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Publication of the Associated General Contractors of Alaska

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Understanding the LEED standard

**PRESIDENT’S MESSAGE**

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**Benefits**

- Economic—improve the bottom line
- Health & Safety—enhance occupant comfort and health
- Community—minimize strain on local infrastructures and improve quality of life

**AGC Involvement**

Knowledge of how LEED relates to a given project and detailed specifications save valuable construction time and dollars. AGC of America discussed LEED requirements with USGBC LEED Program Manager Brendan Owens and three AGC member companies in late January 2004. One of the issues raised was the need for contractors to be more active in the planning process when LEED certification is desired. The contractor also needs to be aware of the special provisions for each credit as these provisions may not be in the specifications. Also, contractors should have contract language in place for subcontractors so that the subcontractors are aware of what is expected of them. Further information on AGC of America’s involvement with the LEED standard can be obtained at www.agc.org/page.ww?section=Green+Construction&name=LEED+Green+Building+Rating+System.

**Partnerships**

Ideally a quasi-partnership among architect/engineer and...
contractor under a design/build scenario is the best way to implement LEED standards. Unfortunately, if the project is competitively bid, then the lowest bidder may not have any experience in implementing LEED standards and there is no mechanism in place to require the contractor or subcontractors to have LEED credentials or history of performance on LEED projects.

**Extra costs**

Another difficulty in bidding a LEED-compliant project is that few contractors are familiar with administrative costs involved in the reporting requirements. This cost is usually either not accounted for in the estimate, or a plug number is just tossed into the hopper. If LEED requirements are listed in Division 1 of the specifications, odds are that subcontractors will be even less aware of the extra effort involved in meeting the requirements.

Len Harding, CDT, wrote in the July 2005 *The Construction Specifier*, “Contractors are often faulted for indifference to LEED issues, which is quite erroneous. Contractors make their living constructing buildings per drawings and specifications at the lowest cost they can manage, and not by conducting research on new, environmentally friendly products and methods.” (Read Harding’s article, *Specifying LEED Under Public Bid Rules*, www.csinet.org/s_csi/docs/11200/11119.pdf.)

**Specifying LEED compliance**

If LEED-compliant products and methods of construction are clearly spelled out in the specifications and drawings, then any competent contractor or subcontractor will be able to accurately bid the job. It is up to the A/E and owner to ensure before bid day that contractors/subcontractors have an understanding of the specifics of meeting LEED standards. This could be accomplished during a mandatory pre-bid meeting, inserting verbiage into the Supplementary Conditions indicating the project requires a specific LEED rating, and specifying only products or equipment that would meet the LEED standard.

With more and more of the building industry going “green,” don’t get caught unprepared. Take some time and learn a little bit more about the LEED standard—it seems this program is heading our way.

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Recent reports have indicated that for the next decade, the construction industry will need to add more than 1,000 new workers to the construction labor force to meet projected job growth, address retirements and replace nonresidents.

Worker sources
The issue Alaskan construction and political leaders face is identifying the source of those workers. Consider for example:

- Migration to Alaska has been relatively flat since 1990. Therefore, the thought that we should import our labor needs does not meet the reality of the immediate past nor is such a strategy supported by the administration’s theme of Alaskan jobs for Alaskan workers.
- Unemployment rates in the urban areas of Anchorage, Fairbanks and Juneau mirror that of the nation as a whole. Therefore, labor needs cannot look to the unemployed in urban Alaska for relief, although the higher unemployment rates in rural Alaskans suggest that rural Alaskans will be part of any long-term solution.
- High school graduation has been relatively constant at approximately 7,000 graduates per year. The U.S. Department of Education estimates that 30 percent of those graduates will immediately seek post-secondary education of some nature. In other words, approximately 4,900 secondary school graduates will enter the Alaska workforce in a given year.
- Construction is traditionally a male-dominated profession. In a 2003 publication, the Alaska Department of Labor reported that 12 percent of the construction labor force was female.

