



Financial Assistance Award

DENALI COMMISSION
 510 "L" Street, Suite 410
 Anchorage, Alaska 99501
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 www.denali.gov

Award Number	171-05
Award Title	Development of Rural Alaska Fuel Service Inc.
Performance Period	March 1, 2005- March 31, 2010
Authorizing Resolution	05-02
Recipient Organization & Address	
Rural Alaska Fuel Services Inc. PO Box 242412 Anchorage, AK 99524 Phone: (907) 227-1498 Fax: 522-9300	
Recipient DUNS #142012702 TIN # 27-0074778	

Authority 112 Stat 1854	CFDA Number 90.100
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Denali Commission Finance Officer Certification	<i>JRP</i>
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Cost Share Distribution Table

Accounting Code	Denali Commission	Other Contributors	Total
95670000 FY05	\$200,000		\$200,000
			\$0
			\$0
			\$0
			\$0
Total	\$200,000	\$0	\$200,000

This Financial Assistance Award approved by the Federal Co-Chair of the Denali Commission is issued in triplicate and constitutes an obligation of federal funding. By signing the three documents, the Recipient agrees to comply with the Award provisions indicated below and attached. Upon acceptance by the Recipient, two signed Award documents shall be returned to the Federal Co-Chair of the Denali Commission and the Recipient shall retain the third document. If not signed and returned without modification by the Recipient within 30 days of receipt, the Federal Co-Chair may unilaterally terminate this Award.

- Special Award Conditions and Attachments
- Line Item Budget
- OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations
 (<http://www.whitehouse.gov/omb/circulars/a133/a133.html>)

Administrative Requirements (check one)

- OMB Circular A-102, Grants and Cooperative Agreements with State and Local Governments
 (<http://www.whitehouse.gov/omb/circulars/a102/a102.html>)
- OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
 (<http://www.whitehouse.gov/omb/circulars/a110/a110.html>)

Cost Principles (check one)

- OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments
 (www.whitehouse.gov/omb/circulars/a087/a087-all.html)
- OMB Circular A-122, Cost Principles for Nonprofit Organizations
 (www.whitehouse.gov/omb/circulars/a122/a122.html)
- OMB Circular A-21, Cost Principles for Educational Institutions
 (<http://www.whitehouse.gov/omb/circulars/a021/a021.html>)
- 48 CFR 31.2, Contracts with Commercial Organizations

Signature of Authorized Official - Denali Commission	Typed Name and Title	Date
<i>Jeff Staser</i>	Jeffrey B. Staser, Federal Co-Chair	3/11/05
Signature of Authorized Official - Rural Alaska Fuel Services Inc.	Typed Name and Title	Date
<i>Del Conrad</i>	Del Conrad, CEO	3/15/05

ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

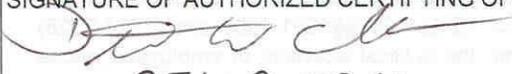
PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL  DEL CONRAD	TITLE CEO
APPLICANT ORGANIZATION RURAL ALASKA FUEL SERVICES, INC.	DATE SUBMITTED February 25, 2005

***Award Conditions to the Financial Assistance Award
Between the Denali Commission and Rural Alaska Fuel Services, Inc. (RAFS)
For Development of Rural Alaska Fuel Services
Project No. 171-05***

1. Scope of Work

The purpose of the corporation is to provide an alternative means for managing and operating rural bulk fuel facilities and to bring economies of scale and expertise to bear on tank facility operations not available to individual communities and therefore, created more sustainable bulk fuel operations for Denali Commission funded bulk fuel facilities.

Pursuant to the attached RAFS Business Plan dated December 2004 it was determined that costs related to startup of RAFS would require Denali Commission funding support. The purpose of this funding is to support the development of RAFS pursuant to the attached business plan. Therefore, allowable expenses are identified in the attached December 2004 Business Plan and Financial Spreadsheet.

As outlined in Resolution 05-02 funding will be allocated “as benchmarks are achieved”. The benchmarks for allocation of funding are attached in the document titled 2005 Performance Benchmarks, this document outlines the goals/benchmarks that must be achieved on a quarterly basis to receive approval for funding disbursement.

