

CITY OF WHITE MOUNTAIN BULK FUEL FACILITY



MONITORING PLAN AND RECOMMENDATIONS

Prepared for:
ALASKA ENERGY AUTHORITY (AEA)

JULY 31, 2005

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 White Mountain, Alaska that constructed a new bulk fuel storage facility with 18 fuel storage/dispensing tanks, one marine header, one airport header and pipelines to the school, the water treatment plant and washeteria, the power plant and the retail dispenser. A component of the upgrade project was the development of a Business Operating Plan, which provided a guideline for the City of White Mountain's maintenance, operation and sustainability of the Bulk Fuel Upgrade (the "Facility"). The City of White Mountain (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 Participants

The Facility participants are:

City of White Mountain

Primary Contact Name: Roy Agloinga, *Mayor*

Phone: (907) 638-3411 Fax: (907) 638-3421

Address: P.O. Box 130, White Mountain, AK 99784

Usage: The City will utilize its facility assets to operate its utilities.

Native Village of White Mountain

Primary Contact Name: Ida Lincoln, *President*

Phone: (907) 638-3651 Fax: (907) 638-3652

Address: P.O. Box 84042, White Mountain, AK 99784

Usage: The IRA will utilize its facility assets to retail fuel.

Bering Strait School District

Primary Contact Names: *Bob Dickens, Director-Facilities/John Davis, Superintendent*

Phone: (907) 624-3611 x 4249/4240 Fax: (907) 624-3099

Address: BSSD District Office, P.O. Box 225, Unalakleet, AK 99684

Usage: The BSSD will utilize its facility assets to operate its physical plant.

Facility Components & Capacity

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

Facility Components & Capacities

Primary Storage/Dispensing	Number	Gallons Per Tank (Net)	Total Gallons (Net)
City			
Diesel			
Primary Storage	6	20,700	124,200
Intermediate Storage	1	1,350	1,350
Day Tanks	3		3,600
Total City	10		129,150
IRA (Store)			
Gasoline			
Retail Dispenser	1*	2,700	2,700
Primary Storage	2	20,700	41,400
Subtotal Gasoline	2		44,100
Diesel			
Retail Dispenser	1*	2,700	2,700
Primary Storage	2	20,700	41,400
Subtotal Diesel	2		44,100
Total IRA	5		88,200
Bering Strait School District			
Diesel			
Primary Storage	2	20,700	41,400
Intermediate Tanks	1	4,500	4,500
Total BSSD	3		45,900
Total Storage/Dispensing	18		263,250
Pipeline Components		Number	
Marine Header	1		
Airport Header	1		
Pipeline to School	1		
Pipeline to Store	2		
Pipeline to Power Plant	1		
*Dual-fuel retail dispenser	1		

Community Information

The village of White Mountain is located on the west bank of the Fish River, 63 miles east of Nome. Access to White Mountain is by air and sea; there is no road access. The 3,000' gravel runway is operated by the State of Alaska, Department of Transportation and Public Facilities, and scheduled flights are available daily from Nome. There is no dock in the village; supplies are lightered from Nome and offloaded on the beach. Cargo barges cannot currently land at White Mountain.

Water is derived from a well near the Fish River and is treated. Fifty-nine (59) households are connected to the water system, while 57 households are connected to both the piped water and sewer system. The school is also connected to the City system. Twenty (20) HUD homes have been completed and a Master Plan is underway to examine system expansion alternatives. The existing landfill needs to be relocated due to its current location in the Airstrip Safety Landing Zone. Renovation of the water plant will begin in the summer of 2005.

The population of White Mountain, predominantly Eskimo, has varied greatly over the past fifty years and the economy of the area is primarily focused on subsistence activities.