Preparing graduates
While it appears rural Alaskans and high school graduates will need to provide the construction’s workforce of tomorrow, it is obvious that graduates are not entering the labor market as prepared as their fellow graduates of the past. Almost gone are the shop classes so prevalent in the educational preparation of earlier generations. For a variety of reasons, schools have moved away from the vocational training programs of the past, leaving many students ill-prepared for today’s world of work.

It is sad to acknowledge that with few exceptions, Alaskan secondary schools are neither prepared nor capable of addressing the needs of the construction industry. Consequently the industry must look elsewhere for training for its workforce.

Training graduates
One possible solution may be for the State of Alaska to establish a post-secondary Construction Career Academy in both Anchorage and Fairbanks. The goal of these academies would be to provide basic training in the construction crafts to interested students. Classroom instruction would be supplemented with actual paid job experience so the students could earn while they learn.

Potential employers for these students would be residential contractors, merit shop contractors, unions, governmental agencies, nonprofit organizations and others that need trained construction workers.

For too long, Alaskan leaders have looked at education as an expense not an investment in our future. Hence, construction training has been relegated to the category of “nice but not necessary” when administrators struggle with the ever-present problem of “too few resources to meet too many needs.”

While this attitude is understandable, it merely transfers, not eliminates, the training need. In this case, the training responsibility is transferred to the construction industry. The industry currently spends an estimated $10 million on basic training for workers, but has neither the resources nor the capabilities to train 1,000 workers a year. The educational system needs to assume the responsibility that has been traditionally theirs, and work with the construction industry to develop a strategy to meet this need. A Construction Career Academy may be a key element of such a strategy.
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A substance abuse professional is your line of defense

As an employer with a drug testing program, having a plan for dealing with positive tests is part of your policy. Some employers choose to terminate and others offer rehabilitation. Either way, the Department of Transportation requires that before an employee returns to work following a positive test for any DOT employer, they must seek treatment. Who performs that treatment?

Health care and mental health professionals who cater to the treatment of substance abuse disorders. By title they are a substance abuse professional; they are more commonly known by the acronym SAP. These professionals have been involved in assisting employers and employees for decades. SAPs provide an important resource for employees who need help.

The substance abuse professional is a person who evaluates employees who have violated DOT drug and alcohol testing regulations and non-DOT drug and alcohol company policies. The SAP follows the regulations and applicable laws and makes recommendations concerning education, treatment, follow-up testing and aftercare treatment.

The acronym SAP became a common workplace term through the promulgation of DOT drug testing rules. Within DOT regulations the department defines a SAP as a person with one of the following credentials:

- A licensed physician (Medical Doctor or Doctor of Osteopathy)
- A licensed or certified social worker
- A licensed or certified psychologist
- A licensed or certified employee assistance professional
- A drug and alcohol counselor certified by the National Association of Alcoholism and Drug Abuse Counselors Certification Commission (NAADAC), or by the International Certification Reciprocity Consortium/Alcohol and Other Drug Abuse (ICRC), or by the National Board for Certified Counselors Inc. and Affiliates/Master Addictions Counselor (NBCC)

In addition to having the proper certification to be a SAP for DOT, the SAP must be knowledgeable in the DOT SAP guidelines 49 CFR Part 40 and DOT agency drug and alcohol testing rules.

The SAP role is neither an advocate for the employer or the employee. Their function is to protect the public interest in safety by professionally evaluating the employee and recommending appropriate education and/or treatment, follow-up tests and aftercare.

Industry trends have established DOT standards as the gold standard for companies that are not regulated by DOT, just another indication how valuable SAPs and their skill sets have become in the marketplace.

When Regulations Meet the Real World

The Office of Drug & Alcohol Policy & Compliance within the Department of Transportation (DOT) recently posted clarification on SAP Reports. This is an appropriate review especially for the construction industry where seasonal hires are commonplace.

THE PROBLEM: The Substance Abuse Professional (SAP) learns the employee is no longer employed during the initial substance abuse evaluation. The SAP completes the evaluation and provides appropriate recommendations. The problem is what does the SAP do with the evaluation report for an employee who is no longer employed? After all, there is no company to send the report to.