All Commission funding is intended for use for the scope of work identified in the Award document only. In the event there is a balance of funding remaining after the full scope of work has been completed, the Denali Commission shall determine how the excess funds will be allocated.

2. Milestones

2 Milestones Found

	Milestone	Planned		Actual		Units	Total Cost At Completion	Reorder
		Start Date	End Date	Start Date	End Date			
	In-Progress	03/01/2005					\$0.00	
	Project Close-out						\$0.00	

3. Award Performance Period

The Award performance period is March 1, 2005 through March 31, 2010. This is the period during which Award recipients can incur obligations or costs against this Award.

4. Direct and Indirect Costs

The cost principles of OMB Circular A-122 are applicable to this Award. Please refer to the cost principles regulations for specific details on other allowable charges under this Award.

5. Budget and Program Revisions

The Administrative Circular, OMB A-110, applies to this Award. Please refer to the Administrative Circular for specific details on revisions to this Award. The Administrative Circular requires that RAFS will inform the Commission in writing (e-mail, letter, or report) at the earliest possible date of any unanticipated project cost overrun, project schedule delays, or changes in the project scope or changed site conditions.

6. Payments

Payments under this Award will be made through the U.S. Department of Treasury's Automated Standard Application for Payment (ASAP) system. The ASAP system is the Commission's mechanism for requesting and delivering Federal funds to Award recipients. Your organization must be registered with the ASAP program in order to make draw downs. Please contact the Commission's Program Manager or Finance Manager for further information about registering with the ASAP program. Payments shall be made in accordance with OMB A-110. **No interest will be accrued on these funds.**

7. Reporting

Three forms of project reporting are required under this Award, listed below. RAFS shall submit reports using the Denali Commission's on-line Project Database System, available at www.denali.gov. If there are technical limitations which may prevent the recipient from meeting this requirement, please contact the Program Manager listed in this agreement.

- a. **Progress Reports** shall be submitted on a quarterly basis. The first reporting period is January 1, 2005 through March 31, 2005, and quarterly thereafter. Reports are due within 30 days of the end of the reporting period. Progress reports shall include the following:
 - i. Total project funding, including both Denali Commission funding and other project funding sources.
 - ii. The total project expenditures for the project as of the end of the reporting period, including both Denali Commission and Other funding sources.
 - iii. Update schedule and milestone information as identified in the Scope of Work

- iv. Narrative summary of the project status and accomplishments to date, and address the following questions: is the project on schedule, is the project on budget, and what actions are planned to address any project problems.
 - v. **Non-Construction Projects** For minor repair and renovation projects or other non-construction projects, pictures should be provided of before and after, or photos that are representative of the funded activity, to the extent possible. Photos shall be provided in a digital format as part of the on-line report. A short description of the activity and names of those in the photos shall also be provided.
- b. **Federal Single Audits** shall be submitted annually, when required. In accordance with OMB Circular A-133, which requires [subpart 200] “Non-Federal entities that expend \$500,000 or more in a year in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of this part. [subpart 205] The determination of when an award is expended should be based on when the activity related to the award occurs.”

Recipients shall also submit single audits to the Federal Clearinghouse designated by OMB. Information can be found on the following web-site:

<http://harvester.census.gov/sac/>

8. Project Close-Out

The project close-out shall be completed within 90 days of the end of the Award performance period or within 90 days of the completion of the project, whichever is earlier. Recipients must also draw down any remaining funds for expenditures incurred under this award during this 90-day period.

The Project Close-out report shall be submitted on-line through the Denali Commission’s on-line Project Database System, available at www.denali.gov. The project close out will require the recipient to submit the following information:

- a. Final data for each item listed in paragraph 7(a) “Progress Reports”
- b. Final project expenditures itemized by the following categories: planning & design; materials & equipment; freight; labor; project administration/overhead and other expenses.
- c. Acknowledgement of support: For all non-construction projects, the Award recipient shall include an acknowledgement of the Government’s support for the project(s) developed under this Award. RAFS will acknowledge Denali Commission support on promotional materials and other such items whenever feasible. Costs associated with this requirement shall be paid out of the project funding received by the Award recipient from the Denali Commission.

9. Public Policy Laws and Assurances

Award Recipients are required to comply with the public policy laws and assurances on Standard Forms SF 424b (non-construction projects) or SF 424d (construction projects). This form must also be signed by a certifying official of the organization. Some of the laws are highlighted below for your reference.