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

Selected Statistics – White Mountain

Population	
2000	203
1990	180
1980	125
1970	87
1960	151
1950	129
Housing (2000 Data)	
Occupied Housing	69
Vacant Housing Due to Seasonal Use	5
Other Vacant Housing	1
Economic Data (2000 Data)	
Unemployment Rate	18.8%
Median Household Income	\$ 25,833

City of White Mountain

The City of White Mountain has successfully administered and operated a number of social and community programs. The following table lists the City's current programs:

Current Programs	
Social Programs:	Village Public Safety Officer Volunteer Fire Department Health Clinic Library
Community Programs:	Water & Sewer Utility Electric Utility Bulk Fuel Utility Landfill Cable Television Bingo

The City purchases fuel for the electric utility and for heating the City's offices, the VPSO office, the water and sewer utility, the washeteria, the Headstart building and the health clinic building. The City charges \$2.065 per gallon for diesel fuel.

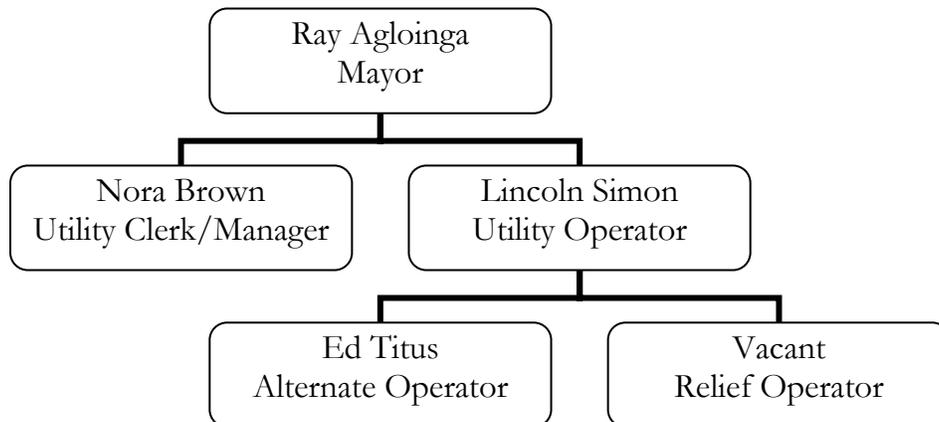
Residents and other businesses purchase diesel for heating and gasoline for motor vehicles from the White Mountain Native Store, which is owned by the Native Village of White Mountain. Currently, the White Mountain Native Store is charging \$3.10 per gallon/diesel and \$3.50 per gallon for gasoline. The store does not deliver heating fuel to homes or businesses; rather residents and businesses purchase fuel directly from the store's dispensing tanks and haul the fuel to their residence or business.

The City and the White Mountain Native Store order fuel once a year, usually in the spring. The City purchases between 60,000 to 90,000 gallons of diesel, once a year, depending on how much electricity is used by the community during the year.

Since the Business Operating Plan, dated September 30, 2002, was finalized a new City Mayor, Roy Agloinga, was elected to office. There has not been any other staff turnover with either the manager or staff positions of the City of White Mountain bulk fuel facility.

The following chart illustrates the staff relationships of the City of White Mountain's bulk fuel facility:

**CITY OF WHITE MOUNTAIN
BULK FUEL FACILITY
STAFFING ORGANIZATIONAL CHART**



Monitoring Site Visit

The Alaska Energy Authority contracted with Aurora Consulting, of Anchorage Alaska, to conduct a site visit to the City of White Mountain Facility and to develop a “*Monitoring Plan and Recommendations*” report. The scope of the assignment included working with the City to obtain information on existing management and operational systems, comparing those systems to the Business Operating Plan requirements and other “best practices”, making recommendations for changes and/or training, developing ongoing monitoring tools, and/or working to cure any deficiencies or defaults experienced by the City.

