

# **NATIVE VILLAGE OF BUCKLAND BULK FUEL FACILITY**



## **MONITORING PLAN AND RECOMMENDATIONS**

Prepared for:  
**THE ALASKA ENERGY AUTHORITY (AEA)**

**DECEMBER 20, 2006**

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Prepared by:

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## OVERVIEW

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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 Buckland, Alaska that constructed a new bulk fuel storage facility with fifteen primary diesel storage tanks, two primary gasoline storage tanks, one dispensing diesel tank, one dispensing gasoline tank, fuel fill and distribution pipelines, a marine header, and a dual product retail dispenser. A component of the upgrade project was the development of a Business Operating Plan, which provided a guideline for the Native Village of Buckland's maintenance and operation and sustainability of the Bulk Fuel Upgrade (the "Facility"). The Native Village of Buckland (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:

#### **Native Village of Buckland**

Primary Contact Name: *Jimmy Geary, President*

Phone: (907) 494-2171 Fax: (907) 494-2217

Address: Native Village of Buckland, P.O. Box 67, Buckland, AK 99727

Usage: The Village utilizes its assets to operate its utilities and to retail fuel.

#### **City of Buckland**

Primary Contact Name: *Timothy Gavin Jr., Mayor*

Phone: (907) 494-2121 Fax: (907) 494-2138

Address: City of Buckland, P.O. Box 49, Buckland, AK 99727

Usage: The City utilizes its assets to operate its utilities and does not retail fuel.

#### **Northwest Arctic Borough School District**

Primary Contact Name: *Craig McConnell, Property Services Director*

Phone: (907) 442-3472 Fax: (907) 442-2392

Address: NWABSD District Office, PO Box 51, Kotzebue, AK 99752

Usage: The NWABSD utilizes its facility assets to operate its physical plant.

### Facility Components & Capacity

The following table provides a summary of the tankage, by type of fuel, of the Facility:

Primary Storage/Dispensing	Number	Gallons Per Tank (Gross)	Total Gallons (Gross)	Gallons Per Tank (Net)	Total Gallons (Net)
<b>NVB</b>					
Diesel					
Primary Storage	4	23,000	92,000	20,700	82,800
Dispensing	1	5,000	5,000	5,000	5,000
Subtotal Diesel	5		97,000		87,800
Gasoline					
Primary Storage	2	23,000	46,000	20,700	41,400
Dispensing	1	5,000	5,000	5,000	5,000
Subtotal Gasoline	3		51,000		46,400
Total NVB	8		148,000		134,200
<b>City</b>					
Diesel					
Primary Storage	7	23,000	161,000	20,700	144,900
Total City	7				144,900
<b>NWABSD</b>					
Diesel					
Primary Storage	4	23,000	92,000	20,700	82,800
Total NWABSD	4				82,800
<b>Total Primary Storage/Dispensing</b>	<b>19</b>		<b>401,000</b>		<b>361,900</b>
<b>Pipeline Components</b>					
	<b>Number</b>				
Marine Header	1				
Barge & Transfer Filler Pipelines	2				
Pipeline to City Power Plant	1				
Pipeline to School	1				
Pipeline to Dispenser	1				
Dual-fuel Retail Dispenser	1				

Net = Storage Capacity, which is approximately 90% of gross tankage

### ***Community Information***

The village of Buckland is located on the west bank of the Buckland River, about 75 miles southeast of Kotzebue. Buckland is an Eskimo village and subsistence activities are an important economic focus. Buckland's major means of transportation are plane, small boat, barge, and snowmachine. There are no roads outside of the village; however Buckland has a state-owned 2,580' gravel airstrip that serves a number of scheduled and chartered flights. Each summer Crowley Marine delivers fuel and various lighterage companies deliver cargo and supplies.