THE FIX: The written report can be provided directly to the employee if the employee does not have a current employer. The SAP may also provide the report to the future transportation employer.

But what about the employee who completes the recommendations in the initial report and has a follow-up evaluation? Can the SAP provide the employee the follow-up evaluation and report?

Yes, the SAP can provide the written report directly to the employee but only if the SAP edits out the follow-up testing information. Once the employee is hired for a safety-sensitive position, the SAP can then release the report to the new transportation employer including the follow-up testing information.


Matthew Fagnani is president of WorkSafe. Portions of this article came from the U.S. Office of Drug & Alcohol Policy & Compliance
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MORE THAN BUSINESS AS USUAL

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When Anchorage general contractor Terry Fike, owner of Alcan General, was asked to join the Associated General Contractors of Alaska six years ago, he hesitated because of the cost. Ultimately though, he joined—a decision he hasn’t regretted. As an active participant in AGC of Alaska, Fike is giving something back to the industry he says has supported him and his family for his entire life. He’s spent the last year as president of the Alaska chapter and said it’s been a great year—challenging and very rewarding.

As president, Fike has logged more than 46,000 air miles attending conferences and meeting with industry peers. During discussions with contractors from across the country, he’s learned the troubles facing Alaska’s construction industry, other than climate and logistic difficulties, are not unique. “Problems with manpower and fairness in contracts are nationwide; they’re not just isolated to Alaska,” Fike said. “The aging labor force and the need for a drug-free workforce are big issues—these are problems facing all contractors in our nation, not just here.”

Locally, Fike has benefited from his active participation in AGC. He now interacts more with his peers and has gained a great deal of respect for his competitors and the amount of talent and knowledge in the construction industry in Alaska. “The networking capabilities of AGC—getting to know the other general contractors in the state and being able to exchange information on subs performance-wise—is probably one of the greater benefits of AGC membership,” Fike said.

Becoming involved by serving on a committee, task force or board gives contractors an opportunity to advance new ideas and suggest improvements in a collaborative environment. “Being a member of the executive board and setting a course for AGC, I think that’s a benefit as AGC’s main goal is to enhance our industry and make it better for not only the contractors, but also the owners we work for.”

The majority of the owners Alcan General works for are in the public sector. The company, founded in 1994, has grown from a small general contractor to a mid-size firm with year-round work in design-build and design-build. Alcan has a backlog of between $50 million and $80 million in annual projects. “Our philosophy is to have an owner that really wants us back,” Fike said. “We bid a reasonable price with a reasonable margin and negotiate all issues with the owner.”

Alcan has built a number of schools, many for the Anchorage School District, with Dimond High School and the Wendler renovation as key projects. In addition, they’ve constructed the Teeland Middle School for the Matanuska-Susitna Borough, and the West Valley High School and Hutchison Career Center renovations for the Fairbanks North Star Borough. High profile projects such as the Rabinowitz Courthouse and Police Station for the City of Fairbanks and the Joint Mobility Complex on Eielson AFB round out their public work projects.

“We are a public contractor and have only done one private project in 12 years, which we’re actually doing now, and that is the renovation of the existing seafood plant for the new owner, Anchorage Community Development, L.L.C. (Changepoint Church),” Fike said. “We’re very selective and try to pick the owners we want to work for, and that has helped us be successful.”

One of their newest design/build projects will be the expansion of the Anchorage Museum. “I’m extremely excited that our company was chosen for this project,” Fike said. “We were competing against some significant general contractors and to be selected is confirmation that our business practices and reputation as an honest capable contractor are sound.”
There is another component to the success of Alcan General. “The people that work for this company truly are the biggest strength.” Fike said, “starting with our Vice President Steve Jelinek, Project Managers Chari Roberts and Stan Olsen, Administrative Manager Patricia Cobb, and our field supervision, Project Superintendents John Hester and Mike Dunn. There’s a long tenure among employees; no one has been here less than five years. We’ve got absolutely minimum turnover in our firm and that’s been one of our strengths—continuity. I have a wonderful staff of individuals who have supported me with this company and through my AGC presidency.”

