

Upper Kalskag Activity Report

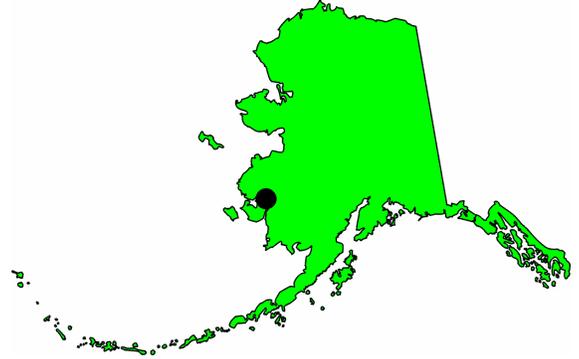
Community Overview

Lead RUBA Staff: Ken Berlin, Bethel Office

2003 Population: 231

Region: Lower Kuskokwim

Local Governments: 2nd Class City



The City of Upper Kalskag operates the piped sewer system. The City Council is the policy making board for the utility. As of November 1997, nearly all homes, the school and the store have individual wells with potable water and indoor plumbing. A new piped gravity sewage system with lifts stations, force main and lagoon now serves over 60 households and facilities. The school has requested funds for a new septic tank and leachfield, or connection to the community sewer system. The landfill is located between Upper and Lower Kalskag.

RUBA Activity This Reporting Period

On June 9, RUBA staff Elizabeth Manfred, Marita Hanson, Paul, Chimiugak and Scott Ruby met with Yukon Kuskokwim Health Corporation-Rural Utility Cooperative (YKHC-RUC) staff Karl Powers, Village Operations Deputy, Seth Smith, RUC Manager, and Tommy Tompkins, Project Manager/Accountant, to complete an assessment of management capacity of the City Of Upper Kalskag Sewer utilities. YKHC-RUC presently has a signed Memorandum or Agreement (MOA) with the city transferring maintenance and operations of all sewer services to RUC. YKHC-RUC provided documentation supporting conclusions in this report.

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. This was not in Johnny' table. |
| <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 out (to the community on a monthly basis) a financial report showing revenues and expenditures for both Upper Kalskag system as well as expenditures for the "central administration." This report lists expenses and revenue categories with columns showing "This Month," "Last Month," and "Year to Date." This report does not contain budgets for comparison. The adopted budget report is separate. While it covers the same costs, it uses slightly different descriptions of categories. RUBA staff recommended incorporation of the budget to the monthly report; RUC stated they will work with RUBA to adjust the report format. RUC does not specifically have a line item in the chart of accounts for R&R; 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 item separately. RUC's Accountant agreed to modify the COA to include an R&R line item. 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 to YKHC-RUC for board approval. RUC provided a copy of the monthly statement from Alaska Village Electric Cooperative for the Upper Kalskag utility. RUC pays the utility electric statement promptly and completely each month. Fuel for the utilities is bulk and purchased bi-annually. The operators self-report fuel consumption. RUC has instigated fuel use efficiency and accountability practices that have substantially lowered 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. Bills are mailed at the end of each month. Payments of money orders or checks only are sent to a lock box at Wells Fargo who emails a list of daily payments to RUC. Payments of check, cash, money order or credit card may be paid at the RUC office. A hand written receipt is issued at time of payment. RUC uses QuickBooks Pro for accounting practices. 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 notice with disconnection of service for non-payment. Payment 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 report and budget report 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 to support or not. A vote of support is then sent on to the YKHC Board of Directors for action. The utility has a written purchasing system. An operator submits a purchase 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 request. The higher the amount, the more signatures are 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 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 as the utility is an enterprise system included in the YKHC tax payer EIN number. The IRS deemed the taxpayer in compliance with federal employment tax filings, federal tax deposits and reports and noted that 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 comp policy from Alaska National Insurance Company for February 1, 2006 through February 1, 2007. The insurance covers all employees for RUC including the operators in Upper Kalskag. All RUC employees follow the YKHC adopted personnel policy. This policy was reviewed by an attorney. Employees are at-will hires. 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 is necessary. Native hire and local hire is encouraged when possible. Applications are submitted to YKHC who completes background and reference checks. The personnel policy also allows temporary hires for short term projects. Training opportunities are provided when money allows. YKHC presents four classes per year covering water/wastewater 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. |
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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:

Upper Kalskag signed a Memorandum of Agreement 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. Through the MOA, YKHC has the authority to set rates, ordinances, policies, and procedures for the utility. The RUC Manager is diligent in personally attending city council meetings of all RUC communities. Recently RUC hired a CPA as project manager/accountant. Mr. Tomplkins is responsible to oversee the accounting procedures for all RUC communities. YKHC finance department tracks and issues payroll. The system has received a certificate of public convenience from the RCA. 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 and preventative maintenance plans were submitted and are available upon request. A "Safety Guidelines for Utility System Operator" prepared by Portland Area Indian Health Service O&M Program is provided to all operators. Safety training is provided in conjunction with regularly scheduled operations training. The utility has not suffered any major problems/outage due to management issues. YKHC/RUC hires summer interns to complete the CCR reports. This summer an additional assignment to the intern will be completion of an inventory control and critical spare parts list. The utility has a large amount of inventory and spare parts on hand and have suffered no loss of service due to lack of parts. With the stable labor force and frequent RMW on-site support, maintenance requirements are minimal. It is however, recommended that a written inventory control and spare parts list be adopted for unforeseen repair and maintenance needs.

RUBA Activities For The Coming Quarter

Monitor RUC reports and provide assistance when requested.