To the maximum extent practicable, considering applicable laws, Funding Recipients shall accomplish the project contemplated by the Award using local Alaska firms and labor.

No portion of this award may be used for lobbying or propaganda purposes as prohibited by 18 U.S.C. Section 1913 or Section 607(a) of Public Law 96-74.

Project level environmental reviews in accordance with the National Environmental Policy Act (NEPA) and the National Historic Preservation Act (NHPA) are required for each project undertaken with Denali Commission funds.

10. Non-Compliance with Award Conditions

Recipients not in compliance with the terms and conditions of this Financial Assistance Award will be notified by the Denali Commission. The Denali Commission will work with the recipient to identify the steps necessary to bring them back into compliance, and will establish an appropriate time frame for the corrections to be made. If the corrections have not been made by the deadline, the Denali Commission reserves the right to either suspend or unilaterally terminate the Financial Assistance Award for non-performance.

11. Program Manager, Financial Manager & Other Contact Information

Denali Commission	Rural Alaska Fuel Services, Inc.
Krag Johnsen, Chief of Staff	Del Conrad, CEO
510 L Street, Suite 410	PO Box 242412
Anchorage, AK 99501	Anchorage, AK 99524-2412
Phone: (907) 271-1413	Phone: (907) 227-1498
Fax: (907) 271-1415	Fax: (907) 522-9300
Email: KJohnsen@hotmail.com	Email: dconrad@rafs.net



Rural Alaska Fuel Services

REVISED BUSINESS PLAN – 2004 thru 2007

**Prepared by: Del Conrad, CEO
December 2004**

HISTORY

Rural Alaska Fuel Services, Inc. is a non-profit corporation established for the purpose of assisting communities in rural Alaska manage and operate bulk fuel tank farms. The need for this service was identified when it became apparent that many rural Alaskan communities did not have the knowledge or resources to operate bulk fuel facilities in a sustainable manner and in accordance with all Federal and State regulatory requirements as required by Denali Commission grants funding new tank farms.

In 2003 an initial business plan was developed for RAFS and submitted to the Denali Commission with a grant application requesting approximately \$435,000 over three years. After reviewing the plan documents, the Denali Commission awarded \$200,000 in start-up capital. The revised business plan presented here projects revenues and expenses monthly from September 2004 through December 2007 based on RAFS' actual experience during the first seven months of operations.

RAFS has received generally favorable responses from contacts in rural Alaska. There is a clear understanding of the need for a professional approach to tank farm management and genuine appreciation of the services we have offered. Offsetting this favorable reception has been the high cost of fuel and the perception in rural communities that RAFS will raise fuel costs even higher. This perception is true to the extent that many rural communities have never operated their bulk fuel facilities in a sustainable way, nor have they concerned themselves with regulatory compliance. RAFS will only succeed if sustainability requirements and regulatory compliance are enforced in all villages and RAFS can be positioned as a more effective use of funds. If communities are allowed to operate outside sustainability and regulatory requirements, there will be little incentive for communities to become members.

In seven months of operations RAFS has made significant progress.

- A CEO and Operations Manager have been hired.
- We have developed a village based bulk fuel facility training program and received a grant to fund the program development.
- We have developed a clear scope of services.
- We have been a participant in the Bulk Fuel Bridge Loan program in conjunction with AVEC and the State of Alaska.
- We have a bulk fuel facility management contract in place with the City of Kiana.
- We have reached verbal agreement with Bering Straits School District on a fee for service contract.
- We have a proposal for a fee for service contract under consideration at AVEC.
- We have performed two training seminars for AVEC personnel.
- We made presentations to the Alaska Energy Conference and the Alaska Native Health Board Tribal Environmental Conference.
- We participated in the AML Mayor's conference.

- We have obtained General and Professional Liability Insurance as well as environmental insurance for any facilities we operate.
- In conjunction with DCCED we are working to develop a mentoring program for communities at financial risk.
- We have established a relationship with AMLJIA and gained enough credibility with them that they are offering discounts on premiums for communities that contract with RAFS to operate their bulk fuel facilities or agree to a RAFS mentoring program.
- We have participated in the Chignik Area Regional Planning meeting and have a facilities management proposal under consideration.