Depending on the volume of work, Alcan General peaks at about 150 employees. As signatories with the carpenters, laborers and most of the other unions, they do their hiring through the union halls. Maintaining a steady workforce and finding qualified people is a challenge Fike says AGC is addressing.

“One of the things we’ve done through the Construction Industry Enhancement Fund is get the word out that the construction industry is fun, interesting and well-paying. Everybody says academia is the way to go, but the truth of it is construction workers make more than teachers. This is the other four-year degree. Most apprenticeships take about four years and they do very well.”

The aging workforce and continued growth are causing a shortage of workers, a challenge for all in the construction industry. Fike says the AGC of Alaska and the AGC of America are doing great things to address the problem of training new workers, including the new construction career academy they are helping sponsor in the Matanuska-Susitna Borough School District. In addition, AGC has helped to develop the associate of applied science degree in construction management, now offered at the University of Alaska Anchorage. “We’re hopeful that will turn into a four-year program,” Fike said, “One of the biggest challenges for a contractor is to maintain a steady workforce and keep them motivated to accept new challenges as they grow.”

Meeting new challenges is something Fike is familiar with. He grew up in the construction business as his father was a Project Superintendent, working since 1965 in the Anchorage area. Fike spent three years in the Army after high school, became a journeyman carpenter, worked his way up in the field to foreman, then superintendent. He owned a construction company in Montana for about 11 years before coming to Alaska.

“I came here for the same reason everyone else does—a new adventure,” Fike said. “In 1983 I moved my young family up here and worked as a superintendent for 11 years until I founded this firm, at which I’ve worked very hard to build up.”

Fike has positioned Alcan General to take advantage of the continued steady growth of the Alaska construction industry. He doesn’t see a spike or overheat unless the gas pipeline and ANWR both get the go ahead at the same time.

He sees steady continued growth with reasonable margins, which is good he says because that makes for successful contractors throughout Alaska and contributes to a healthy economy. “The construction industry dollar turns seven times,” Fike said. “By the time it gets back to the bank it goes through about seven different hands. Construction is one of the few industries that spends money like that—it’s great for the economy of Alaska.”

One thing Fike sees as troublesome is the Municipality of Anchorage Title 21 rewrite. It is meant to align Title 21 (Land Use Planning, Municipal Code of Ordinances) with Anchorage 2020 (Anchorage Bowl Comprehensive Plan). What it does is dictate design and materials used to build Anchorage, plus a lot more.

“I see Title 21 as a major cost increase for every contractor and public facility built in Anchorage,” Fike said. “That’s one of my major concerns—the Title 21 rewrite is something everyone should be concerned about.”

The AGC Title 21 task force, headed by Jim Fergusson, has spent more than a thousand hours reviewing the rewrite and has sent hundreds of comments to the muni’s Web site at www.muni.org/Planning/prj_Title21_pubcom.cfm. Postings to the Web page by architects, engineers, State of Alaska Department of Transportation, contractors and private citizens show that a diverse group of people in Anchorage are taking an active interest in the Title 21 rewrite.

The Title 21 rewrite is but one facet of the construction industry that needs people to take an active role. “This is your AGC and you’ve got to get involved,” Fike said, “and if you get involved you are going to get a lot more out of it than you put into it. It’s a great feeling to help the industry.”

