

Native Village of Port Graham

Assessment of Management Capacity Indicators

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11/18/2014

Introduction

The Native Village of Port Graham report was completed by Rural Utility Business Advisor program staff Roberta Eleazer 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 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 Native Village of Port Graham operates and manages the following utility services:

- Class 2 water treatment system
- Sewage lagoon
- Sewage pump truck

Capacity Indicators

On 11/18/2014, RUBA staff Roberta Eleazer met with Native Village of Port Graham staff to complete a RUBA Assessment of Management. Native Village of Port Graham staff provided documentation supporting the conclusions in this report. Specific documents used in this report included:

- FY14 utility budget
- October 2014 Aging by Receivable Account
- September 2014 Water and wastewater customer balances
- October 6, 2014 Sales by revenue code by customer report
- March 2014 Monitoring summary for Port Graham
- October 6, 2014 Revenue and expense account vs budget report for water and wastewater
- February 2014 Utility operators report
- Alaska Department of Environmental Conservation Drinking Water Program Daily Chlorine, Combined Filter Effluent and Fluoride Readings
- Personnel policies and procedures
- Water utility ordinance
- Internal Revenue Service and Alaska Department of Labor and Workforce Development tax clearance
- Alaska Department of Environmental Conservation system classification and operator certification data
- Alaska Department of Environmental Conservation Consumer Confidence Report
- State of Alaska, Department of Labor and Workforce Development notice for workers' compensation insurance coverage
- Port Graham Community Development Plan

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 tribal council fiscal year runs from January 1 through December 30. A copy of the tribe's FY14 budget ordinance adopted on December 13, 2014 is on file in the Anchorage office. The budget separates water and wastewater utility enterprises from the general budget, allowing a clear financial picture of the utility services the tribe provides. The budget accounts for revenues from user fees, and expenses related to personnel, fringe benefits, utilities, telephone, supplies, postage and freight, fuel and water testing. The bookkeeper prepares monthly financial reports that the administrator presents to the council. RUBA staff verified that the village is current in paying its electric bills to Homer Electric Association. Fuel is purchased from a local business. The utility is currently receiving revenues sufficient to cover operating expense and to fund a repair and replacement account; this revenue comes in part from activity on two oil platforms moored in the harbor. Port Graham provides a strategic mooring location that offers a sheltered and ice free harbor ideally located to support recent offshore exploration in Cook Inlet. The staff at the Port Graham council recognize that it will be necessary to increase rates if these outside businesses do not continue to subsidize the utility. The January through September Budget vs Actual statement presents \$33,114.00 in water utility revenue and \$18,961.73 in expenses. Budget amendments are completed and adopted as necessary.

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 utility has an adopted collection policy and actively follows it. All bills not paid by the 20th of the following month of billing are considered delinquent. Delinquent notices are sent to each account on or after fourteen days from the date the account becomes delinquent. If a water utility bill has not been paid a week after the notice, the council sends a water turn-off notice to the customer stating the date and time at which the service may be terminated. Individual curb stops allow disconnection in the spring, summer and fall; over-due accounts receive notices and can be shut off for non-payment. The bookkeeper and administrator developed a 'collection campaign' in September before customers received their Permanent Fund Dividend deposits. Through telephone calls and personal conversations they were able to collect 50 percent of the outstanding accounts receivable. They will continue to work on the debt until May. Customers are being notified that all delinquent accounts will be shut-off in May and customers will incur additional fees for shut-off and turn-on charges. All bills are mailed on or before the end of each month. The bill contains a statement of present charges due, including the charge for the present month. All bills are due and payable prior to the 20th of the following month. Port Graham is carefully managed in terms of accounting systems. The tribal administrator has held her position since 1976 and has 19 years of bookkeeping experience; the bookkeeper is responsible for payroll, accounts receivable and accounts payable. The community uses the Fundware program through the North Pacific Rim Housing Authority, which provides oversight and IT support. Controls for purchases are developed. Decision making related to disbursement in excess of budgeted

amounts is determined by the tribal administrator, in conjunction with the tribal president. Purchases over \$5,000 are reviewed by the tribal council. A cash receipt system is in place, and only two employees have access to the safe. Bank reconciliations are accomplished monthly.

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.

A signed Authorization to Request Federal Tax Information was sent to the IRS on November 28, 2014. The request was returned indicating the community is compliant with federal tax filing and deposits. Tax clearance from the Alaska Department of Labor dated December 9, 2014 has been granted. Port Graham is not listed in the September-October, 2014 Lien Watch report.

