

17
ONEIDA TRIBAL DEVELOPMENT CORPORATION
SEMI-ANNUAL
PROGRESS REPORT
TO
ONEIDA GENERAL COUNCIL

June 28, 1978

This report summarizes the progress of the Oneida Tribal Development Corporation and further focuses on the major recommendations which the Corporation requires to develop a viable and ambitious business program.

The present Corporation board and officers do not wish to dwell overly on previous past mistakes by the Tribe or the Oneida Tribal Development Corporation except to say that recent losses and the general condition of the Corporation are reflective of the past. The attempt by the Corporation to construct the Oneida Tribal Nursing Home with inadequate experience the consequences, of which are a responsibility which the Corporation does not share alone. These consequences will be reflected in the financial status of O. T. D. C. for some time to come.

Despite all its problems O. T. D. C. is on its way to recovery and with the stabilization of the management of the Corporation it is time to look forward to providing future net income for various tribal priorities. It is our recommendation that the Tribal General Council and its Business Committee take the time to review the status and potential of the Corporation more closely at an early future date.

Pursuant to a tentative action plan approved by its board and executive officers, and forwarded and reviewed by the Tribal Business Committee, the Corporation

has proceeded subject to an alteration in schedule. The action plan has been modified because of the late receipt of certain documents crucial to preliminary considerations in any business plan; notably the accomplishment of an audit by a certified public accountant. A summary basis for the management and administrative planning of the organization is as follows:

- . A Tribal Investigating Committee Report
- . An O. T. D. C. Action Plan of December, 1977
- . A management review by Charles Peone - University of Arizona
- . An Engineering Report on the Oneida Tribal Nursing Home by J. J. Rouman & Associates, Consulting Engineers, Appleton, Wisconsin
- . A calendar year 1977 financial audit by Harry T. Merriman, Certified Public Accountant
- . On going reports, financial statements and actions by O. T. D. C. officers

The O. T. D. C. Board and its officers have been working toward improving the present and future of the Corporation on three important fronts:

1. Stabilizing the management, administration, and financial structure of the Corporation in relation to its present administrative structure and project responsibilities.
2. Beginning management reorganization aimed at enabling the Corporation to improve reasonably attainable short range goals.
3. Completion of a business plan as soon as possible, defining further short range and long range goals consistent sound management principles and future market potential.

It must be emphasized that the Nursing Home construction and the Tribal events related to it adversely effect any attempt to stabilize the Corporation. With the election of the present officers, we have determined that the present management condition of the Corporation, its capacity to financially recover from its present condition, and the potential for a good development corporation was worth the effort.

Presently, the officers of O. T. D. C. are pursuing a "heavy handed" fiscal policy which is calculated to keep administration and direct labor to a minimum while improving the day to day management of the Corporation.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

For the sake of brevity we will summarize the findings and recommendations which have partially formed the basis for the major changes required by the Oneida Tribal Development Corporation, along with an Action Plan proposed by the President of the Corporation shortly after his installment in December. These findings and recommendations were contained in the "Peone Report". Some of the recommendations have been implemented by the Corporation itself or are being presently prepared to be submitted to the Business Committee for consideration and will be summarized later in this report.

- . O. T. D. C. has extreme potential profit capabilities for providing additional income to the Oneida Tribe.
- . There is no apparent systematic approach to the management of O. T. D. C. as a business enterprise.

- . Operation of O. T. D. C. as a business has been inhibited by interference of various political entities within the tribal organization.
- . The decision-making process is clearly political and factional rather than influenced by business and economic considerations.
- . O. T. D. C. has not assumed the role of prime contractor or developer of tribal resources.
- . Policies and guidelines have not been instituted to clearly identify authority and responsibility related to tribal committees, administrators, and personnel.
- . Conflicts of interest and layering of leadership prevent O. T. D. C. from operating a successful business.
- . Poor craftsmanship and poor construction practices have caused delays in schedules and additional costs.
- . Loose management of the Nursing Home project has caused unwarranted additional costs to the Tribe.
- . Accounting procedures are historical and are not established to improve future project management.
- . Craftsmen are undependable (force account) and quality of work does not reflect the wages paid.
- . The Davis-Bacon decision was premature and had a tremendous negative impact on the success of O. T. D. C. operations while only adding to the instability of the Nursing Home project.
- . There are technical indications that there may be serious design problems in the Nursing Home Complex which will eventually require additional costs.

- . Increased outside assistance in Tribal development render the Tribe vulnerable to technical and economic situations potentially detrimental to Tribal interests.
- . The Tribe itself is not adequately organized to properly administrate increasing and growing Federal programming.
- . Decision-making policies have not been established applicable to all levels of the Tribal organization such that authority and responsibility are clearly balanced.
- . The Tribe has not established a technical arm of its organization to cope with the increased problems involved in development programs such as construction projects.

