently self sustaining. A new water treatment plant was completed and conveyed to the Kwigillingok IRA Council. The flush and haul rates were recently raised to cover operation and maintenance costs. A business plan is being created for the new water treatment plant and washeteria. The utility does not have an Repair and Replacement account. A manager's report is given orally to the Kwigillingok IRA Council during their monthly meeting.

## **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.

Kwigillingok IRA Council has a collection policy which was updated and revised on October 15, 2014. As of November 2014 there are 91 CoWater units and about 4 honeybucket units. The honeybucket users are not charged at this time. The school has it's own water source but uses the tribes sewer lagoon. The school is not charged for the use of the sewer lagoon. Customers are billed every month. Accounts receivables, accounts payables, payroll system, cash receipts and cash disbursement system are computerized in QuickBooks Pro 2014. The flush haul system is managed by the Kwigillingok IRA Council and the Kwigillingok Power Company is managed by an advisory board under the Kwigillingok IRA Council and has it's own manager and bookkeeper. The utility is managed by the tribal administrator. A chart of accounts is on file. Accounts are reconciled every month. A purchase order system is in place.

### **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 reporting system is all in QuickBooks Pro 2014. The IRS confirmed compliance on October 9, 2014. Alaska Department of Labor and Workforce Development reported that Kwigillingok has filed all required employment security reports on September 17, 2014. July-August 2014 Lien Watch indicates no liens against the community.

## 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.

Kwigillingok IRA workers compensation insurance coverage is valid 5/29/14 to 5/29/15 with Alaska National Insurance Company. The Bethel regional office has a copy of the personnel policy, which includes job descriptions. This personnel policy is currently being updated. All staff are evaluated each year. The utility's director emphasized that the operators are on a performance based evaluation and their hours are based on their workload. The utility personnel files are complete and contain I-9s. The personnel policy contains provisions for an employee probation period, which is followed. When training opportunities become available for employees, staff are allowed to attend when funds are available to cover travel costs.

## 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 utility is operated by the Kwigillingok IRA Council. The council meets regularly each month and is active in policy making for the utility. The council complies with the Open Meetings Act for each regular meeting they hold. The meetings are posted three days in advance with written flyers throughout the community. The utility manager (tribal administrator) for the Kwigillingok IRA Council was hired in mid 2013. The bookkeeper has been working for the IRA Council since 2004. The water treatment operator was hired recently and is currently being trained on the job by ANTHC. The water operator is certified Water Treatment Provisional, Oil Fired Heating System Fundamentals and Water Treatment Plant Operator Program at AVTEC, Small Water System, Treated, and just completed a Small Water System Treated and Water Treatment Provisional training session to get certification in mid November 2014. The bookkeeper and utility manager attend utility training sessions when funds are available. Utility Ordinance number 2005-10-01, revised 10/15/14 was submitted to the Bethel regional office, and a current organizational chart. These documents are in the Bethel community file.

### **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

- |                                     |                                     |   |
|-------------------------------------|-------------------------------------|---|
| <input type="checkbox"/>            | <input checked="" 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 type="checkbox"/>            | <input checked="" 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 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 "Consumer Confidence Report".   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The utility is not on the "Significant Non-Complier" (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.  |

The Kwigillingok IRA Council operates the new washeteria. Community members use rain water and ice for drinking water. The tribe provides services to pump out the wastewater tanks and water haul delivery services. The water operator is certified Water Treatment Provisional, Oil Fired Heating System Fundamentals and Water Treatment Plant Operator Program at AVTEC, Small Water System, Treated, and just completed a Small Water System Treated and Water Treatment Provisional training session to get certification in mid November 2014. The preventative maintenance plan for the new water treatment plant and the new washeteria is outlined in the operations and maintenance manual. The utility manager has not spot check the washeteria, but verbally receives information on maintenance and other issues which is written and presented to the council at their monthly meetings. The utility manager stated he has not held any safety meetings nor seen a written safety manual. The utility has not suffered any major problems or outages due to management issues to date. The utility ordinance states that the primary service shall be to provide water haul service and wastewater tank pump outs from resident's homes. No inventory control or critical spare parts lists were provided, but the ANTHC engineer told administrative staff the new systems will come with both. The CCR report is on file and the July 2014 SNC listing did not include Kwigillingok.

## Essential Recommendations

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

## Sustainable Recommendations

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

- Recieve revenues (user fees or other sources) sufficient to cover operating expenses and Repair & Replacement (R) costs.
- Ensure 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.
- Create a safety manual and holds safety meeting.
- Maintain an inventory control list.
- Maintain a critical spare parts list.

## Conclusion and Next Step

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By implementing RUBA recommendations and working with the RUBA program to continue improving management practices, the Native Village of Kwigillingok will put itself into position to better meet unanticipated financial costs and increase the long-term sustainability of all utilities.

The Native Village of Kwigillingok staff was open and helpful with providing information to complete this assessment. They realize the importance of community health, financial stability, effective utility management practices and sustainability.

RUBA staff is available to provide ongoing assistance in improving management practices and sustainable utilities.