Being in the construction industry is a pleasure, according to Fike. “Construction has been a fun business for us—we truly enjoy the industry. It’s been a great career. I’ve met so many people connected to the industry—bankers, architects, engineers—all the different personalities that make up this industry. People who are a part of the construction industry are great people. It’s just fun.”
Can an OSHA cite you even if you have not caused a hazard that your employees are exposed to? Am I subject to the multi-employer policy even if I have nothing to do with the construction industry? If you answered yes to both questions, you are well on the way to understanding OSHA’s multi-employer citation policy (Directive CPL 2-0.124). On multi-employer work sites (in all industry sectors), more than one employer may be cited for a hazardous condition that violates an OSHA standard. OSHA can visit your site for any number of reasons, including:

- An inspector can drive by and see a potential violation
- A special emphasis or focused inspection
- An employee complaint
- An injury or fatality investigation
- A high hazard industry inspection
- A follow-up to a previous inspection

Once they are on-site and have determined there is a violation, they will follow a two-step process to determine employer status, who will be cited and if there will be more than one employer cited.

**Step One**

The first step is to determine the employer’s status. These roles are not terms you may use every day in your contract language and on the job. The four roles are:

- **Creating Employer** – The employer that caused a hazardous condition. Employers must not create hazardous conditions. An employer that does so is citable even if the only employees exposed are those of other employers at the site.
- **Exposing Employer** – An employer whose own employees are exposed to the hazard. You can be cited if you:
  - Created the hazard
  - Knew of the hazard
  - Failed to take action to protect employees
Even if the exposing employer lacks authority to correct the hazard, it may be cited if it:
  - Fails to request the hazard be abated
  - Fails to inform its employees of the hazard
  - Fails to take reasonable alternative actions
In extreme circumstances, the exposing employer can be cited for failing to remove its employees from the job to avoid the hazard.

- **Correcting Employer** – An employer who is engaged in a common undertaking, on the same worksite, as the exposing employer and is responsible for correcting a hazard. This usually occurs where an employer is given the responsibility of installing and/or maintaining particular safety/health equipment or devices. The correcting employer must exercise reasonable care in preventing and discovering violations and meet its obligations of correcting the hazard.
- **Controlling Employer** – An employer who has general supervisory authority over the worksite, including the power to correct safety and health violations itself or require others to correct them. Control can be established by contract or, in the absence of explicit contractual provisions, by the exercise of control in practice.

**Multiple Roles** – An employer may have multiple roles. A creating, correcting or controlling employer will often also be an exposing employer. OSHA considers whether the employer is an exposing employer before evaluating its status with respect to these other roles. Exposing, creating and controlling employers can also be correcting employers if they are authorized to correct the hazard.

**Step Two**

Once OSHA has determined the role of the employer falls into one (or more) of the four categories, Step Two is the process to determine if the employer’s actions were sufficient to meet those obligations.

The extent of the actions required of employers varies based on which category applies. Note that the extent of the measures that a controlling employer must take to satisfy its duty to exercise reasonable care to prevent and detect violations is less than what is required of an employer with respect to protecting its own employees.

**Prevention and discovery**

In evaluating whether a controlling employer has exercised reasonable care in preventing and discovering violations, OSHA will consider questions such as whether the controlling employer:

- Conducted periodic inspections of appropriate frequency
- Implemented an effective system for promptly correcting hazards
- Enforces the other employer’s compliance with safety and health requirements with an effective, graduated
system of enforcement and follow-up inspections

**Inspection factors**

Factors that affect how frequently and closely a controlling employer must inspect to meet its standard of reasonable care include:

- The scale of the project
- The nature and pace of the work
- How much the controlling employer knows both about the safety history and safety practices of the employer it controls and about that employer’s level of expertise

More frequent inspections are needed if the controlling employer knows that the other employer has a history of non-compliance; or at the beginning of the project, if the controlling employer had never before worked with this other employer and does not know its compliance history. Conversely, less frequent inspections would be performed where there is a good history, solid past performance and a record of compliance.

**Information gathering**

These factors indicate a need for general contractors (and other controlling employers) to have a good knowledge of other employers working on site or in the building. This information-gathering component might include a review of:

- Experience Modification Factor
- Written health and safety programs
- OSHA 300 logs
- Type of hazard identification and control process in place
- Documented efforts of safety processes

Interestingly enough, all of these are components of the Construction Health and Safety Excellence Program (AKCHASE), sponsored by Alaska OSHA and AGC.

