

CITY OF GOLOVIN BULK FUEL FACILITY



MONITORING PLAN AND RECOMMENDATIONS II

Prepared for:
ALASKA ENERGY AUTHORITY (AEA)

MARCH 24, 2008

Prepared by:

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OVERVIEW

This Monitoring Plan and Recommendations II was completed under contract to the Alaska Energy Authority as a follow-up to the initial Monitoring Plan and Recommendations report prepared in August, 2005. Both of the monitoring reports were prepared as a follow-up to a Bulk Fuel Upgrade project in Golovin, Alaska that constructed a new bulk fuel storage facility with nine fuel storage/dispensing tanks, one marine header, and pipelines to the school, power plant, and retail dispenser. A component of the upgrade project was the development of a Business Operating Plan, which provided a guideline for the City of Golovin's maintenance, operation, and sustainability of the Bulk Fuel Upgrade (the "Facility"). The City of Golovin (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 Golovin

Primary Contact Name: Kathy Punguk, *City Clerk/Bulk Fuel Facility Manager*

Phone: (907) 779-3211 Fax: (907) 779-2239

Address: P.O. Box 62059

Golovin, AK 99762

Usage: The City is utilizing its facility assets to operate its utilities and to retail fuel.

Bering Strait School District

Primary Contact Name: *Bob Dickens, Director-Facilities*

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

Additional Contact Name: *Jim Hickerson, Superintendent*

Phone: (907) 542-3611 x 4240

Address: BSSD District Office

P.O. Box 225

Unalakleet, AK 99684

Usage: The BSSD is utilizing its facility assets to operate its physical plant.

Facility Components & Capacity

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

Facility Components & Capacities

Primary Storage/Dispensing	Number	Gallons Per Tank (Gross)	Total Gallons (Gross)	Gallons Per Tank (Net)	Total Gallons (Net)
City					
Diesel					
Dispensing	1 *	1,500	1,500	1,275	1,275
Primary Storage	5	23,700	118,500	21,330	106,650
Subtotal Diesel	6		120,000		107,925
Gasoline					
Dispensing	1*	1,500	1,500	1,275	1,275
Primary Storage	1	23,700	23,700	21,330	21,330
Subtotal Gasoline	1		25,200		22,605
Total City	7				130,530
Bering Strait School District					
Diesel					
Primary Storage	2	23,700	47,400	21,330	42,660
Total BSSD	2		47,400		42,660
Total Primary Storage/Dispensing	9		192,600		173,190
Pipeline Components					
	Number				
Marine Header	1				
Filler Pipelines	2				
Pipeline to School	1				
Pipeline to Power Plant	1				
Dual-Fuel Retail Dispenser	1				

*Duel dispensing tank

Community Information

The village of Golovin is located on the Seward Peninsula, 70 miles east of Nome. Transportation to the village is by air or sea. Currently, Golovin has a 4,000-foot gravel airstrip that is owned and maintained by the State of Alaska, Department of Transportation and Public Facilities.

Currently, water is pumped from Chinik Creek, where it is treated and stored in one large tank. The City manages the 1.2-million gallon water tank, the water and sewer treatment facility, and the washeteria. All occupied community homes and businesses are connected to the City water and sewer systems.

The population of Golovin, predominantly Inupiat Eskimo, has varied greatly over the past 50 years. The economy of the community is primarily focused on subsistence activities.

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

Selected Statistics – Golovin

Population	
2008 <i>(City Mayor estimate)</i>	163 - 167
2000	144
1990	127
1980	87
1970	117
1960	59
1950	94
Housing (2000 Data)	
Occupied Housing	45
Vacant Housing Due to Seasonal Use	5
Other Vacant Housing	4
Economic Data (2000 Data)	
Unemployment Rate	3.5%
Median Household Income	\$31,875