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 Port Graham Village Council has a posted workers' compensation insurance policy in effect through Alaska National Insurance Company. The expiration date of the policy is March 26, 2015. The personnel policy and procedures manual, adopted August 2010, is comprehensive. The code outlines the city personnel system, and addresses delegation of personnel duties, classification of employees, personnel recruitment and selection, hours of work and pay periods, probationary employment period, performance evaluation, job descriptions, salary policy and performance appraisal, promotions, demotions and orientation of new employees. Job descriptions are maintained for all positions. Payroll advances are available, but may only be granted in the amount of wages already earned. The council offers 14 paid holidays to employees per year. Port Graham offers a defined contribution pension plan to qualified employees, a notable personnel practice in a small Alaskan community. Employees can qualify for the program after one year of service and/or 1,000 hours of employment. The council contributes eight percent of participating employees' yearly compensation. Seven employees participate in this plan. Individual personnel folders contain all required information, including I-9s, job applications, and personnel actions. These files are meticulously organized, locked and protected. Formal performance evaluations are done at the end of the 90 day probationary period, and then are performed annually. Employee evaluation is done verbally and then recorded in writing and included in the employee's personnel file. Personal leave is offered to both full and part-time employees, and an accrual schedule is published in the Personnel Policy and Procedure manual. The tribal administrator has taken Human Resources (HR) training, as well as communication training, to strengthen her personnel management capabilities. Training is provided for staff members. The IGAP coordinator recently attended RUBA Utility training.

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.

Resolution #06-07 ‘Adopting the Water and Wastewater Rules and Regulations for Services of the Port Graham Village Council’ states that the Port Graham Village Council is the governing body for the Village of Port Graham. The resolution was adopted May 23, 2007 by a majority vote. The council sets the utility rates by resolution and is active in enforcing utility policy. Council members names are listed on utility disconnection notices, in order to make clear their commitment to involvement in the collections process. The manager and bookkeeper are well-qualified and have access to outside support through Chugachmiut and the North Pacific Rim Housing Authority. The tribal office is efficient and organized. The administrator proudly presented the neatly organized notebooks of grant and financial paperwork to RUBA staff. The water utility operator is certified in both Water Distribution Provisional and Water Treatment 1, through December 31, 2015. However, the Port Graham water system requires Level 2 certification. The operator has been encouraged to upgrade his certificates by the tribal administrator, the Alaska Native Tribal Health Consortium (ANTHC), and the Division of Community and Regional Affairs (DCRA). The Environmental Health and Safety Survey recommended that the operator enroll in the Level 2 water operator certification course and the ‘Public Water Systems Sanitary Survey Submittal Letter’ states that the operator is required to be trained at a Level 2 certification. The operator regularly interacts with the assigned Remote Maintenance Worker (RMW), who has visited on-site to assist with current distribution system issues.

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 primary water utility operator received certification as Level 1 Provisional in Water Distribution and Water Treatment Level 1; both certifications expire in December 2015. The system requires a Level 2 operator, as noted previously. The operator has been advised by numerous organizations and the utility manager about the need to upgrade his certificate. The ANTHC project engineer assigned to the community is researching the possibility of reclassifying the system. The system is designed to produce a larger amount of water than the community requires. An inquiry has been submitted to disconnect one of the filters in the water treatment plant and flange it off. This would reduce the overall treatment capacity of the plant. ANTHC would then re-draft a design sheet with new numbers for the plant and submit to Alaska Department of Environmental Conservation (ADEC) for a new Permit to Operate. A secondary/back-up water operator is not certified, but has been trained on-site to cover for the primary operator in his absence and has recently completed the Level 1 certification class. RUBA staff recommends that the manager develop a formal operations and maintenance report to ease communication difficulties with the operator. This report can then be included in the monthly council meeting. The utility has a safety manual, holds safety meetings and has not

suffered any major problems or outages due to management issues that are still unresolved. The utility is operating at the level of service that was proposed. Port Graham has submitted the 2013 Consumer Confidence Report. The community is not listed on the July 2014 Significant Non-Compiler (SNC) list of water quality violations.

Essential Recommendations

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

- The utility operator(s) are actively working towards necessary certification.

Sustainable Recommendations

The Native Village of Port Graham has met all of the sustainable capacity indicators. It is recommended that the city should continue to maintain operations in a manner that continues to meet all sustainable indicators.

Conclusion and Next Step

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

The Native Village of Port Graham 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.