In the next installment of this series, we will address an Action Plan for reducing multi-employer citations.

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Chris Ross is the general manager of AGC/NANA Training Systems, which is a training and consulting group providing solutions in health and safety, leadership development and emergency response planning. Call (907) 565-3300, or visit www.nana-nts.com for more information.
What is the company’s history?
Arctic Striping Inc. was incorporated in 1987. The principals were previously involved in other striping companies in Washington and Alaska.

Who are the owners/principals?
Arctic Striping Inc. is a closely held corporation. The principals are Doug and Shari Paulson.

What is the company philosophy and mission statement?
We will consistently perform first class work profitably on all our projects.

What kind of work do you do?
The majority of our work is pavement marking, primarily on highways. We do some parking lot striping and some traffic control work as well.

When and how did you get started in this business, line of work?
The owners have been involved in striping both in Washington and Alaska in one form or another since 1962. Doug Paulson even worked on the State of Alaska paint crew for five years in the early ’70s.

Is your business year-around or seasonal?
Seasonal. Some equipment maintenance is performed in the winter off-months.

Tell us about your employees; how many are there and what do they do?
We currently utilize six full-time strippers and two office personnel. The field personnel are supplemented with temporary employees if specific jobs require more workers. Most of our employees have been with the company for at least three years. We must be doing something right to attract and keep the people we do. Ask anyone in the highway business and they will tell you Arctic Striping has the best crews. We have the best employees and do the best work. That is something we are very proud of.

Where is the company presently in Alaska’s construction industry in terms of scope, volume and location of work?
The majority of our work is highway striping. At various times over the years we have painted quite a few airports. We are focusing less on that area of the business now. The product the state most frequently specifies for highway striping, MMA, was first applied in Alaska by Arctic Striping Inc. Our volume has remained fairly steady the last 10 years in the $1 million to $3 million gross revenue range. We perform work throughout Alaska except in the southeast region of the state.

What’s coming over the horizon?
Roads always need to be striped. The State of Alaska will continue to experiment with different coatings in their quest to find the most durable, cost-effective material, and we will apply at least some of it. With the population increases in Alaska, the roads will need to be upgraded more frequently—that bodes well for our business.

What challenges do you encounter with your business?
Striping, which on the surface appears so simple, is actually a very challenging business to succeed at. A good portion of our work is performed at the end of the season as prime contractors finish their paving. Weather conditions are frequently not optimal. Each day lost to adverse weather puts us one day closer to the end of the season. Our employees can’t just put on rain gear and work the day at lower production levels—we’re done until it dries out. Weather is the one challenge we can neither plan for nor change. The equipment we use can be high maintenance. Proper maintenance is important to any equipment; and it is probably more so to our industry as so many things can go wrong with a striping truck, which shuts you down until it’s fixed.

We face the same challenges as other contractors in hiring and retaining skilled workers. As we are in a kind of a niche industry, this might be magnified for us. Striping work requires a good-sized investment in equipment, good management and good employees to succeed. There has to be a certain amount of profit in the work in order to stay in business. We have been in this business in one form or another for more than 30 years now. We know something about it.

One particular problem we have faced the last few years has been undercapitalized start-up contractors bidding vast amounts of work below their real costs in a misguided attempt to control the industry. Inevitably, this results in business failures that negatively impact all involved—employees and suppliers of the failed businesses, prime contractors who accept the subcontractor bids and then are forced to find replacement contractors, and DOT, which is ultimately responsible for the finished project. We feel that the federal Disadvantaged Business Enterprise requirements artificially force prime contractors to take subcontractor bids they wouldn’t ordinarily consider, knowing from their years of experience what the results will be. I imagine the
industry as a whole would be better served if the playing field was really level without any artificial “goals” to meet. The good contractors would succeed regardless of any programs.

What challenges do you see facing the construction industry in Alaska?