City of Golovin

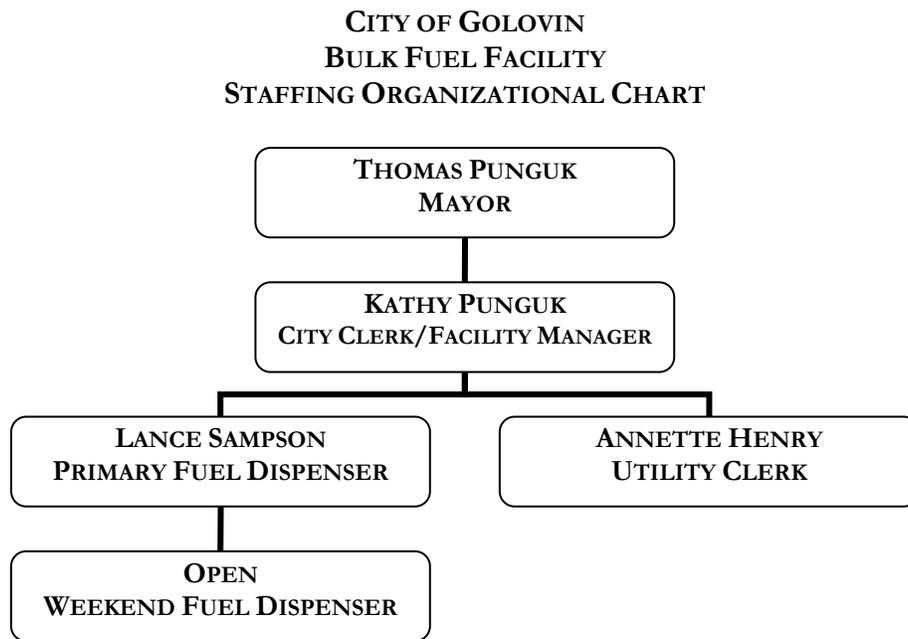
The City of Golovin successfully administers and operates a number of community programs and services. The following table lists the City’s current programs:

CITY OF GOLOVIN CURRENT BUSINESSES AND SERVICES	
Business or Service	Description
Bulk Fuel Storage & Retail Sales	Bulk Fuel Facility operations
Electric Utility	Electricity provider
Community Health Clinic	Janitorial, maintenance, and utilities
Washeteria & Water & Sewer Utility	Coin-op washer and dryer, showers, retail laundry supplies, water, sewer services
Landfill	Empty and dump trash
Volunteer Fire Department	Support volunteers
Village Public Safety Officer	Runs the safety officers program

The City purchases fuel for the community power plant, heating fuel, and motor vehicles. Residents and businesses, including the Golovin Power Company, pay \$4.00 per gallon/diesel for heating fuel and \$4.25 per gallon for gasoline. Residents and businesses purchase fuel directly from the City's dispensing tanks or hire a private business operator to deliver diesel fuel to their home or business for a charge of 10% of the value of the fuel. The City orders fuel twice a year, spring and fall, and competitive bids are solicited from fuel suppliers. The Golovin Power Company assists the Gasoline Fund in purchasing the fuel by paying ½ of the deposit required by the fuel vendor.

Since the initial Business Operating Plan Monitoring Plan and Recommendations report, (dated August 5, 2005), a new city mayor, Thomas Punguk, is in office. Additionally, some Bulk Fuel Facility staff have changed.

The following chart illustrates the updated staff relationships of the City of Golovin's Bulk Fuel Facility:



Following are the current members of the City of Golovin City Council:

City of Golovin City Council	Position
Thomas Punguk	Mayor
Kathy Fagerstrom	Vice Mayor
Agnes Moses	Treasurer
Norma Lewis	Secretary
Julia Randal	Member
Wayne Henry Sr.	Member
Peter Amaktoolik	Member

Monitoring Site Visit

The Alaska Energy Authority contracted with Aurora Consulting, of Anchorage, Alaska, to conduct a site visit to the City of Golovin's Bulk Fuel Facility and to develop a "Monitoring Plan and Recommendations II" report as a follow-up to the initial "Monitoring Plan and Recommendations" report dated August 2005. The scope of the assignment included working with the City to obtain information on existing management and operational systems, comparing those systems to findings of the initial "Monitoring Plan and Recommendations", the 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 City.