CURRENT INITIATIVES

- Bulk Fuel Bridge Loan Program:

As of this writing, RAFS, in conjunction with AVEC and the Department of Commerce, Community and Economic Development have funded approximately \$750,000 of fuel purchases for eleven rural communities (\$500,000 of the initial funding was a grant from the Denali Commission to the State of Alaska). RAFS' responsibility is to handle customer contact and loan collection. To date all the loans are either current or payment commitments from guaranteed revenue sources have been made.

An integral part of this program is meetings with village councils to emphasize the importance of loan repayment and to build relationships with key members of the community. An outgrowth of this program is the opportunity to present RAFS' primary services (Bulk Fuel Facility Management) to communities who have already had a positive experience with RAFS.

- Community Mentoring Program:

A provision of the Bulk Fuel Bridge Loan program is that communities agree to third party oversight of their administrative and financial activities. In conjunction with DCCED, we are seeking grant funds to permit RAFS to perform this function. This would both provide revenue to RAFS and give us a platform from which to sell bulk fuel facility management services.

- Regional Planning Meetings:

Organizations throughout the state are structured on a regional basis. These organizations have regular meetings of communities within their region to address issues common to them all. We have already participated in the Chignik Bay regional meeting and have been invited to meetings with Coastal Villages, Bristol Bay Native Association and Northwest Arctic Borough. These meetings provide

a forum for RAFS to present our services to a large number of communities and participate in their planning and problem solving efforts.

- HAZWOPER Training:

We are expanding the marketing for our HAZWOPER training to include organizations like AVEC, Nome Joint Utilities and Yukon Fuels. This effort not only provides revenue but expands our profile and provides rural contacts.

OPPORTUNITIES

- Indian General Assistance Grants (EPA):

The IGAP grants are provided by the EPA to tribal organizations for the purpose of developing environmental expertise within the tribe. We believe that RAFS' services fall within the scope of these grants. The Chignik Bay Village Council is considering an IGAP grant application for the purpose of hiring RAFS to manage the bulk fuel facilities in the three Chignik Bay communities. If they are successful this will provide a model we can use throughout rural Alaska to allow communities to contract for our services at little or no cost.

- Independent Third Party Operator:

Several communities are having problems with bulk fuel facilities shared among several users. This is more complicated when it includes "for profit" entities. RAFS is positioned to become an independent third party operator, eliminating potential conflicts of interest between users.

- Secondary Operator:

Denali Commission grants include provision for a secondary operator in the event the primary operator is unable to fulfill obligations specified in the grant. There are several communities that are out of compliance with grant requirements, most notably communities that have allowed their insurance to lapse. RAFS is ideally positioned to take on the role of secondary operator and ensure that Denali Commission requirements are met.

An alternative application of the "secondary operator" position would be as a mentoring organization. In this scenario, instead of RAFS becoming the operator by mandate, the Denali Commission would designate RAFS as the secondary operator and provide a stipend to allow RAFS to mentor the communities. This would entail an advisory role in administrative functions like budgeting, financial analysis and pricing, and a functional role in the areas of line testing and operational training.

OBSTICLES

- Grant Provision Enforcement:

Without enforcement from the Denali Commission of requirements identified in their grant documents, RAFS will have difficulty developing a market. Most communities see the cost of maintaining new infrastructure as new costs that they have not had to bear previously. Only the certainty that these costs will be assessed will make RAFS' services an attractive alternative. The Denali Commission must take an active role ensuring that all provisions of the grant agreement are fulfilled.

- Inadequate Business Plans:

The Denali Commission has made a significant step forward in requiring that communities receiving grants prepare a business plan identifying costs and revenues associated with new infrastructure. The current procedure however has two significant flaws:

- Understated Cost of Operations – All business plans I have reviewed to date significantly understate the cost of operations for bulk fuel facilities. Typically operating costs do not include federally mandated training. They also understate day-to-day operating costs, typically including a periodic walk-through, but excluding fixes to problems the walk-through might identify, such as the need to pump water from containment or clear snow or brush from the facility. Consequently, a RAFS' proposal that accurately and adequately identifies costs will be significantly higher than community expectations.

Additionally, the plans typically take first year costs, when maintenance expense is expected to be low, and extend it for forty years to estimate life-time facility cost. Clearly maintenance expense should be expected to increase over time as wear and tear takes its natural toll.

