

IGIUGIG TRIBAL VILLAGE COUNCIL BULK FUEL FACILITY



MONITORING PLAN AND RECOMMENDATIONS

Prepared for:
ALASKA ENERGY AUTHORITY (AEA)

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Prepared by:

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OVERVIEW

This Monitoring Plan and Recommendations was completed under contract to the Alaska Energy Authority as a follow-up to a Bulk Fuel Upgrade project in Igiugig, Alaska that constructed a new bulk fuel storage facility with three diesel primary storage tanks, one diesel intermediate storage tank, one gasoline primary storage tank, one gasoline dispenser, two AVGas primary storage tanks, one marine header and a fuel transfer pipeline. A component of the upgrade project was the development of a Business Operating Plan, which provided a guideline for the Igiugig Tribal Village Council's maintenance and operation and sustainability of the Bulk Fuel Upgrade (the "Facility"). The Igiugig Tribal Village Council, (the "Primary Operator"), is responsible to operate and sustain the newly installed Facility according to the criteria and guidelines outlined in the Business Operating Plan.

Facility Participant

The Facility participant is:

Igiugig Tribal Village Council (Council)

Primary Contact Name: Dan Salmon, Tribal Administrator

Phone: (907) 533-3211 Fax: (907) 533-3217

Address: Igiugig Tribal Village Council, P.O. Box 4008, Igiugig, AK 99613

Usage: The Council utilizes the facility to operate its utilities and to retail fuel.

Facility Components & Capacity

The following table provides a summary of the tankage, by type of fuel that is included in the Facility upgrade:

Storage/Dispensing	Number	Gallons Per Tank (Net)	Total Gallons (Net)
Council			
Diesel			
Primary Storage	3	20,070	60,210
Intermediate Storage	1	5,400	5,400
Day Tank	1	540	540
Subtotal Diesel	5		66,150
Gasoline			
Primary Storage	1	16,200	16,200
Dispensing	1	7,380	7,380
Subtotal Gasoline	2		23,580
AvGas			
Primary Storage	2	7,380	14,760
Total Primary Storage/Dispensing	9		104,490
Pipeline/Components		Number	
Marine Header		1	
Filler Pipelines		3	
Retail Dispenser		1	

Community Information

The village of Igiugig is located on the south bank of the mouth of the Kvichak River and Lake Iliamna. The village is 48 miles southwest of Iliamna and 56 miles northeast of King Salmon. Transportation to the village is by air or water. A small beach landing is available and barges deliver goods from Naknek or Dillingham in the fall. Community residents use boats, ATV's and snow machines as their primary modes of transportation. Trails exist to several surrounding villages including Kokhanok, Levelock, Newhalen and Iliamna.

The village population is predominantly Yupik Eskimos, Aleuts, and Athabascan Indians. The economy is typical of other area villages and is primarily focused on salmon fishing and subsistence activities. Community residents also work directly for the Council, or for Iliamna Lake Contractors, a SBA 8(a) general contracting company operated by the Council. Nearly all homes are connected to a piped water and sewer system. The school operates its own water system. A community washeteria is also available.

Selected demographic and historical data for the community is provided below:

Selected Statistics – Igiugig

Population	
2000	53
1990	33
1980	33
1970	36
1960	36
1950	0
Housing (2000 Data)	
Occupied Housing	16
Vacant Housing Due to Seasonal Use	4
Economic Data (2000 Data)	
Unemployment Rate	0%
Median Household Income	\$21,750

Igiugig Tribal Village Council

The Igiugig Tribal Village Council directly manages the community's fuel sales, water and sewer and solid waste, while it has established a subsidiary, Igiugig Electric Company to produce, transmit and distribute electricity. Currently, community residents and organizations pay for water and sewer, electricity and fuel.