Water is pumped from Buckland River, treated in the washeteria building, and stored in a 100,000-gallon tank. Some residents have water delivered to home tanks, but most haul their own water. The City pumps flush/haul waste tanks or will haul honeybuckets to the sewage lagoon. A flush/haul system has been problematic on the South side of the village due to freezing during the winter. Only a few homes and the school have full plumbing. Individuals dispose of refuse in dumpsters, which are hauled to the landfill by the City. A Comprehensive Master Plan for Buckland has been completed and major community improvements are underway.

The City provides most utility services; it operates the health clinic, water utility, sewer utility, and electric utility. The NVB operates the sale of fuel for heating and motor vehicles.

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

#### ***Selected Statistics – Buckland***

<b>Population (2000 Census)</b>	
2005 (State Demographer)	434
2000	406
1990	318
1980	177
1970	104
1960	87
1950	108
<b>Housing (2000 Data)</b>	
Occupied Housing	84
Vacant Housing Due to Seasonal Use	0
Other Vacant Housing	5
<b>Economic Data (2000 Data)</b>	
Percent Unemployed	33.8%
Median Household Income	\$38,333

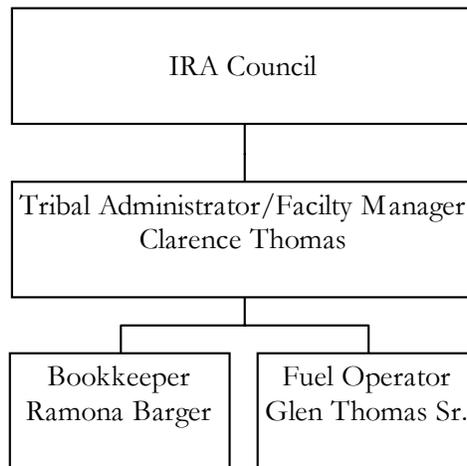
***Native Village of Buckland***

The Native Village of Buckland (IRA Council) is the federally recognized tribe for Buckland. The Native Village of Buckland has successfully administered and operated a wide variety of business and community programs. The Native Village of Buckland manages and operates the community’s bulk fuel facility, which provides heating and motor vehicle fuel for businesses and residents. The Native Village of Buckland purchases fuel approximately once a year for delivery by barge. The Native Village of Buckland owns and operates the dispensing tanks for heating and motor vehicle fuel.

All check requests must have supporting documents prior to being processed by the Native Village of Buckland’s Tribal Administrator and Bookkeeper. All checks must be signed by two of the Native Village of Buckland’s Council Members and/or Tribal Administrator and a copy of the check is attached to the supporting documents and filed at the Native Village of Buckland’s office. The Native Village of Buckland’s staff uses IBM compatible computers and accounting software program QuickBooks. The Native Village of Buckland operates on a January through December fiscal year.

Since the Business Operating Plan, dated October 1, 2003, was finalized, there has been complete bulk fuel staff turnover. The following chart illustrates the current staff relationships of the Native Village of Buckland Bulk Fuel Facility:

**NATIVE VILLAGE OF BUCKLAND  
BULK FUEL FACILITY PROJECT  
STAFFING ORGANIZATIONAL CHART**



While, generally, the Native Village of Buckland is successfully operating and maintaining its bulk fuel facility, it has not yet met some of the significant requirements of the Business Operating Plan. Most particularly, the Village has not collected sufficient revenues to fund a R&R account, is not collecting O&M/R&R payments from other facility participants, nor is it meeting some of the administrative requirements of the Plan.

### ***Monitoring Site Visit***

The Alaska Energy Authority contracted with Aurora Consulting, of Anchorage, Alaska, to conduct a site visit to the Native Village of Buckland Bulk Fuel Facility and to develop a “*Monitoring Plan and Recommendations*”. The scope of the assignment included working with the Village 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 Village.