Aurora Consulting traveled to Golovin on March 3, 2008 to meet with the City's Bulk Fuel Facility management and staff, including:

Contacts	Title
Thomas Punguk	City Mayor
Kathy Punguk	City Clerk/Bulk Fuel Facility Manager
Annette Henry	Utility Clerk
Lance Sampson	Primary Fuel Operator

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 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 City has an annual budget for the Bulk Fuel Facility as required in the Business Operating Plan and all monthly financial reports are compared to the annual budget. *(This is a significant improvement since the 2005 monitoring visit, when no budgeting or accounting system had been established for the Bulk Fuel Facility).* Using the reports from the last fiscal year, the utility clerk and city clerk/facility manager develop the budget for the upcoming year, which must be approved by the city council. The city clerk oversees the expenditures; the utility clerk prepares the monthly reports; and, after being reviewed by the city clerk, they are presented to the council.

Bookkeeping

The utility clerk is responsible for the bookkeeping activities of the Bulk Fuel Facility, which they refer to as the Gasoline Fund. She handles accounts payable and receivable, reviews the bank accounts, daily cash reports, and prepares payroll. Expenditures are tracked using a general chart of accounts labeled "Operating Expenses."

Collections Policy

The City retails fuel to residents and businesses in the community for heating fuel and operating motor vehicles. The City's bulk fuel is used to operate the electric utility, water utility and sewer utility, and heat the health clinic and City offices. Per the utility clerk, each of the City businesses and renters of the City buildings are charged for fuel used. Residential customers pay cash for purchasing fuel from the City. The utility clerk reports that, occasionally, some commercial payments come in late and there have been some NSF checks; names from the NSF checks are posted at the collections desk in the Bulk Fuel Facility office. Collections, however, are approaching 100%.

Business Operating Plan

The city clerk/facility manager is very familiar with the Business Operating Plan, while the city council members are less familiar. The council makeup has changed in the last year and some members, more familiar with the plan, are no longer on the council. Overall, management is familiar with the requirements of the plan and feels they are following it, as much as is possible, at this time. The utility clerk is not familiar with the Business Operating Plan.

The Plan has not been updated. Aurora Consulting reviewed the financial tables with the city clerk and utility clerk; updating the Plan would require some additional assistance and training.

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 are available for the utility clerk and the weekend fuel dispenser. Other job descriptions were not immediately available. Management and staff are aware of their responsibilities.

Staffing

City clerk, Kathy Punguk, is the Bulk Fuel Facility manager and is the primary contact for the facility as well as communicating the directives and policies of the city council to staff. Day-to-day operations and maintenance and fuel sales and dispensing are managed by Lance Sampson, primary fuel operator. The utility clerk, Annette Henry, manages the bookkeeping duties for the facility. She sends out billings, is responsible for accounts payable and receivable, balancing the daily fuel payments, maintaining the bank account, preparing monthly financial reports, and ordering fuel. The only position not filled, at this time, is that of the weekend fuel operator; they hope to fill the position soon.

(This is a significant improvement since the 2005 monitoring visit, when no staffing had been established for the Bulk Fuel Facility).

Training

There appears to be no formal training plan in place, but, training opportunities are valued and utilized. It would be advantageous for the city clerk and/or utility clerk to attend the AEA Bulk Fuel Business Training. Additionally, the utility clerk expressed interest in payroll taxes and QuickBooks 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 facility components look to be operated and maintained in good working order. The primary fuel operator provides routine (O&M) maintenance functions on the Bulk Fuel Facility; inspects equipment, dips the tanks, and fills the day tank. Other, less frequent, inspections and servicing appears to take place on an as needed basis, which for long term planning, may be less than ideal. There is no formal system to schedule non-routine (R&R) repair functions.

Inventory Control

There is no formal inventory control and few supplies are kept on-hand for the Facility, but what is on hand seems to suffice for routine maintenance. Other parts, supplies, and equipment are ordered on an as needed basis. The fuel operator tells the utility clerk what is needed and it is ordered at that time.

Emergency/Spill Response

The bulk fuel office has 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 plans have not been reviewed by the current employees of the facility. No written safety policy was located.

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 Bulk Fuel Facility's bank account is at Wells Fargo Bank. O&M revenues and costs, including the City and school district's payment for shared/common O&M costs, are not being tracked. In fact, the school district is not being billed for their portion of the O&M.

The city council approves any expenditure over \$500. In addition, all large anticipated expenditures, such as fuel purchases and payments, and large repair items, are pre-approved at the regular meetings.