Aurora Consulting staff member, Nancy Anderson, traveled to White Mountain on June 9, 2005 to meet with City’s bulk fuel facility management and staff, including:

Contacts	Title
Roy Agloinga	City Mayor
Tom Gray	Vice Mayor
Dan Harrelson	City Council Member
Lincoln Simon	Utility Operator & City Council Member
Nora Brown	Utility Clerk

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 systems 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 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 City has not developed an annual budget for the bulk fuel facility as required in the Business Operating Plan. However, the Utility Clerk develops annual budgets for the City's electric utility, water and sewer utility and general City administration. The Utility Clerk indicated during the onsite monitoring visit that she would develop a bulk fuel facility budget for the City Council.

Bookkeeping

The City has not developed a Chart of Accounts for tracking O&M and R&R costs for the bulk fuel facility as required in the Business Operating Plan. However, the Utility Clerk has developed Chart of Accounts and tracks costs for the City's electric utility, water and sewer utility and general City administration. The Utility Clerk indicated during the onsite monitoring visit that she would develop a Chart of Accounts and track costs for the bulk fuel facility.

Collections Policy

The City does not sell fuel retail. The City's bulk fuel facility is used to operate the electric utility and water and sewer utility, and heat the health clinic, Headstart and City offices. Per the Utility Clerk, each of the City businesses and renters of the City buildings are charged for fuel used. The Utility Clerk reports that the City's collection rate is 100 percent for bulk fuel sales.

Business Operating Plan

The City Council and management have not implemented the management and bookkeeping responsibilities of the Business Operating Plan.

The City Mayor requested that the Alaska Energy Authority send a representative to White Mountain to assist the City Council with a meeting with the Native Village of White Mountain (Council) and the Bering Strait School District (BSSD). The purpose of the meeting would be to explain and implement the common/shared O&M and R&R funds contribution by all bulk fuel facility participants in the Business Operating Plan. The City Mayor and Vice Mayor requested that the Alaska Energy Authority send a representative to White Mountain to assist the City in setting up administrative and bookkeeping systems to implement the management and bookkeeping responsibilities of the Business Operating Plan.

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

Job descriptions are current for all of the bulk fuel facility staff positions. However, the staff has limited understanding of their roles and responsibilities in regard to the City’s responsibilities as Primary Operator of the bulk fuel facility as described in the Business Operating Plan.

Staffing

It appears that the staffing level of the bulk fuel facility is adequate to operate, maintain and administer the facility.

Training

The operators of the bulk fuel facility have adequate training for their job requirements. Recently, the operators attended a Hazmat course in White Mountain. The Utility Clerk has not attended the Bulk Fuel Manager and/or Bookkeeper trainings held in April/May the last two years in Anchorage. The Utility Clerk was unable to attend the trainings partially due to the time of year of the training and the week-long training schedule. The Utility Clerk would probably benefit from participating in the Bulk Fuel Manager training.

The City Council could be more responsive to training opportunities and provide opportunities for the Utility Clerk to attend the Bulk Fuel Manager training.

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 Utility Operator expressed that he has a good understanding of operational needs and understands what routine maintenance functions need to occur. The Utility Operator has attended an Above Ground Bulk Fuel Storage training; however, there are not yet established systems to schedule routine (O&M) maintenance functions. During the onsite monitoring visit, the Utility Operator was shown the operation and maintenance checklist that is located in the bulk fuel facility's EPA Facility Response Plan as a possible tool to develop a system for scheduling routine maintenance.

There are not yet established systems to schedule non-routine (R&R) repair functions. During the onsite monitoring visit, the Utility Operator was shown the R&R schedule in the Business Operating Plan as a possible tool to develop a system for scheduling non-routine repair functions.

Inventory Control

Minimal spill response supplies, specifically for the bulk fuel facility, were provided by AEA upon completion of the facility. The notebook containing the U.S. Coast Guard Operations Manual has a list of spill response equipment that should be maintained in inventory by the City. The Utility Operator should review the efficacy of maintaining specific inventory of facility components.