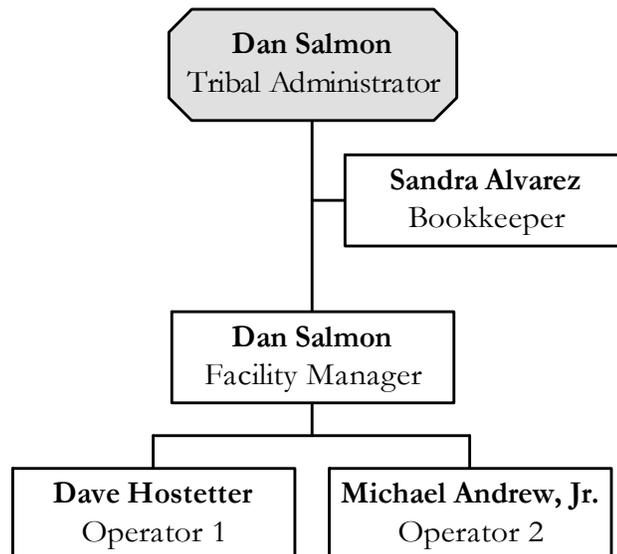
The Council owns and operates the Igiugig Electric Company, which supplies power to residents, commercial users and community facilities. Igiugig Electric Company maintains the generator plant, monitors electric meters at residences and commercial businesses, and collects electrical fees. Currently, residents are paying 34.97cents/kilowatt with PCE and commercial businesses are paying 70.9 cents/kilowatt. Without PCE residents would be paying 58.3 cents/kilowatt.

The Council purchases fuel approximately two times a year from Yukon Fuels or Everett Air, however Yukon Fuels is typically used unless conditions limit barge access. The most recent fuel was purchased for between \$1.50 and \$2.39 per gallon/diesel plus freight delivery. Rates for the upcoming year are still under negotiation and are anticipated to be higher. Residents pay \$3.35 per gallon/diesel and commercial businesses pay \$3.59 per gallon/diesel for heating. Similarly, residents pay \$3.67 per gallon/gasoline and commercial businesses pay \$3.87 per gallon/gasoline. The Council owns and operates a fuel truck for delivering heating fuel to homes and businesses.

Residents and local businesses can purchase diesel and gasoline from a dispensing tank owned and operated by the Council. The fuel rate is based upon the sum of the fuel landing price, Council overhead and profit charge, and Denali Commission Business Operating Plan surcharge estimates. In 2005, the pre-order rate was \$1.90 to 2.79 per gallon. Those that have pre-ordered are expected to pay for their full order at time of delivery or else pay an additional fee of \$.05 per gallon per month until paid in full. Those residents or local businesses that do not pre-order fuel pay a per gallon rate of \$3.85 for diesel and \$4.40 for gasoline.

Since the Business Operating Plan, dated May 7, 2002, was finalized there has not been any staff turnover with either the management or staff of the Council's bulk fuel facility. The Facility began operation on or about October 1, 2003. The following chart illustrates the staff relationships of the Council's bulk fuel facility:

**IGIUGIG TRIBAL VILLAGE COUNCIL
BULK FUEL FACILITY PROJECT
STAFFING ORGANIZATIONAL CHART**



Monitoring Site Visit

The Alaska Energy Authority contracted with Aurora Consulting, of Anchorage Alaska, to conduct a site visit to the Igiugig Tribal Village Council's Facility and to develop a "Monitoring Plan and Recommendations". The scope of the assignment included working with the Council to obtain information on existing management and operational systems, comparing those systems to Business Operating Plan requirements and other "best practices", making recommendations for changes and/or training, developing on-going monitoring tools, and/or working to cure any deficiencies or defaults experienced by the Council.

Aurora Consulting staff member, Christi Bell, traveled to Igiugig on June 9, 2005, to meet with the Council's bulk fuel facility management and staff, including:

Contacts	Title
Dan Salmon	Tribal Administrator/Facility Manager/Operator
Sandy Alveraz	Bookkeeper
Dave Hostetter	Utility Operator
Bernadette Andrews	Social Service Director

Monitoring Plan and Recommendations

The following Monitoring Plan and Recommendations is organized into three sections:

- Management and Operational Skills
- Business Operating Plan Compliance
- Recommendations

Management and operational skills identify those skills and practices that are crucial to the short-term viability of a bulk fuel facility, while Business Operating Plan compliance areas identify those activities that are required by the Denali Commission approved Business Operating Plan.