From these findings, the Oneida Tribe and O. T. D. C. should consider the opportunity to act positively on the following recommendations:

- . The Oneida Tribal Development Corporation should continue to exist with the provision that full tribal support be made to the commitment.
- . The Oneida Tribe should seriously consider charging O. T. D. C. with the responsibility of "developer" to carry out the goals and objectives of the Tribe. This consideration should take into account past professional relationships and the economic advantage to the Tribe in having its own development corporation.
- . O. T. D. C. should be chartered and operated as a tribal business; as such it should be regulated by standard business policies and procedures; subject to predefined accountability and a periodic financial review and assessment by the Tribe.

- . O. T. D. C. should develop a proposal for and seek approval of a new organizational relationship with the Tribe based on clearly defined responsibilities and mutual understanding.
- . O. T. D. C. should combine the functions of the present officers of the Corporation and the Board of Trustees; the Tribal Business Committee presently should operate as a trust board functionary for the tribal membership. This structure should be clearly defined for all future corporate charters.
- . O. T. D. C. should develop a business plan which reflects a capability to forecast for the future. Such a plan should contain minimally:
 - . an administrative plan
 - . a marketing plan
 - . an organizational plan
 - . a financial plan
- . O. T. D. C. should propose a wage scale policy and schedule which promotes incentive; salaries of workmen and managers should be reflective of degrees of profit and loss.
- . A Field supervisor should be delegated the responsibility of each project and given an additional wage-rate as specified by corporate policy. No job should be without supervision.
- . A training plan should be developed utilizing the resources of CETA and IAT, incorporating required academic training into a program for apprenticeship leading to the journeyman level in all crafts.

- Indian management and development of Indian managers should be actively pursued via a long-term training program for eventual assumption of Indian management.
- Future tribal construction projects should be administered by O. T. D. C. as 'prime' contractor or developer, utilizing architectural designs, engineering, and other specialized professionals on a competitive bid basis.
- A central warehouse or material handling component should be developed to expedite material needs, reduce material costs by bulk ordering and providing the tribe, individuals, and other contractors the opportunity to purchase materials. A feasibility study of the costs and benefits should be undertaken in this regard for long-term growth and development of O. T. D. C.
- A specific engineering review of the Nursing Home Project is recommended. In particular, specific attention should be paid to heating and insulation design problems and special attention is required in review of foundation design.
- Close out procedures should be developed and carried out immediately for projects essentially complete pending acceptance by the owner and provided all contractual obligations have been met.
- Project control and project management procedures should be developed to improve cost controls and to tighten work scheduling of force account personnel.
- Personnel procedures require review and improvement in order to stabilize management and career expectations. In particular, the employee

grievance procedures require an additional appeal process before court proceedings take place.

SUMMARY OF O. T. D. C. ACTION PROPOSALS TO TRIBE BASED ON FINDINGS

Specific progress and action already taken and future proposals to the Tribe will be outlined based on the previously listed Findings and Recommendations by the management consultant:

1. We recommend that O. T. D. C. be supported by the Tribe in its efforts to stabilize and then become the developer for the Tribe.
2. We recommend that the present approved policy by the Business Committee for full Indian Preference be enforced by a tribal code outlining a process.
3. We recommend that the Tribal Business Committee and O. T. D. C. should enter into a plan to install O. T. D. C. as an autonomous tribal enterprise, with a full understanding of accountability and responsibility.

EXAMPLE: O. T. D. C. presently prepares a monthly financial statement to the tribe which is reviewed by its own officers

EXAMPLE: O. T. D. C. presently has an audit by a Certified Public Accountant being completed for submission to the Tribe. Possibly in the future, a third party C. P. A. retained by the tribe could be used.

EXAMPLE: O. T. D. C.'s general manager is supervised by the officers of the Corporation who are in turn elected by a Board of Trustees.

4. We recommend that O. T. D. C. be given the prime responsibility and/or contractual right to develop or construct tribal development projects.
5. We recommend that the terms of the present board of trustees and officers of O. T. D. C. be terminated upon and subject to, the completion of a tribal nomination and election process for a new O. T. D. C. Board of Directors consisting of seven members including officers; and that the corporate officers act as the Executive Committee for the purposes of conducting business of the corporation and among their duties supervising the general manager and his staff.
6. COMMENT: As previously stated the President of O. T. D. C. is now awaiting the annual audit, after which a short and long range business plan will be submitted to the Business Committee.
7. COMMENT: As a part of implementing a new business plan a wage scale policy and schedule will be adopted based on incentive and production. The board has already discussed the possibility of putting a general manager on some sort of performance contract.
8. We recommend that O. T. D. C. and I. T. A. C. enter into a process of developing an organization which contains both tribal elements. It is inconsistent that a development corporation and a construction training unit be completely separate from each other. Another method is to contract I. T. A. C. to O. T. D. C. sometime after a business plan is developed and probably by mutual agreement.