- Month-to-Month Analysis – Current business plans are prepared on an annualized basis with no provision for month-to-month review or comparisons to actual costs. Accordingly, communities have no mechanism that allows them to adjust pricing, cut costs or otherwise ensure that plan objectives are being met. Without this feedback, the business plan has no practical impact on sustainability.

- Inadequate Funding:

Despite our success, it is clear from the attached cash flow projections that additional grant funding will be necessary. Based on our current cash requirements and funding commitments in hand we expect to run out of cash by the end of February, 2005. Our revised projections show that the original business plan was accurate with regard to the number of villages necessary to break even (12-15) and with the total investment from the Denali Commission necessary to ensure success. The attached spreadsheet shows a total requirement of \$200,000 in additional funding to reach break even and sustainability. We respectfully request that Denali Commission provide this additional funding as proposed in RAFS' original business plan to fulfill the promise of this organization.

Attachments:

RAFS Three Year Budget

EXPECTED CASE ANALYSIS

Description	2004				2005												2006					
	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June
Villages Under Contract			1	1	1	2	2	2	3	3	3	4	4	4	5	5	6	6	7	7	8	8
New Villages		1			1			1			1			1		1			1			1
Total Villages	-	1	1	1	2	2	2	3	3	3	4	4	4	5	5	6	6	7	7	8	8	9
Balance of Grant	\$ 100,000	\$ 60,000	\$ 40,000	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals	\$ 40,000	\$ 20,000	\$ 20,000		\$ 20,000																	
Ending Balance	\$ 60,000	\$ 40,000	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Bank Balance	\$ 19,406	\$ 27,708	\$ 13,318	\$ 24,732	\$ 18,512	\$ 15,286	\$ (1,232)	\$ (43,750)	\$ (50,768)	\$ (57,078)	\$ (62,387)	\$ (78,197)	\$ (93,298)	\$ (108,400)	\$ (97,001)	\$ (109,894)	\$ (124,287)	\$ (131,971)	\$ (172,958)	\$ (180,236)	\$ (183,015)	\$ (182,085)
Deposits:																						
Denali Comm Grant	\$ 40,000	\$ 20,000	\$ 20,000	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Grants				\$ 10,000																		
Bulk Fuel Admin Fee*			\$ 14,020											\$ 25,000								
Travel Fees - Operations							\$ 3,000	\$ 16,500	\$ 16,500	\$ 18,000									\$ 3,000	\$ 16,500	\$ 16,500	\$ 18,000
Fee For Service Revenue							\$ 2,000	\$ 11,000	\$ 11,000	\$ 12,000									\$ 2,000	\$ 11,000	\$ 11,000	\$ 12,000
Management Contract Revenue			\$ 3,000	\$ 3,000	\$ 3,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 15,000	\$ 15,000	\$ 18,000	\$ 18,000	\$ 21,000	\$ 21,000	\$ 24,000	\$ 24,000