I imagine every contractor would answer this similarly. The workforce is aging and it is getting harder to find replacements as the workforce retires. Insurance and bonding have been major headaches for the last four years. Costs keep going up; and the coverage stays the same or even declines. The Alaska Legislature needs to come up with a workable, long-range fiscal plan—it’s crucial to our state’s prosperity.

What changes or reforms would help Alaska contractors?

We feel that a return to a more level playing field in contracting would be in everyone’s best interest. Given that the Adarand litigation has been back and forth between the U.S. Supreme Court and the U.S. Court of Appeals in the last 10 years, I don’t realistically expect to see that in my career. The current Administration’s attempt to tackle the problems with workers’ compensation is admirable. There is a long way to go with a lot of factors to sort out, but this is a start. We hope to see more DOT work privatized.

Has your company benefited from the construction boom in Fairbanks?

We might have performed some minor of amount of striping directly related to the current boom, but the real benefits are to the community as a whole. It benefits all of us directly and indirectly when an economy thrives. The increase in tax base alone should help to reduce some of our property taxes while leaving surpluses to fund necessary activities.

How could BRAC activity in Fairbanks affect your company?

While we perform little work directly on Eielson Air Force Base, the loss of that much money to an economy has to have an effect. Leaving aside the possibility of economic loss to the community, we don’t feel closing or curtailing Eielson’s activities are a good approach for our nation’s defense. Eielson was originally built for many reasons; the majority of those reasons are still applicable.

What is your connection with the AGC of Alaska?

We have been an AGC member as Arctic Striping since 1987.

What are the benefits your company realizes from membership in the AGC of Alaska?

In no particular order: we make use of the plans room services, insurance benefits and certainly the networking opportunities. Without AGC’s voice at the Legislature we would have little or no influence on legislation important to our industry.

Are you involved with any AGC of Alaska committees, task forces or advisory boards?

None currently, though we do help with the sponsorship of the AGC bowling tournament each year.

What are future plans and goals of the company?

Arctic Striping will continue to meet the challenges of an ever-changing contracting environment while performing the first class work we always have.

What is your secret to success?

For more than 30 years we have performed good work, on time. The prime contractors know they can count on us. It’s kind of fun to have the contractor’s representative be the son of someone we first dealt with in the ’70s. That shows a long-term success we are proud of. It takes equal amounts of drive, planning, good management and good employees. Given our long-term success in the business we must have all of these pretty well in place.
School district procurement rules further relaxed

In an August decision, the Alaska Supreme Court approved the Anchorage School District’s award of a bus contract despite flaws in the winning proposal that would have warranted its rejection under conventional procurement rules, and without any real administrative review procedures in place at the district level. The incumbent had had the contract for 20 years, and “the District and the Alaska Department of Education were concerned about lack of competition ...” Despite the incumbent’s lowest bid, the contract was awarded to a new bus company, one of five proposers. The incumbent appealed to the Superior Court and then to the Alaska Supreme Court because of what it claimed were irregularities in the district’s decision and process. The boundaries of what kind of flaws in bids can be waived were extensively broadened.

All IFBs and RFPs require that the bidders acknowledge receipt of all addenda. The reason for that requirement is that if a bid is submitted without that acknowledgement, the apparent low bidder could legitimately withdraw its bid after bid opening on the grounds it did not have all of the addenda. In order to avoid this, agencies require all bids to contain an acknowledgement of receipt of all addenda. In the school district’s case, the RFP stated that the district “shall certify a proposal nonresponsive,” if it fails to acknowledge receipt of all addenda. The bus company that was awarded the contract did not acknowledge receipt of the last addendum, though the incumbent had acknowledged it. The court excused the agency’s flouting of its own RFP language on the grounds that “rigid enforcement of this requirement would have elevated form over substance, frustrating the district’s and the regulation’s clear intent to create a competitive bidding process...” Had the district been required to observe its own RFP language, it would have been deprived of the opportunity “to compare multiple responsive bids.” In other words, only the incumbent’s bid would have been responsive.

