

Briefing for PWSRCAC Board of Directors – May 2025

INFORMATION ITEM

Sponsor: Donna Schantz, Robert Archibald, and Amanda Bauer

Project number and name or topic: 5053 - Addressing Risks and Safety Culture at the VMT

1. **Description of agenda item:** This is an information item related to the April 2023 PWSRCAC-sponsored report "[Assessment of Risks and Safety Culture at Alyeska's Valdez Marine Terminal](#)" (the Report) and the current status of the Report recommendations. This presentation will also offer some suggested modifications to the current recommendations for Board consideration.

2. **Why is this item important to PWSRCAC:** In 2021-2022, PWSRCAC received a significant number of concerns from, at that time, current and former VMT employees. In the spring of 2022, the VMT had the oil storage tank vent damage incident, which a number of the concerns were connected to, that resulted in the release of vapors from the tanks. The vapor release was a consequence of damage from substantial and unremoved snow and ice on top of the tanks. In 2022, the Council retained Billie Garde to review and investigate the employee concerns and information provided to PWSRCAC.

As a result, Ms. Garde prepared the Report to identify whether "there is a current level of unacceptable safety risk to the Valdez Marine Terminal (VMT), its workforce, the community of Valdez, and the environment." The Report concluded that "the information reviewed supports a well-founded concern that the current state of VMT operations, maintenance, and management present a real risk of a serious accident or incident in the near future. The recommendations contained herein support in-depth assessments of the processes, as actually implemented by Alyeska, to safely operate and maintain the VMT, while managing the risks inherent in its activities."

Since the issuance of the Report, Alyeska has responded with a series of updates and information to the Board and staff on what actions it took in response to the Report. Alyeska has now closed its response to the Report. In addition, regulators have responded to some of the findings and some government actions remain ongoing.

This update will advise the Council Board on the status of actions taken in response to the Report's recommendations, continued risks to operations at the VMT emerging from the Report, and an update on recommendations to mitigate said risks.

3. **Previous actions taken by the Board on this item:**

<u>Meeting</u>	<u>Date</u>	<u>Action</u>
Board	4/5/2022	Authorized a transfer of \$50,000 from the contingency fund to a new project #5053 titled VMT System Integrity and Safety Culture Issues and authorized the Executive Director to enter into a sole source contract with Ms. Billie Garde to

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		assist with work under project 5053 VMT System Integrity and Safety Culture Issues.
Board	12/20/2022	Authorized a budget modification from the contingency fund to project 5053: System Integrity and Safety Culture Issues in the amount of \$5,000; and authorized a \$5,000 increase to the agreement with Billie Garde for graphic design/publishing services, bringing the total contract amount for project 5053 to a not to exceed amount of \$55,000.
Board	4/14/2023	Accepted the report titled "Assessment of Risks and Safety Culture at Alyeska's Valdez Marine Terminal" by Billie Garde as meeting the terms of contract 5053.22.01.
Board	9/21/2023	Authorized a FY2024 budget modification moving \$15,000 from the contingency fund to project 5053 and authorized a professional services agreement with Billie Garde in the amount of \$15,000 to assist staff in following up on the recommendations contained in the report titled "Assessment of Risks and Safety Culture at Alyeska's Valdez Marine Terminal."

4. **Summary of policy, issues, support, or opposition:** Alyeska expressed appreciation to the Council regarding the openness around the Report, especially that a draft was provided, and adjustments that Alyeska requested were made. Alyeska conveyed to the Council that they took the Report seriously, and they formed a team to look into the different themes identified. Alyeska also created a Management Action Plan (MAP) and has reported to the Council on several occasions as to specific actions taken. Alyeska's MAP close-out report is included as an attachment.

5. **Committee Recommendation:** None.

6. **Relationship to LRP and Budget:** Work associated with this project was included in the FY2025 budget under contract 5053.25.01, for a retainer not to exceed \$25,000.00.

7. **Action Requested of the Board of Directors:** None, item is for information only.