Management skills include administration, fiscal system and collections. Operational skills include the ability to perform maintenance, repair and operation of the bulk fuel facility. Both skill sets require knowledgeable and trained managers, bookkeepers and facility operators to manage and operate the Facility on a daily basis. In contrast, the business operating compliance section details the key activities and actions that are required to be completed by the Primary Operator in order to be in compliance with the terms and conditions of their Business Operating Plan.

Additionally, this report includes major recommendations for continued actions and training, which are detailed in the conclusion section of this report. These recommendations are limited to those actions necessary to meet the deficient management and operational skills or Business Operating Plan compliance areas.

BULK FUEL FACILITY MANAGEMENT/OPERATIONAL SKILLS

Financial Management

(1=Lowest Skill Level 5= Highest Skill Level)

1	2	3	4	5	<i>Financial Management Skill Areas</i>
<i>Annual Budget</i>					
				x	Develop and utilize budgeting process
				x	Staff understanding of budget
<i>Bookkeeping</i>					
				x	Develop and track facility costs using a Chart of Accounts
				x	Understands and tracks operation & management (O&M) costs
				x	Understands and tracks renewal & replacement (R&R) costs
<i>Collection Policy</i>					
				x	Policy in place
				x	Policy implemented
				x	Collections at appropriate level
<i>Business Operating Plan</i>					
				x	Policy board has general understanding of Plan and requirements
				x	Management has general understanding of Plan and requirements
				x	Staff has general understanding of Plan and requirements
				x	Management understands financial assumptions and tables
				x	Staff understands financial assumptions and tables
				x	Management capable of annual Plan update
				x	Staff capable of annual Plan update

Comments:

Annual Budget

The Council develops an annual budget for all of the Council's programs and enterprises, including the bulk fuel facility. The bulk fuel manager and bookkeeper are both involved in the annual budgeting process and both understand and are able to utilize the budget information. Additionally, the Council updates and reauthorizes its budget semi-annually to adjust for actual operations and to refine its budget estimates.

Bookkeeping

The Council is using the QuickBooks software package as its bookkeeping system. As such, all entries associated with the bulk fuel facility are able to be tracked separately. It is primarily the bookkeeper's job to manage the bank accounts, account payables, accounts receivable and other general bookkeeping for all of the Council's operations and enterprises.

At the time of our visit, the Council's bookkeeper had reviewed and generally familiarized herself with the Business Operating Plan and associated financial requirements.

The facility manager and bookkeeper fully understand the difference between the O&M and R&R costs that must be tracked by separate accounts, as indicated in the Business Operating Plan. The Council has not established separate account codes in the Chart of Accounts for tracking R&R costs, but instead utilizes QuickBooks to track facility expenditures. The Council has established an R&R interest-bearing account at the Wells Fargo Bank Branch in King Salmon and has made deposits into the account for approximately two years. All deposits have been made according to the Business Operating Plan's original assumptions and no updates to the Business Operating Plan financials have occurred.

Collections Policy

The Council currently retails fuel to other users. The collection rate is 100 percent. The success with collections is attributable to strictly adherence to collection policies and enforcement of financial penalties for lack of payment. The Council purchases and holds fuel for the Igiugig Electric Company and other local users that choose to not pre-order their fuel.

Business Operating Plan

Both the facility manager and bookkeeper were able to locate and cogently discuss the general terms and conditions of the Business Operating Plan - including the financial requirements, Denali Commission reporting requirements and the Secondary Operator Agreement. Additionally, the facility manager has reviewed the Business Operating Plan with the Tribal Council and has explained the R&R fund requirements, including its purpose and long-term objectives. To re-enforce the Tribal Council's understanding of, and commitment to, the R&R account - the Council has incorporated the R&R annual contribution as a separate line-item in its annual operating budget.