Aurora Consulting staff member, Ann Campbell, traveled to Buckland on December 14, 2006 to meet with Village bulk fuel facility management and staff, including:

<b>Contacts</b>	<b>Title</b>
Clarence Thomas	Tribal Administrator/Facility Manager
Ramona Barger	Bookkeeper
Glenn Thomas Sr.	Fuel Operator
Percy Ballot, Sr.	Council Member

Additionally, Ms. Campbell met with the IRA Council during one of its regularly scheduled meetings and reviewed the key requirements of the Business Operating Plan with Council members.

### ***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 required to be completed by the Facility 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			Understand and track operation & management (O&M) costs
	x				Understand and track 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*

Currently, the Native Village of Buckland is utilizing a budget process for the Village's expenses related to the operations and maintenance of the bulk fuel facility. While the staff has a good understanding of the budgeting process in general, it does not have a strong working understanding of the process as it relates to the Business Operating Plan.

#### *Bookkeeping*

The Native Village of Buckland has a Chart of Accounts and tracks overall and programmatic tribal expenses and revenues, including some of the bulk fuel related expenses. The Village has not yet established separate account codes in the Chart of Accounts for tracking "common facility" costs to be shared by other participants or the facility R&R costs.

#### *Collections Policy*

The Village has a fuel collections policy in place which seems to be working fairly well since customers are required to prepay for fuel purchases once their outstanding balance reaches \$350.

*Business Operating Plan*

The Facility staff was able to locate the Business Operating Plan; however, since the employees are all relatively new, there is no detailed understanding of the Plan's terms and conditions. The current staff is not aware of the specific requirements of the Business Operating Plan - including the financial requirements, Denali Commission reporting requirements, and the Secondary Operator Agreement. Based upon conversation with facility staff, we believe the Tribal Council, in particular, has a poor working understanding of the Business Operating Plan and its requirements.

Additionally, the Native Village of Buckland has not yet instituted procedures to collect O&M and R&R funds from the other facility partners – the City and the School District. Since assuming operation of the facility, no meetings of the partners has taken place and no budgets have been agreed upon by the participants.

## 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				On-going training in place

Comments:

### *Job Descriptions*

Job descriptions do not exist for the Bulk Fuel Facility staff positions; and the current management is generally unfamiliar with the duties of the Primary Operator as outlined in the Business Operating Plan. While, generally, the staff is unfamiliar with the Business Operating Plan, and their roles and responsibilities, the Village staff seems, otherwise, to be generally cognitive of their overall job duties and proficient with them.

### *Staffing*

It appears that the staffing level of the Buckland bulk fuel facility is generally appropriate.

### *Training*

The current Facility Manager/Tribal Administrator and the Bookkeeper do not have a good working understanding of the Business Operating Plan and have not yet attended the Business Plan Training. Additionally, the new Fuel Operator has not yet attended the bulk fuel operator training at AVTEC. The Tribal Administrator, the Bookkeeper, and Fuel Operator have recently taken QuickBooks training classes. While the Native Village of Buckland does not have an established written training plan, management seems proactive about seeking out training opportunities and providing on-going, needed training for staff members.

## 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				Know 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*

Management and staff expressed that they have a good understanding of operational needs and understand what routine maintenance functions need to occur. There are not yet established systems to schedule routine or non-routine maintenance functions.

### *Inventory Control*

Minimal operational supplies are kept specifically for the Facility. This is in part due to the small scale of the Facility, the newness of the Facility, and the design of the Facility - all of which limit the range and quantity of required parts. The Facility management should review the efficacy of maintaining specific inventory of facility components.

### *Emergency/Spill Response*

The Facility staff was not able to locate Emergency/Spill Response plans nor were they able to explain the procedures outlined within the Plans.

## BUSINESS OPERATING PLAN COMPLIANCE

### *Financial Management*

Yes	No	NA	<i>Financial Management Compliance Areas</i>
<i>O&amp;M Account</i>			
x			Accounting established
	x		Regular deposits into account
x			Systems in place for \$5,000 authorizations
<i>R&amp;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 Native Village of Buckland has not established a separate operating bank account into which the bulk fuel operating funds are deposited. More importantly, the Village has not yet established accounting procedures for tracking participants' facility costs or for collecting O&M payments from its partners. The Village has established procedures for ensuring that all bulk fuel facility expenses over \$5,000, or not authorized in the budget, must be approved by the governing body.