9. We recommend that O. T. D. C. and I. T. A. C. jointly build three scattered houses in cooperation with prospective owners as a specific project to be included in the I. T. A. C. plan for next year. This can establish whether or not O. T. D. C. and I. T. A. C. can build a competitive house or not. Furthermore, we recommend that all Indian subcontractors and personnel be used; again, to establish whether, without outside interference, Indians can do it. Only, a third party inspector would be from the outside.
10. COMMENT: O. T. D. C. has requested and received two C. E. T. A. management training positions from the Tribal Business Committee and C. E. T. A. Board. O. T. D. C. would like to point out that it probably now has the only tribal section that has specific provision for the training of Indian managers. We are compelled to comment that it is curious that something like this has not been achieved to date by anybody else.
11. We recommend that the Tribe consider a central warehouse or material handling component to house a tribal wholesale retail supply store and possible maintenance warehouse for equipment, roads and construction machinery and materials. This project could be included in the O. E. D. P. and other applications. This recommendation is a major economic and manpower recommendation. A feasibility and marketing study for this project should be requested immediately.
12. COMMENT: O. T. D. C. has contracted to J. J. Rouman & Associates

for a architectural and engineering review of the Nursing Home project. That report has recently been published and forwarded to the Business Committee for their consideration. O. T. D. C. is meeting with them on July 6 to consider some of the aspects of the report.

Our final comment on recommendations is that it will take time to complete the changes needed to make O. T. D. C. the kind of organization that we would like to see. There is plenty of evidence that those changes are being brought about. All we need is a commitment from the Tribe that we will be supported.

FINANCIAL REPORT:

Over the course of the past six months we have been reorganizing our entire financial operation. We have made such moves as reducing our administrative overhead by cutting back administration and obtaining staff from C. E. T. A., establishing an annual audit and providing a bookkeeper/accountant/CPA relationship.

After closing the next phase of homes on July 6, we should improve on our December 31, 1977 Net Income as our last closing was in February.

CONSOLIDATED INCOME STATEMENT

May 31, 1978

Jobs With Profits:

Wi. 10-5

Income of Contract	\$ 981,538.99	
Other Income	1,056.46	
Purchase Discounts	327.70	
Expenditures on Contract	(852,607.52)	
* Net Income		<u>\$ 130,315.63</u>

Total Profit--Making Jobs \$ 130,315.63

Jobs With Losses:

Health Center

Billings on Contract	\$ 230,919.15	
Other Income	2,679.80	
Purchase Discounts	1,315.33	
Expenditures on Contract	(256,462.97)	
Net Loss		(\$ 21,548.69)

NURSING HOME

Billings on Contract	\$ 661,299.45	
Back Wage Reimbursement	55,783.68	
Other Income	3,277.12	
Purchase Discounts	93.18	
Expenditures on Contract	(865,600.31)	
Loss on Sale of Assets	(315.00)	
Net Loss		(\$ 145,461.88)

POST OFFICE

Excess of Expenditures over Contract	(\$19,275.07)	
Net Loss		(\$ 19,275.07)

Total Jobs with Losses (\$ 186,285.64)

Consolidated Income (\$ 55,970.01)

*\$151,590.97 to be used to cover NH losses
(\$77,000.00 From Loan)
(73,470.97 From Cash turnovers Phase I - IV)

CONSOLIDATED BALANCE SHEET

May 31, 1978

ASSETS:

Cash In General Checking Accounts	\$ 5146.71
Cash Savings	5515.12
Cash Payroll	1246.93
Petty Cash	50.00
Accounts Receivable Tribe (Retainage on Nursing Home Contract)	17937.79
Accounts Receivable Roland Murphy Construction (Retainage Health Center)	23013.20
Accounts Receivable Housing Authority (Retainage Wi. 10-5 \$24538.47) (Punch List Items 35639.11)	60177.58
Accounts Receivable Other	1769.15
Prepaid Expenses	453.50
Prepaid Insurance	9305.25
Fixed Assets	<u>175.00</u>
Total Assets:	<u>\$124790.23</u>

LIABILITIES:

Accounts Payable - Vendors	\$62024.22
F.I.C.A. Payable	355.10
Federal Withholding Payable	311.60
State Withholding Payable	138.80
Federal Unemployment Payable	41.40
State Unemployment Payable	218.87
Other Payroll Deductions	-0-
Notes Payable-Tribe	-0-
Notes Payable-Bank	20000.00
Accounts Payable Tribe	<u>97670.25</u>
Total Liabilities:	\$180760.24

FUND BALANCE:

Net Income (Loss)	(\$55970.01)
Total Liabilities and Fund Balance	<u>\$124790.23</u>