Personnel Management

(1=Lowest Skill Level 5= Highest Skill Level)

1	2	3	4	5	Personnel Management Skill Areas
<i>Job Descriptions</i>					
				x	Job descriptions current for all positions
				x	Staff aware of/understand job descriptions
<i>Staffing</i>					
				x	Staffing adequate to operate & maintain the facility
<i>Training</i>					
				x	Staff has adequate training for job requirements
				x	Ongoing training in place

Comments:

Job Descriptions

The Council's administrator stated that current job descriptions exist for all of the bulk fuel facility staff positions and that the staff has a good understanding of their bulk fuel facility roles and responsibilities. Staff members explained that they were keenly aware of their individual roles and responsibilities and did not necessarily review written job description.

Staffing

It appears that the staffing level of the Council's bulk fuel facility is adequate to operate and maintain the Facility. In the eventuality of the Council's administrator and/or operator not being available to operate the Facility, then a back-up operator has been provided some direction and training to able them to step-in as needed.

Of significant importance to the Council and Igiugig residents, is a training video that was prepared by the Alaska Vocational Technical Center (AVTEC), for general use in other communities, which utilized the Council's Facility as its training site. This video will more than adequately assist with providing an overview of the Facility if necessary.

Training

All of the management and staff of the bulk fuel facility have adequate training for their job requirements. The Council seems to be responsive to training opportunities and staff members have successfully completed a wide variety of training courses.

In regards to ongoing training,-staff expressed great interest in obtaining spill response training for the community at large. The envisioned training would address various spill and emergency scenarios in a non-technical manner. It was explained that this type of training would be most beneficial to community members if it could be structured to provide basic spill response essentials while also being engaging and hands-on.

Operations Management

(1=Lowest Skill Level 5= Highest Skill Level)

1	2	3	4	5	Operations Management Skill Areas
<i>General Operations</i>					
				x	Management/staff have general understanding of operation needs
			x		System to schedule tasks for routine maintenance
			x		System to schedule tasks for non-routine maintenance
<i>Inventory Control</i>					
			x		Inventory control system in place
			x		Knows what parts to keep in inventory for routine maintenance
<i>Emergency/ Spill Response</i>					
				x	Staff can explain/locate oil spill response plan
			x		Written safety policy

Comments:

General Operations

The Facility has had fuel inventory since October, 2003. As such, the facility manager and operator are well attuned to addressing operational and maintenance issues. At the time of inspection, no formal annual task schedule was available for review. The Council intends to utilize the O&M schedule contained within the Facility Operations Manual as its routine maintenance guideline. The Facility appeared to be well-maintained and operated. A list of non-routine maintenance tasks (paint touch-up, etc.) was under development to address summer maintenance identified needs.

The facility manager and operator expressed that they have a good understanding of operational needs and understand what routine maintenance functions need to occur. However, there are not yet established systems to schedule routine maintenance functions and during the monitoring, with the operator, it was discussed the need for such systems. Currently, the Council intends to utilize the R&R maintenance schedule contained within the Business Operating Plan as its non-routine maintenance guideline.

Inventory Control

Minimal supplies are kept specifically for the Facility. This is in part due to the small scale, newness, and design of the Facility - all of which limit the range and quantity of required parts. The facility manager expressed that maintenance of an inventory control system would be time consuming and counterproductive. Parts and supplies if not already onsite are easily obtainable through a variety of local parts and supply resources. Loss of inventory due to theft is not an issue.

Emergency/ Spill Response

All staff expressed interest and preparedness for emergency response. The Facility relies upon the emergency response guidelines outlined within their Facility Operations Manual. Oil spill preparedness planning occurs regularly – response equipment is inspected and response plans are reviewed with Facility staff and key community members. Ongoing support of training to prepare community members was identified as a potential training need.

