

Russion Mission Activity Report

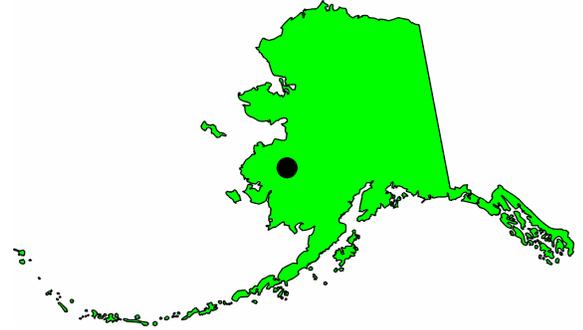
Community Overview

Lead RUBA Staff: Marita Hanson, Bethel Office

2003 Population: 310

Region: Lower Yukon

Local Governments: 2nd Class City



The City operates the Piped Water Sewer system. Water is derived from a deep well, and distributed via buried pipes throughout the community. Most homes are connected to the piped sewage system, including 25 new HUD homes. The City has requested funds to replace the plumbing and fixtures in 15 homes, and to renovate the aging water treatment plant.

RUBA Activity This Reporting Period

On June 9, 2006, RUBA staff met with Yukon Kuskokwim Health Corporation-Rural Utilities Cooperative (YKHC-RUC) staff to complete an assessment of management capacity of the City of Russian Mission Water/Sewer utilities. YKHC-RUC currently has a signed Memorandum of Agreement (MOA) with the City transferring maintenance and operations of all water and sewer services to RUC.

Capacity Indicators

Finances

- | 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. |
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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 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 by RUC as two separate documents. RUC prepares and sends to the community a financial report showing revenues and expenditures for both Russian Mission and RUC administration. One report lists expenses and revenues and the second report lists budgeted amounts. The budget report and the finance report do not use the same chart of accounts. RUBA staff recommended changes to the monthly finance report to incorporate the budgeted amounts. RUC does not specifically have a line item in the chart of accounts for repair and replacement, however, they do have funds for this purpose included in the annual operating budget. Most sanitation funding and regulatory agencies are recommending that utilities track this separately. The Sanitation Business Plan Template requires that utilities account for this separately. The budget process begins with the RUC manager and accountant drafting a budget using the previous years actual and the next year's projections. Future projects or plans are considered when making projections. The budget is submitted for YKHC-RUC board approval. RUC provided a copy of the monthly statement from Alaska Village Electric Cooperative for the Russian Mission utility. RUC pays the utility electric statement promptly and completely each month. Fuel for the utilities is bulk purchased bi-annually. The operators self-report utility fuel consumption. RUC has instigated fuel use efficiency and accountability practices that have substantially lowered the consumption and expense in the community.

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/month) are mailed at the end of each month. Commercial users are charged \$100/month or \$.10/gal. Payments of money orders or checks only are sent to a lock box at Wells Fargo who emails a list of payments daily to RUC. Payments of check, cash, money order or credit card may be paid at the RUC Bethel office. A hand written receipt is issued at time of payment. RUC also uses 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 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 disconnection for non-payment. Repayment 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 for the finance and budget reports do not match. It is recommended that one COA be used 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. A vote of support is then sent 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. Admin checks the budget prior to approval. Approving signatures are based on the amount of the purchase requested. The higher the amount, the more signatures required.

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 checked="" 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 utilities are enterprise systems included in the YKHC's EIN number. The IRS deemed the taxpayer in compliance with federal employment tax filings, tax deposits and noted no recorded Notice of Federal Tax Lien has been filed. The State DOL office reports the YKHC is 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, 1006 through February 1, 1007. This insurance covers all employees for the RUC including the operators in Russian Mission. All RUC employees follow the adopted personnel policy. This policy was reviewed by an attorney. Employees are at-will hire. An evaluation is performed at 90 days and one year. The blank evaluation form is attached to the position description and presented to the employee upon hire. All new hires attend a corporate orientation in Bethel for 2 1/2 days 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 at least one week if the manager deems expediency is necessary. Native and local hire is encouraged when possible. Applications are submitted to YKHC who will complete 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. These classes cover water/sewer related topics. 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

<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:

The City of Russian Mission signed a 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. YKHC-RUC has the authority to set rates and adopt ordinances, policies, and procedures for the utility. The RUC manager is also diligent in personally attending city council meetings in Russian Mission. Recently RUC hired a CPA as project manager/accountant. Mr. Tomkins is responsible to oversee the accounting procedures for all RUC communities. YKHC finance department tracks and issues payroll. The utility has two certified operators. James Changsak is certified for Water Treatment OIT, Wastewater Collection OIT, Wastewater Treatment OIT, and Water Distribution I. John Changsak is certified as Water Distribution OIT and Water Treatment OIT. 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. |
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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 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 checked="" type="checkbox"/> | <input 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, preventative maintenance plan, and safety manual were submitted and are available upon request. Safety training is provided in conjunction with regulatory scheduled operations training. The Russian Mission 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 to the intern project will be completion of an inventory control and critical spare parts list. The utility has a large amount of inventory and critical spare parts on hand. They have not suffered loss of service due to lack of parts. With the stable labor force and frequent RMW on-site support, maintenance requirements are minimal.

RUBA Activities For The Coming Quarter

RUBA will continue follow ups with YKHC/RUC Manager and get updates on capacity sections for the Utility. RUBA will also follow up with the City on the financial hardship and IRS taxes when contact is made with the City.