8. **Attachments:**

- a) Recommendations from the PWSRCAC report titled "[Assessment of Risks and Safety Culture at Alyeska's Valdez Marine Terminal](#)" (Pages 7 and 8 of the Report).
- b) Alyeska's Management Action Plan Closeout Report, October 2024.

RECOMMENDATIONS

The following recommendations are made to the PWSRCAC Board of Directors for their consideration to help (1) ensure the safety and environmental integrity of the VMT, its employees, and the community of Valdez; and (2) protect the integrity of Prince William Sound. These recommendations also reflect concern for the potential consequences of any major event, given the ramifications of any disruption of Alyeska's ability to meet its obligation to safely load oil tankers at the VMT.

1. Recommend that the PWSRCAC request Congress to initiate a GAO audit to determine the adequacy of present regulatory oversight of Alyeska's VMT operations by federal agencies with responsibility over the VMT, including compliance with the Federal Grant of Right-of-Way and Stipulations, and the State Lease. The audit should also:
 - identify any gaps in regulatory oversight created by the changes in recent years within federal agency responsibilities;
 - determine if the TAPS Improvement Plan, submitted to Congress in 1994 following the 1993 Oversight Committee hearings, and the Updated Plan in 1997, remains a commitment to Congress with expected conformance;
 - encompass a detailed review of the Alyeska Quality and Audit departments, their independence, resources, effectiveness, and reliability; and,
 - consider legislation that requires Agency coordination at the VMT.

(VMT operational integrity is particularly important now because an incident or accident could interrupt the flow of oil from the Alaska North Slope, thus endangering U.S. energy supplies.)

2. Recommend that the PWSRCAC request the federal Occupational Safety and Health Administration (OSHA) conduct or commission a full independent audit of applicable VMT systems for compliance with PSM. This audit should have a particular emphasis on the PSM elements of Process Hazard Analysis, Compliance with Standards, Hazard Identification and Risk Analysis, Management of Change (MOC), Audits, and the adequacy of the Quality Assurance/Quality Control (QA/QC) programs.
3. Recommend that the PWSRCAC request Alyeska and the TAPS Owners to commission an independent full assessment of the Alyeska safety management systems against the American Petroleum Institute (API) Pipeline Safety Management System 1173, and identify any gaps between the current program capabilities and a compliant program. Once the audit is completed and recommendations are made, the recommendations should address a specific timeline for actual completion of the necessary changes to ensure safe operations. To be meaningful, Alyeska must agree to actually take action to respond to any findings and provide the resources to do so.¹

¹ Ensure that any assessment include a review of the current Alyeska Audit, Compliance, Risk Assessment, and QA/QC departments, and their procedures and processes, to ensure that these departments have sufficient resources, authority, independence, reporting structure, and historical knowledge, to provide meaningful oversight on all maintenance and operations activities at the VMT, as contemplated by API 1173.