BUSINESS OPERATING PLAN COMPLIANCE

Financial Management

Yes	No	NA	<i>Financial Management Compliance Areas</i>
<i>O&M Account</i>			
x			Accounting established
x			Regular deposits into account
x			Systems in place for \$5,000 authorizations
<i>R&R Account</i>			
x			Accounting established
x			Regular deposits into account
x			Interest-bearing savings account
	x		Resolutions required
	x		2 signatures required
		x	Escrow account established
		x	Resolutions required
		x	2 signatures required
<i>Budgets</i>			
x			O&M budget
x			Prior to fiscal year
		x	R&R budget
		x	Prior to fiscal year
<i>Business Plan Updates</i>			
	x		Review assumptions
	x		Update tables
<i>Audits</i>			
x			Annual audit conducted by qualified, independent auditor
x			Copy to Denali Commission
<i>Annual Report</i>			
x			Submitted to Denali Commission timely
x			Summary of O&M and R&R Projects
x			Expenditures and account balances
x			Upcoming O&M and R&R budgets
	x		Updated business plan financial tables
		x	Other information
<i>Insurance</i>			
x			General liability insurance in place
x			Other insurance in place

Comments:

O&M Account

The Council has an established operating bank account at the Wells Fargo Bank Branch in King Salmon into which bulk fuel operating funds are deposited. However, there does not appear to be any specific requirements in place for a resolution and two signatures based on the Business Operating Plan's management criteria for O&M expenditures over \$5,000. Instead, the Council follows its current financial policies and procedures. According to these policies if an item costs greater than \$5,000, but has been approved for purchase through a budget process resolutions then special signatures are not necessary. In addition, three written quotes are obtained prior to a purchase greater than \$5,000 being made.

R&R Account

The Council established an interest-bearing savings account at the Wells Fargo Bank Branch in King Salmon for its R&R funds and has made deposits into the account for approximately two years. All deposits made have been based on the schedules established in the original Business Operating Plan and no updates to the tables have occurred.

Budgets

The Council establishes a budget annually for the bulk fuel facility. The O&M expenses are budgeted annually and revised semi-annually. Due to the newness of the Facility, R&R activities have not been necessary nor have they been budgeted for other than those deposits made according to the assumptions made in the original Business Operating Plan's financials.

Business Plan Updates

The Council does not plan to update its Business Operating Plan or financial tables annually. Currently, the Facility has a similar throughput level as that estimated within the Plan, and as such, the Council's administrator is operating the Plan as originally drafted and does not feel updates are warranted. The requirement to annually update the Business Operating Plan as well as the financial assumptions and tables was reviewed with the administrator during the monitoring visit. Additionally, it was explained that electronic versions of the Plan were provided to make the annual review less time consumptive.

Audit

The Council had an annual audit performed by Mikunda, Cottrell & Co. for fiscal year 2004. The audit contains no significant findings.

Annual Report

The Council submitted its Denali Commission annual report in 2004 and 2005.

Insurance

The Council has insured the Facility for General Liability Coverage through the Alaska National Insurance Company – Willis of Alaska.

Personnel Management

Yes	No	NA	<i>Personnel Management Compliance Areas</i>
<i>Facility Manager</i>			
x			Manager designated
		x	Changes reported to Denali Commission
<i>Staffing Adequate</i>			
x			Staffing adequate
<i>Training Plan</i>			
x			Training plan in place

Comments:

Facility Manager

Dan Salmon is the manager of the Facility - as designated in the Business Operating Plan. Dan has been the facility manager since its inception.

Staffing Adequate

The current level of staff appears to be sufficient.

Training Plan

The facility manager is cognizant of the need for updated employee training and each of the key employees has received sufficient training to ensure complete compliance with the Business Operating Plan. Additional training will be pursued as needed.