R&R Account

There is no interest-bearing savings account for the Bulk Fuel Facility's R&R funds. No R&R funds have been collected from the City or the school district for deposits into an R&R account.

Budgets

The facility staff develops an annual O&M budget as required in the Business Operating Plan. They are relying on the R&R schedule in the Business Operating Plan for R&R budgeting.

Business Plan Updates

The utility clerk was not aware that the financial tables in the Business Operating Plan need to be updated annually and has no training on how to update the financial tables in the Plan.

Audit

The City's most recent audit, by an independent auditor, Mark Johnson, CPA of Nome, was for fiscal year 2003. The City operates on a fiscal year - July through June. The City is looking into scheduling an audit for this past fiscal year – July '06/June '07.

Annual Report

The city clerk reported that, to the best of her knowledge, there has been no annual report sent to the Denali Commission. The City of Golovin operates on a July through June fiscal year. An annual report should be sent to the Denali Commission for fiscal year 2008 by September 30, 2008.

Insurance

The City of Golovin has liability insurance with AML/JIA, which covers all City departments including the Bulk Fuel Facility. They also carry workman's comp. The City is talking with AML/JIA about getting property insurance for the Bulk Fuel Facility.

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

City clerk, Kathy Punguk, is the facility manager. The Denali Commission has not been notified of the naming of a facility manager or the election of a new mayor for the community. The annual report should reflect these changes.

Staffing Adequate

Staffing appears to be adequate at this time.

Training Plan

There is no formal training plan, but, as previously noted, the Bulk Fuel Facility management and staff is open and willing to undertake additional training to better their operations and/or financial skills and knowledge of a bulk fuel facility. Kathy Punguk, city clerk and facility manager, and Annette Henry, utility clerk, would benefit from participating in the Bulk Fuel Business Training offered by the Alaska Energy Authority.

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 primary fuel dispenser/operator provided a visual tour of the Bulk Fuel Facility, retail fuel dispenser, day tank, and the school district’s tanks. The Bulk Fuel Facility appeared to be in good repair and well-maintained. Everything was secured, so no unauthorized entrance was possible.

The primary fuel operator reported that the City’s retail dispenser’s handles have frozen during the winter so he insulates them with covers made of plastic and duct tape. The handles are locked as well as the dispensing site itself.

SPCC/Facility Response Plan/Coast Guard Operations Manual

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 are on-hand. The plans have not been reviewed recently. Staff and management should review them on a regular basis to become and stay familiar with their contents and practices.

RECOMMENDATIONS

The City of Golovin and the Bulk Fuel Facility staff and management interviewed indicated an interest in managing the Bulk Fuel Facility so it will last and benefit the community for the long term. They showed an interest in becoming familiar with the Business Operating Plan, implementing its recommendations and meeting its requirements. The management cleared their schedule to meet with Aurora Consulting; the operator gave a thorough tour of the Bulk Fuel Facility. The resulting recommendations primarily have to do with increased familiarity with the Business Operating Plan and some suggestions as to how to formalize inventory tracking and task-scheduling for the facility.

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 system to collect O&M payments from all participants	X		
Develop system to collect R&R funds from all participants	X		
Develop a process by which inventory can be tracked		X	
Establish an interest-bearing R&R fund account	X		
Prepare and submit Denali Commission annual report	X		
Training			
Arrange training on the Business Operating Plan for Council and Staff	X		
Schedule/arrange training for Utility Clerk	X		
Schedule/arrange training for the Bulk Fuel Facility Operator	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
Familiarize staff with emergency/spill response policies and practices	X		

TRIP PHOTOS



Bulk Fuel Plant Operator



Dispenser Fire Extinguisher



Dispenser



Spill equipment trailer



Spill equipment trailer II



Tank Farm Signage



Tank Farm Signage II



Controls



Valves



Tanks



Concrete pad connection



Piping



Tanks II



Tanks III



Tanks IV



Valve II



Valve III



Tank Farm III



City of Golovin Bulk Fuel Tank Farm



Tank Farm II



Bulk Fuel Tank Farm



School District Tanks



Diesel Dispenser



unleaded dispenser



dispenser with lock