*R&R Account*

The Village has not established an interest-bearing savings account for its R&R funds; nor is it collecting sufficient revenue to allow for deposits into the account or collecting R&R payments from its partners.

*Budgets*

The Native Village of Buckland has not yet established on-going budgeting procedures nor has it updated its annual operating or R&R budgets.

*Business Plan Updates*

The Native Village of Buckland has not updated the Business Operating Plan annually to reflect their current situation.

*Audit*

The Native Village of Buckland has not had an audit yet that is inclusive of the bulk fuel.

*Annual Report*

The Native Village of Buckland has not yet filed any annual reports with the Denali Commission.

*Insurance*

Currently, the Native Village of Buckland does not carry General Liability insurance for the Bulk Fuel Facility, but does carry required workers compensation insurance.

*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*

Clarence Thomas is the designated Facility Manager, a change which has not yet been reported to the Denali Commission.

*Staffing Adequate*

As mentioned previously, the current staffing seems to be adequate for the overall operation and maintenance of the facility – but, only if the staff receive training and are aware of the Business Operating Plan requirements.

*Training Plan*

As mentioned earlier, the Facility Manager and the Bookkeeper would benefit from participation in the AEA Bulk Fuel Business Plan Training and the Fuel Operator would benefit from the Bulk Fuel Operator training at AVTEC.

**Operations Management**

Yes	No	NA	<i>Operations Management Compliance Areas</i>
<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*

In general, the facility components appear to be in good working order. During our site visit, we did not notice any usual issues with the physical facility (see attached photos).

*SPCC/Facility Response Plan/Coast Guard Operations Manual*

The Native Village has received its copies of the Facility's regulatory plans and its Operations Manual; however, the staff was not able to locate them during our visit.

## RECOMMENDATIONS

All of the Village staff made themselves available for a thorough site visit to answer questions and review the Business Operating Plan and Facility operations. The Village staff expressed interest in managing the Facility in a sustainable manner; however, the current tribal administrator/facility manager is generally unfamiliar with the requirements of the Business Operating Plan.

The Village has not yet engaged the other facility participants – the City and the School District – in the planning and funding of the facility operation and maintenance.

Generally, the facility seems to be operating well and village is generating sufficient cash flow to fund minimal operating expenses and to purchase fuel. However, the village is not generating sufficient cash to fully fund O&M or to fund the R&R account.

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

	ASAP	Within year	On-Going
<b>Systems and Procedures</b>			
Develop financial policies & procedures to budget for and to track and record costs for all participants	x		
Conduct meeting of all participants to agree on O&M and R&R budgets and annual payments	x		
Institute collection and accounting procedures for billing and collecting participants O&M and R&R payments	x		
Establish R&R bank account		x	
Identify specific training needs and develop a written plan		x	
<b>Technical Assistance</b>			
Update business operating plan and financial assumptions		x	
Prepare and revise budgets		x	
<b>Training</b>			
Business Operating Plan training for administrator and bookkeeper	x		
Bulk Fuel Operator training for Fuel Operator		x	
Develop plan for ongoing training		x	
<b>Operations</b>			
Develop system to schedule tasks for routine maintenance		x	
Develop system to schedule tasks for non-routine maintenance			x

## TRIP PHOTOS

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Facility Lighting.JPG



Facility Signage2.JPG



Facility Tanks.JPG



Facility Controls.JPG



Dispenser.JPG



Dispensing Tank.JPG



Facility Tanks2.JPG



dispenser spill equipment.JPG



Denali Commission Signage.JPG



Dispenser Signage.JPG



Tank Farm Signage.JPG



Tank Farm.JPG



Tank Farm2.JPG