Operations Management

Yes	No	NA	Operations Management Compliance Areas
<i>Facility Components in Good Working Order</i>			
x			Facility components in good working order
<i>SPCC</i>			
x			SPCC on-hand
x			SPCC current
<i>Facility Response Plan</i>			
x			Plan on-hand
x			Plan current
<i>Coast Guard Operations Manual</i>			
x			Manual on-hand
x			Manual current

Comments:

Facility Components in Good Working Order

The limited visual inspection of the Facility during the monitoring, lead us to conclude that, generally-speaking, the Facility seems to be in good repair and well-maintained. Through conversations with the facility manager and the operator it was learned that other than some frost heave associated repairs and a tie down reel, the Facility has been trouble free. Some paint peeling is occurring on the bottom of a few tanks with plans for touchups occurring during the summer of 2005.

SPCC/Facility Response Plan/ Coast Guard Operations Manual

One copy of the Facility's *EPA Spill Prevention Control & Countermeasures (SPCC) Plan, Facility Response Plan and Coast Guard Operations Manual* is kept at the Council's office, and one copy is kept at the bulk fuel facility site. These documents are all contained within one three-ring binder. Spill response preparedness is of great importance to both the facility manager and operator. Spill response equipment is routinely inspected and plans for response scenarios are reviewed and discussed.

RECOMMENDATIONS

All of the Council's management and staff interviewed demonstrated a genuine interest in fully understanding and implementing the Business Operating Plan. The Council's staff made themselves largely available for a site visit to answer questions and review Facility operations. The Council's management and staff expressed interest in fully complying with terms and conditions of the Business Operating Plan and managing the Facility in a sustainable manner. As indicated previously, the Igiugig bulk fuel facility is very well managed, operated and maintained; its staff is very experienced and well trained; and, its management is committed to compliance with the Business Operating Plan. As such, there are very few recommendations regarding systems, procedures or operations.

The following outlines the systems and procedures that should be addressed by the Council, areas that technical assistance/training may be warranted, and operational areas requiring follow-up:

	ASAP	Within year	Long Term
Systems and Procedures			
Update the Business Operating Plan's financial tables		x	x
Technical Assistance			
None			
Training			
Train community members on spill response tactics			x
Operations			
Begin developing an operator succession plan		x	x

TRIP PHOTOS



Stairwell Access.JPG



Kvickak River 2.JPG



Kvickak River.JPG



NORMAL.GIF



Reel Label.JPG



Kvickak River 3.JPG



Rust on Piping.JPG



Safety Label.JPG



Spill & Equipment Storage.JPG



Spill Response Barrels.JPG



Valve Label.JPG



Valve Lock.JPG



Tool Storage.JPG



Trucks & Extra Storage.JPG



Inventory Storage.JPG



Kvickak River & Head Lake Iliamna 2.JPG



Facility Tank 2.JPG



Facility Tank 3.JPG



Facility Tank 5.JPG



Facility Tank.JPG



Facility.JPG



Fuel Truck 2.JPG



Fuel Truck Dispenser 2.JPG



Fuel Truck Dispenser.JPG



Generator House.JPG



Holding Tank at Offsite Structure.JPG



Igg Welcome Sign.JPG



Bulldozer.JPG



Control Panel.JPG



Facility from Road.JPG



Broken Tie Down Reel.JPG



Facility Tank & Pipeline.JPG



Facility Tank 4.JPG



Fire Suppression at Facility.JPG



Frost Heave.JPG



Fuel Delivery Truck 1.JPG



Generator House 2.JPG



Generator.JPG



Header.JPG



Header2.JPG



Facility Manuals.JPG



Facility Operations Manual.JPG



Facility Signage.JPG



Kvickak River & Head Lake Ilimna.JPG



Dispenser.JPG



Dump Truck.JPG



Facility from Road 2.JPG



Facility Building.JPG



Facility 2.JPG



Erosion Matt Moving Up.JPG



Emergency Fuel Storage.JPG



Emergency Shut-Off.JPG