Training Revenue				\$ 5,000		\$ 3,000	\$ 3,000			\$ 3,000				\$ 3,000		\$ 3,000	\$ 3,000		\$ 3,000			
Total Cash Inflows	\$ 40,000	\$ 20,000	\$ 37,020	\$ 18,000	\$ 23,000	\$ 9,000	\$ 11,000	\$ 36,500	\$ 36,500	\$ 39,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 40,000	\$ 15,000	\$ 15,000	\$ 21,000	\$ 18,000	\$ 29,000	\$ 48,500	\$ 51,500	\$ 54,000
Expenses:																						
Wages & Benefits	\$ 17,320	\$ 25,559	\$ 17,139	\$ 17,232	\$ 17,739	\$ 17,739	\$ 17,739	\$ 17,739	\$ 17,739	\$ 17,739	\$ 17,739	\$ 17,739	\$ 17,739	\$ 17,739	\$ 17,739	\$ 17,739	\$ 17,739	\$ 21,541	\$ 21,541	\$ 21,541	\$ 21,541	\$ 21,541
Village Contracted Labor	\$ -		\$ 417	\$ 417	\$ 417	\$ 833	\$ 833	\$ 833	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,667	\$ 1,667	\$ 1,667	\$ 2,083	\$ 2,083	\$ 2,500	\$ 2,500	\$ 2,917	\$ 2,917	\$ 3,333	\$ 3,333
Bank Charges	\$ 5	\$ 5		\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Postage & Delivery			\$ 4																			
Consulting	\$ 1,000	\$ 2,122	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Legal Fees	\$ 1,677	\$ 1,750	\$ 796	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Annual Audit							\$ 25,000											\$ 25,000				
Rent	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Communications	\$ 44	\$ 220	\$ 466	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200
Advertising & Marketing	\$ 650	\$ 76																				
Travel - Marketing/Admin	\$ 2,673	\$ 421	\$ 2,541	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Travel - Operations			\$ 959	\$ 375	\$ 1,875	\$ 750	\$ 3,750	\$ 18,750	\$ 17,625	\$ 19,125	\$ 2,625	\$ 1,500	\$ 1,500	\$ 3,000	\$ 1,875	\$ 3,375	\$ 2,250	\$ 3,750	\$ 5,625	\$ 20,625	\$ 19,500	\$ 22,500
Operations Equipment Exp.	\$ 2,640		\$ 62																			
Training, Education & Conf	\$ 1,507	\$ 975																				
Office Supplies	\$ 303	\$ 631	\$ 111	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
Training Supplies			\$ 686																			
Equipment Purchases		\$ 1,455																				
Insurance	\$ 3,379	\$ 676	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926
Total Expenses:	\$ 31,698	\$ 34,390	\$ 25,606	\$ 24,220	\$ 26,226	\$ 25,518	\$ 53,518	\$ 43,518	\$ 42,810	\$ 44,310	\$ 27,810	\$ 27,101	\$ 27,101	\$ 28,601	\$ 27,893	\$ 29,393	\$ 28,685	\$ 58,987	\$ 36,278	\$ 51,278	\$ 50,570	\$ 53,570
Cash Balance	\$ 27,708	\$ 13,318	\$ 24,732	\$ 18,512	\$ 15,286	\$ (1,232)	\$ (43,750)	\$ (50,768)	\$ (57,078)	\$ (62,387)	\$ (78,197)	\$ (93,298)	\$ (108,400)	\$ (97,001)	\$ (109,894)	\$ (124,287)	\$ (131,971)	\$ (172,958)	\$ (180,236)	\$ (183,015)	\$ (182,085)	\$ (181,655)