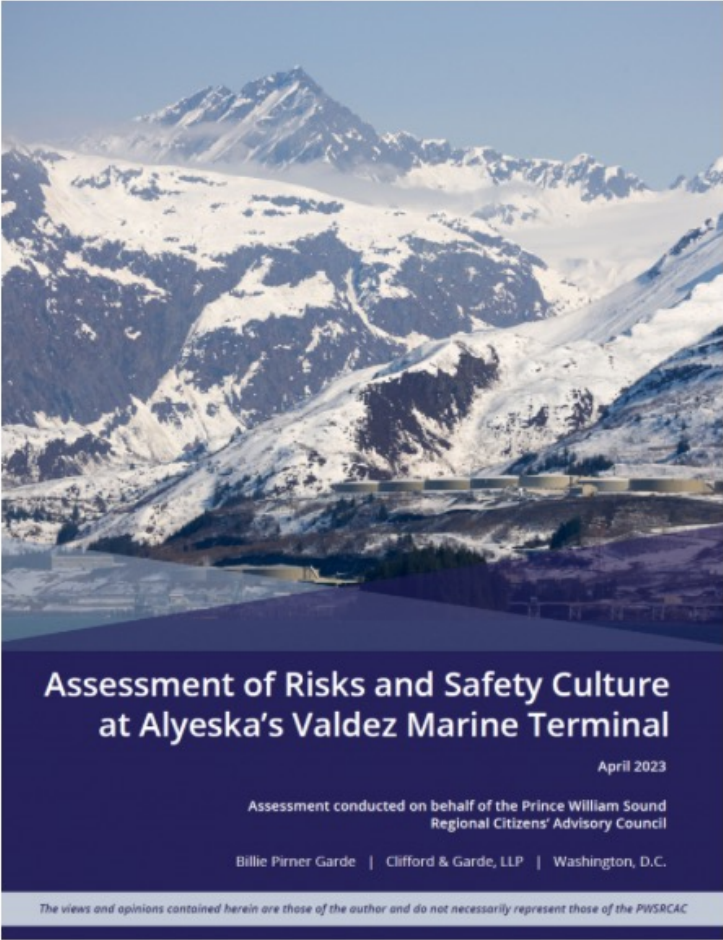
4. Recommend to Alyeska and the TAPS Owners that they commission an immediate independent audit to be conducted of all deferred maintenance at the VMT, including any deferred work listed on all backlog lists. This audit should determine if the risk ranking of deferred maintenance is consistent with all compliance requirements. It should also review any requested or required formal Process Hazard Analyses and Work Orders requesting the same. Finally, the audit should determine if the risk rankings of identified issues are being inappropriately downgraded, such that there is an inadequate process for managing the reality of hazards between initial identification and repair or replacement.
5. Recommend to Alyeska that it provide mandatory training for all supervisory and management personnel on their responsibilities to promote a strong safety culture, uphold a compliance culture, and to not tolerate harassment, intimidation, retaliation, or discrimination (HIRD). (This training should also be a mandatory part of new manager orientation and be provided on at least a biennial basis to all managers.)
6. Consider the establishment of a PWSRCAC Human Factors advisory committee to advise the Council on the status of the risks to operations and maintenance of the VMT created by Human Factor risks, as recognized by PSM requirements and industry experts, such as the loss of institutional knowledge, staffing, transition issues, fatigue, training, and Safety Culture issues.²
7. Consider the establishment of an appropriate CI protocol for PWSRCAC for the handling of any employee concerns it may receive from concerned VMT employees or contractors in the future.

² Pursuant to the implementing of regulations, the OPA 90, Section 5002(d)(6)(C), (F)(ii), and (G) the Council clearly has the authority to “create additional committees ... as necessary to carry out the above functions...” In 1994, the Council had a Human Factors subcommittee to study the Human Factors that contribute to maritime accidents in Alaska waters. New risks are presenting themselves which require similar study and recommendations regarding Human Factors that contribute to process safety accidents.

Risk & Safety Culture Assessment

Management Action Plan Closeout Report

October 2024



Assessment

- Followed 2022 snow incident at the VMT
- Raised concerns about safety culture and management system, deferred maintenance, process safety, audit and more
- Recapped the history of oversight, safety concerns and the creation of the Open Work Environment on TAPS

Alyeska Response Approach

- Be accountable: Focus on review and improvement
- Look at VMT and TAPS for improvements
- Address the Report's three recommendations to Alyeska, and look for learning opportunities
- Use the MAP process to understand issues, recommend changes, and take action

Management Action Plan primary areas and actions

Alyeska Safety Management System (AMS) – ✓ review past assessments; ✓ simplify AMS documentation; ✓ develop company-wide metrics and assessment process; ✓ revamp SMS understanding and training; ✓ determine timing for future API assessment; ✓ assess opportunities for human factors integration.

Process Safety Management – ✓ clarify and clearly define program; ✓ review and revamp PSM training (SMEs and workers); ✓ review past audits for systemic issues; ✓ assess and trend past performance.

Maintenance Backlog and Engineering Query – ✓ define and assess current TAPS-wide backlog; ✓ assess priority for safety critical systems; ✓ review past maintenance audits for systemic issues; ✓ develop metrics and method to share status TAPS-wide.