Emergency/ Spill Response

The City has received its copies of the U.S. Coast Guard Operations Manual, U.S. EPA Spill Prevention Control and Countermeasure Plan (SPCC) and the EPA Facility Response Plan prepared by AEA. During the onsite monitoring visit, the Utility Operator was shown the notebook with the manual and plans. The spill response drills/procedures and forms in the EPA Facility Response Plan were briefly reviewed with the Utility Operator. The Utility Operator should become familiar with the manual and plans and consider using some the forms in the plans for emergency and spill response drills/procedures.

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
			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 City has not established a Chart of Accounts for the bulk fuel facility that would track O&M revenues and costs, including each participant's payment for shared/common O&M. The City Council approves any expenditure over \$2,000; therefore, the City has exceeded the Business Operating Plan's management criteria for O&M expenditures over \$5,000 requiring City Council's approval.

R&R Account

The City has not established an interest-bearing savings account for the bulk fuel facility's R&R funds. No R&R funds have been collected from any of the participants for the first full-year's deposit into a R&R account.

Budgets

The City has not developed an annual budget for the bulk fuel facility as required in the Business Operating Plan. However, the Utility Clerk develops annual budgets for the City's electric utility, water and sewer utility and general City administration. The Utility Clerk indicated during the onsite monitoring visit that she would develop a bulk fuel facility budget for the City Council.

Business Plan Updates

The Utility Clerk is aware that the City is required to update the financial tables in the Business Operating Plan annually. The Utility Clerk has had limited training on how to update the financial tables in the Plan and did not have an opportunity to work on the financial tables during the onsite monitoring visit.

Audit

The City has not had an audit conducted by an independent auditor since fiscal year 2003. The City has not operated the bulk fuel facility for one full year, therefore is not yet required to have an off-site independent audit on the Facility. The City operates on a fiscal year - July through June. Therefore, the City would schedule an audit for fiscal year 2005 in July/August 2005.

Annual Report

The City has not operated the bulk fuel facility for one full year, therefore is not yet required to submit an annual report to the Denali Commission. In order to facilitate the annual budget and reporting processes, the City may consider utilizing its fiscal year - July through June - for reporting purposes. Therefore, the City would submit its first annual report to the Denali Commission in July/August 2005.

Insurance

Currently, the City participates in the AML/JIA insurance program which usually includes general liability, workers compensation and some property/inventory coverage for City owned buildings and property. The Utility Clerk needs to verify that the facility has been added to the AML/AJI insurance policy.

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

The City Council has not hired or appointed one staff to manage the bulk fuel facility. Rather, the Mayor, Roy Agloinga, is the primary contact and manager of the bulk fuel facility. Additionally, the City Council decided to delegate the job duties of a facility manager among the existing staff - the Utility Operator and Utility Clerk. The Mayor and City Council members provide general supervision and direction to the staff on the implementation of the Business Operating Plan.

Staffing Adequate

The current level of staff appears to be sufficient as long as the functions of the Manager are adequately performed by the “split-delegation” between the mayor, the operator and the clerk. Of particular concern, is the effective performance of the key management functions of planning and budgeting.

Training Plan

The Utility Operators of the bulk fuel facility appear to have adequate training for their job requirements. The Utility Clerk would probably benefit from participating in the Bulk Fuel Manager/Bookkeeper training. The City Council could be more responsive to training opportunities and provide opportunities for the Utility Clerk.

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 Utility Operator provided a visual tour of the bulk fuel facility, marine header, airport header, water and sewer utility's intermediate tank and the Native Village of White Mountain's retail fuel dispenser and intermediate tanks. The bulk fuel facility and offsite structures appear to be in good repair and well-maintained.

The Native Village of White Mountain's retail dispenser is installed with a console for operating the dispenser from inside the store; however, the console was never connected for operation. The console was installed during the construction of the Facility but was never connected. Without the console connection, the store manager must leave the store to pump fuel for customers. In June 2005, a professional electrician was hired to connect the console but was unable to get the console working.