* Grant documents have not been finalized, nor has a contract between RAFS and AVEC been completed. We anticipate receiving 80% of the administration fee (4% of total dollars spent on fuel). Currently we have spent \$500,000 and have several fly-in villages left to resolve

Cash Projection
September, 2004

Description	06						2007											
	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December
Villages Under Contract	9	9	10	10	11	11	12	12	13	13	14	14	15	15	16	16	17	17
New Villages		1		1		1		1		1		1		1		1		1
Total Villages	9	10	10	11	11	12	12	13	13	14	14	15	15	16	16	17	17	18
Balance of Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Withdrawals																		
Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Bank Balance	\$ (181,655)	\$ (185,714)	\$ (191,274)	\$ (190,125)	\$ (168,477)	\$ (165,120)	\$ (166,263)	\$ (160,697)	\$ (188,434)	\$ (182,462)	\$ (171,990)	\$ (157,810)	\$ (144,130)	\$ (138,742)	\$ (134,854)	\$ (124,257)	\$ (93,160)	\$ (80,355)
Deposits:																		
Denali Comm Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Grants																		
Bulk Fuel Admin Fee*				\$ 25,000												\$ 25,000		
Travel Fees - Operations									\$ 3,000	\$ 16,500	\$ 16,500	\$ 18,000						
Fee For Service Revenue								\$ 2,000	\$ 11,000	\$ 11,000	\$ 12,000							
Management Contract Revenue	\$ 27,000	\$ 27,000	\$ 30,000	\$ 30,000	\$ 33,000	\$ 33,000	\$ 36,000	\$ 36,000	\$ 39,000	\$ 39,000	\$ 42,000	\$ 42,000	\$ 45,000	\$ 45,000	\$ 48,000	\$ 48,000	\$ 51,000	\$ 51,000
Training Revenue			\$ 3,000		\$ 3,000		\$ 3,000		\$ 3,000		\$ 3,000				\$ 3,000		\$ 3,000	
Total Cash Inflows	\$ 27,000	\$ 27,000	\$ 33,000	\$ 55,000	\$ 36,000	\$ 33,000	\$ 39,000	\$ 36,000	\$ 47,000	\$ 66,500	\$ 69,500	\$ 72,000	\$ 45,000	\$ 45,000	\$ 51,000	\$ 73,000	\$ 54,000	\$ 51,000
Expenses:																		
Wages & Benefits	\$ 17,739	\$ 17,739	\$ 17,739	\$ 17,739	\$ 17,739	\$ 17,739	\$ 17,739	\$ 21,541	\$ 21,541	\$ 21,541	\$ 21,541	\$ 21,541	\$ 21,541	\$ 21,541	\$ 21,541	\$ 21,541	\$ 21,541	\$ 21,541
Village Contracted Labor	\$ 3,750	\$ 3,750	\$ 4,167	\$ 4,167	\$ 4,583	\$ 4,583	\$ 5,000	\$ 5,000	\$ 5,417	\$ 5,417	\$ 5,833	\$ 5,833	\$ 6,250	\$ 6,250	\$ 6,667	\$ 6,667	\$ 7,083	\$ 7,083
Bank Charges	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Postage & Delivery																		
Consulting	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Legal Fees	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Annual Audit								\$ 25,000										
Rent	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Communications	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200
Advertising & Marketing																		
Travel - Marketing/Admin	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Travel - Operations	\$ 3,375	\$ 4,875	\$ 3,750	\$ 5,250	\$ 4,125	\$ 5,625	\$ 4,500	\$ 6,000	\$ 7,875	\$ 22,875	\$ 21,750	\$ 24,750	\$ 5,625	\$ 7,125	\$ 6,000	\$ 7,500	\$ 6,375	\$ 7,875
Operations Equipment Exp.																		
Training, Education & Conf																		
Office Supplies	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
Training Supplies																		
Equipment Purchases																		
Insurance	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926	\$ 926
Total Expenses:	\$ 31,060	\$ 32,560	\$ 31,851	\$ 33,351	\$ 32,643	\$ 34,143	\$ 33,435	\$ 63,737	\$ 41,028	\$ 56,028	\$ 55,320	\$ 58,320	\$ 39,612	\$ 41,112	\$ 40,403	\$ 41,903	\$ 41,195	\$ 42,695
Cash Balance	\$ (185,714)	\$ (191,274)	\$ (190,125)	\$ (168,477)	\$ (165,120)	\$ (166,263)	\$ (160,697)	\$ (188,434)	\$ (182,462)	\$ (171,990)	\$ (157,810)	\$ (144,130)	\$ (138,742)	\$ (134,854)	\$ (124,257)	\$ (93,160)	\$ (80,355)	\$ (72,050)



Rural Alaska Fuel Services

2005 Performance Benchmarks

First Quarter

- Contract with at least one additional village to provide Bulk Fuel Tank Farm Services
- Continue administration of Bulk Fuel Bridge Loan Program, including meetings with appropriate village councils to emphasize the importance of meeting loan commitments.
- Generate at least \$5,000 revenue from other sources (Training/Mentoring, Commercial Contracts such as Yukon Fuel, etc.).
- Develop and implement mail/phone marketing campaign targeted at school districts.

Second Quarter

- Contract with at least one additional village to provide Bulk Fuel Tank Farm Services.
- Generate at least \$30,000 in fee for service work with utilities (inc. AVEC) or school districts.
- Develop and implement mail/phone marketing campaign to regional Native/non-profit organizations.
- Apply for STEP grant to provide in-village HAZWOPER training to city/tribal employees.

Third Quarter

- Contract with at least one additional village to provide Bulk Fuel Tank Farm Services.
- Re-order fuel for communities eligible under the Bulk Fuel Bridge Loan Program. Manage deliveries and logistics. Ensure best price.
- Generate at least \$8,000 in revenue from other sources.
- Develop and implement mail/phone marketing campaign to all communities with Denali Bulk Fuel Tank Farms.

Fourth Quarter

- Contract with at least one additional village to provide Bulk Fuel Tank Farm Services.
- Attend at least 2 regional or statewide conferences/meetings (AML, AFN).