Open Work Environment/Employee Concerns Program – ✓ assess manager/supervisor training; ✓ assess ECP reporting structure; ✓ assess Alyeska compliance with 1993 TAPS Improvement Plan.

Audits – ✓ maintenance audit; ✓ Process Safety Management (PSM) audit; ✓ internal safety programs audit; ✓ review past audits for completion/corrective actions.

Training – ✓ needs assessment of leadership training, including executives, directors, managers and front-line supervision; ✓ companywide training.

Stakeholder Engagement – ✓ internal and external communication plans.

Alyeska Safety Management System (AMS)

Report recommendation #1: Independent safety management system assessment per API RP 1173

What we found

- Updates to program were needed.
- Metrics discussions identified as a missing program component.
- Assessment methods need refresh.
- Additional training and communications are needed.
- Some implementing documents had redundancies, unclear hierarchies and opportunities for simplification.

What we've done

- Initiated monthly metrics review meetings.
- Developed management system implementing document review process.
- Initiated AMS training for all employees.
- Conducted review of human factors.
- Reviewed all past assessments for relevant actions.

What continues

- Ongoing metrics refinement and technology updates to include data structure framework, dashboard, and reporting tool.
- Continue to build on assessment, training, communications, and implementing document refinement work.
- Document review and simplification effort resourced and targets were included in companywide Performance Contract.
- API 1173 assessment is planned and budgeted for 2025.
- Developing human factors program for TAPS; phased implementation will begin in 2025 or 2026.

Process Safety Management

What we found

- Updates to program were needed.
- Metrics discussions identified as a missing program component.
- Assessment methods need refreshed.
- Assessment of training and communication warranted

What we've done

- Reviewed APSC documentation and OSHA PSM requirements.
- Conducted 3rd party audit of PSM program with ABS.
- Corrective actions from the PSM audit were completed in a timely manner, none outstanding as of October 2024.
- Conducted 3rd party assessment of VMT Vapor Recovery System.
- Adjusted boundaries of PSM program to include East Tank Farm and Ballast Water Tank headspace and Power Vapor boilers as recommended by ABS.
- Developed integrated PSM program that describes system boundaries and methods of compliance.
- Compiled list of tag numbers associated with IPLs.
- Developed database queries that returned IPL tag numbers and associated PMs.

What continues

- Complete alignment of APSC documentation regarding PSM, including a PSM Compliance Manual, by December 2024.
- Confirm equipment associated with safety critical IPLs has appropriate PM, target completion by December 2024.
- VMT Operations and Maintenance teams will complete training on PSM program by December 2024.

Maintenance Backlog & Engineering Query

What we found

- Legacy engineering work orders did not have a priority score.
- Maintenance backlog did not have common definition or established targets.
- Safety critical equipment not identified in work management system.
- No critical equipment maintenance (which are included in the MMS system's PR category) was found in the maintenance backlog.

What we've done

- Evaluated and prioritized all unscored engineering work orders.
- Closed engineering work orders that did not have sufficient basis or were already completed.
- Maintenance backlog definition and targets were established for each area.
- Maintenance backlog metrics developed and TAPS-wide target of 8-week average backlog included in 2024 Performance Contract.
- Assigned resources for PMCR backlog reduction resulting in reduction of overall open PMCRs and time to approval.
- Identified safety critical equipment in work management system.
- MOC procedures were updated to address gaps, streamline the process and provide additional training.

What continues

- Develop plan to action high priority engineering work orders.
- Improvements underway to better manage engineering work order prioritization and disposition.
- Identify and evaluate opportunities within the PMCR process to efficiently identify and manage PM changes.
- Continue backlog metric refinement.

Open Work Environment/Employee Concerns Program

What we found

- Employees understand and support OWE; strong compliance of initial and recurring annual training for management (>99%).
- More support in creating safe speak up culture needed.
- ECP reporting structure best practice at executive level.
- Alyeska met commitments to 1994, 1997 TAPS Improvement Plan.