The City Council members, who participated in the monitoring visit, expressed concern about the rust that has formed on all the fuel pipeline joints due to the joints not being painted during the construction of the Facility. These City Council members felt that the rust would reduce the life of the pipelines and had asked that the joints be painted during the construction phase.

Additionally, the City Council members, who participated in the monitoring visit, pointed out a problem with the design and construction of a pipeline from the City's storage tank that connects to the Bering Strait School District's intermediate tank at the school. The City has an additional task of tracking fuel going into the school's intermediate tank.

The Utility Operator expressed that he has a good understanding of operational needs and understands what routine maintenance functions need to occur. However, there are not yet established systems to schedule routine (O&M) maintenance functions. Additionally, there are not yet established systems to schedule non-routine (R&R) repair functions.

SPCC/Facility Response Plan/Coast Guard Operations Manual

The City has received its copies of the U.S. Coast Guard Operations Manual, U.S. EPA Spill Prevention Control and Countermeasure Plan (SPCC) and the EPA Facility Response Plan prepared by AEA. The manual and plans are current and up-to-date. The Utility Operator briefly reviewed the manual and plans during the onsite monitoring visit. The City has the responsibility to keep the plans current as indicated in the timeframes in the plans.

RECOMMENDATIONS

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

Systems and Procedures	ASAP	Within year	Long Term
Develop a Chart of Accounts for the bulk fuel facility	x		
Collect O&M payments from all participants for first year	x		
Collect R&R funds from all participants for first year	x		
Develop a written staff training plan		x	
Establish an interest-bearing R&R fund account	x		
Develop a bulk fuel facility budget for fiscal year 2006	x		
Develop procedures for completing & submitting annual report		x	
Verify AML/AJI General Liability insurance on the Facility	x		
Technical Assistance			
Tracking & Allocating O&M and R&R to participants	x		
Updating business operating plan and financial table assumptions	x		
Preparing and submitting Denali Commission annual report		x	
Training			
Schedule/arrange training on the Business Operating Plan for management and staff	x		
Operations			
Develop system to schedule tasks for routine (O&M) maintenance		x	
Develop system to schedule tasks for non-routine (R&R) repair			x
Develop a spill response and O&M parts inventory list		x	

TRIP PHOTOS



Store's Pumps (2).JPG



Store's Retail Dispenser.JPG



Store's Pumps (1).JPG



Tank Gauge (1).JPG



Tank Gauge (2).JPG



Tank Valve.JPG



Utility Manager on 4-Wheeler.JPG



Utility Manager.JPG



Water Plant Fencing and Gate.JPG



Water Plant Foundation Erosion.JPG



Water Plant Intermediate Tank.JPG



Marine Header (4).JPG



Pipelines to Intermediate Tanks.JPG



River Front of Community.JPG



River View of Community (1).JPG



River View of Community (2).JPG



River View of Facility (1).JPG



River View of Facility (2).JPG



River View of Facility (3).JPG



Storage Tank & Joint with Rust.JPG



Store & City Storage Tanks.JPG



Store's Foundation Erosion.JPG



Store's Gages.JPG



Store's Intermediate Tanks.JPG



Store's Pipeline Joints.JPG



Marine Header (3).JPG



Facility Stairs & Platform.JPG



City's Fencing.JPG



City's Storage Tanks.JPG



Dike Drainage.JPG



Dike Wall.JPG



Facility and River (1).JPG



Facility and River (2).JPG



Facility Control Panel.JPG



Facility Pipeline (1).JPG



Facility Pipeline (2).JPG



Facility Signage.JPG



Facility Stairs.JPG



Joint with Rust.JPG



Kids Don't Float Program.JPG



Ladder Against Water Plant.JPG



Marine Header (1).JPG



Marine Header (2).JPG



Airport Header.JPG



Airport Pipeline to Facility.JPG



Airport View of Facility.JPG



Bulk Fuel Facility Gate.JPG