What we've done

- Update of OWE training ongoing.
- ECP to continue direct report to GC, dotted line report to Alyeska President.
- Reviewed and verified Alyeska meets commitments to 1994, 1997 TAPS Improvement Plan.
- Conducted OWE survey in 3Q, topline results to workforce later this year.
- Added clarity around mission, vision, goals, charter; addressing culture through leadership work sessions, open forums and discussions with the workforce.

What continues

- Leadership continues to actively address workforce morale and the future direction of the company.
- Proactively manage OWE/ECP, promptly complete ECP investigations, and increase proactive intervention process.

Audits

Report recommendation #2: Independent deferred maintenance audit and process safety (PSM) audit of the VMT

What we found

- Corrective actions were generally effective and implemented, however, in some instances, sustained and effective closure could not be confirmed.
- Corrective actions were not always implemented within the timeframe originally committed.
- No critical equipment maintenance was improperly prioritized and planned.
- PSM audit identified that VMT has implemented a PSM program aimed at meeting the requirements of the PSM regulation.

What we've done

- Prioritized outstanding audit corrective actions and actioned to closure.
- Increased frequency of review of past due and upcoming commitments.
- Broadened the audience reviewing past due commitments.
- Created an escalation process for approval of extension of due dates for audit corrective actions.
- Safety program, maintenance and PSM audits completed as part of the 2023 Audit Plan; corrective actions entered into MAC with closure date of no later than 1Q 2025.

What continues

- Monitor status of past due audit related corrective actions monthly through metrics process.
- Extension of original commitment dates for audit-related corrective actions requires at least Vice President and President approval.

Training

Report recommendation #3: *Alyeska to provide mandatory initial and biennial OWE and culture training for management*

What we found

- Current learning system not fully serving needs of organization; underutilized and not integrated.
- Data and records not well organized or easy to access.
- Change management not prioritized for system changes.
- OWE/HIRD training required w/in 90 days of employment (99.9% compliance); employee (98% compliance) & line manager refresher training (96% compliance) in place.

What we've done

- Engaged with vendors to increase training offerings of technical and non-technical classes in 2024.
- Initiated RFP for new HR system including a Learning Management System (LMS). Vendor selected in 2024.
- Training data cleanup project begun and progressing.
- Made revisions to AMS-034 – Employee Issue and Concerns Resolution Process.
- Updated annual HR training (HR196/194).
- Leadership intensive sessions held around TAPS in Q1 2024 for all Alyeska leaders.

What continues

- Progress replacement of HR system, including learning system for late 2025/early 2026 implementation.
- Addressing interim data & training record improvements
- Providing more training opportunities for employees.

Stakeholder Engagement

What we found

- An established “No surprises” communication strategy for internal/external stakeholders.

What we’ve done

- Monthly meetings with RCAC staff to update status/actions from MAP.
- Regular updates/talking points for managers and supervisors.
- Regular updates with elected officials/regulators.
- Presentations at RCAC board meetings from September 2023 – September 2024.
- Engaged with GAO regarding audit

What continues

- Stakeholder updates as needed.

Conclusion

Upon receiving a copy of the Report, Alyeska Leadership initiated a hard look into Alyeska's safety culture, technical capacity, process and policy, and the safety concerns brought forward. Issues were further clarified through communication with employees, PWSRCAC and other stakeholders.

This Management Action Plan accomplished several objectives. The work reviewed and confirmed Alyeska has the policies, procedures, and resources in place to safely operate the Trans Alaska Pipeline System. This work also identified several areas for improvement.

Alyeska leadership leveraged the Report as an opportunity for self-assessment and refocus, listening carefully to the issues raised by employees and stakeholders and then taking appropriate action. This action will continue, along with a commitment to ongoing evaluation and improvement.

Alyeska leadership recognizes that a strong safety culture and Open Work Environment can be eroded if not cared for and takes concentrated focus and support to sustain. Alyeska's executive leadership is steadfast in its commitment to a healthy culture and to operational excellence.