Another RFP requirement was that each bidder submit a corporate resolution authorizing the person signing the bid to bind the company. The winning bidder submitted such a corporate resolution naming three individuals, none of whom signed the bid. Another person signed it on behalf of one of the named individuals, but there was no confirmation of authority until after the bids were opened. This satisfied the court.

The RFP also required the bidder to submit financial information on the bidder. The winning bus company submitted financial information for its parent, but not the actual bidder subsidiary corporation. That again was not a problem for the court.

The court also ruled that the school board was not limited to the evaluation factors set out in the RFP in evaluating the five proposals.

The school district faxed its notice of its intent to recommend to the board an award of the contract to the winning bus company to the bidders at 6:00 p.m. Friday night, which recommendation was to be acted upon by the school board at its meeting the following Monday evening. The court called this a “three-day notice,” and considered it sufficient notice to the aggrieved bidder to enable it to appear at the board meeting to present its position on the recommendation. The winner’s proposal itself was not made available to theaggrieved bidder until the board meeting.

The decision to award the contract was made by the school district board at that meeting. The applicable regulation permitted an aggrieved bidder to request reconsideration if it thought that there was “fraud or duress” or an “error in calculating dollar amounts.” There was no other administrative adjudicative process for reviewing the board’s decision. The court considered this right to ask the school board to reconsider adequate due process for aggrieved bidders because aggrieved bidders required only “minimal due process.” The court reconfirmed its earlier rulings that even if the school board had been wrong in awarding the contract to the new bus company, the aggrieved bidder’s only remedy was the recovery of bid preparation costs.

The Department of Education regulation upon which this decision was based is no longer in force. Further, the decision is not based upon procurement by the state under the Alaska Procurement Code. However, when issues and disputes arise under the Alaska Procurement Code, this decision will be used to support those agency decisions which accept otherwise non-conforming bids and proposals, and thereby further eroding the contracting public’s confidence in fair, honest and equal treatment of all bidders and their proposals. Erosion of the perception of fair, equal and honest treatment of all bids and proposals reduces the number of bidders inclined to participate, and thus reduces competition, ultimately to the disadvantage of the procuring agencies. The green light given to the school district to run rough-shod over its own RFP provisions and commonly accepted procurement norms will only result in fewer and thus higher bids for school district work in the future.

Robert J. (Bob) Dickson is a partner of the Anchorage law firm Atkinson, Conway & Gagnon, Inc.
N C Machinery Co., the oldest Caterpillar dealer in the Pacific Northwest, has played a vital role in Alaska’s growth, including providing machinery and supplies for the Gold Rush in the early 1800s. Its steadfast commitment to providing world class equipment, parts, technical support and service to its customers has made N C one of the leading Caterpillar dealers in the world. The Seattle based company currently serves the entire state of Alaska and western Washington.

The Northern Commercial (N C) Company was founded in 1776 by two Russian fur traders, who organized the first company to do business on a continuing basis in Alaska – a fur trading post on Kodiak Island. The company moved into transportation and mercantile in the early 1800s, and was named Caterpillar dealer for Alaska and the Yukon Territory in 1926. The company’s heavy equipment immediately went to work building the basic infrastructure of the new frontier, as well as in exploring and developing Alaska’s vast resources.

During the past century, N C Machinery has expanded its services and geographical support in Alaska’s developing territories. Caterpillar equipment has played a major role in supplying villages with electrical power, enabling petroleum engineers to discover oil, supporting miners looking for gold and other natural resources – the list goes on and on.
N C’s rich history in Alaska exemplifies the company’s focus on mutual success with its customers. Caterpillar equipment was instrumental in finding the first Arctic petroleum reserves, as well as building the 800-mile trans-Alaska oil pipeline. Today, N C supports a multitude of diverse industries in Alaska and Washington with 11 branches, 211 technicians, 58 service vehicles and over 56,000 parts line items. Likewise, sister company N C Power Systems provides sales, engineering, rental and product support for Caterpillar engines and power systems in the marine, petroleum, truck, and power generation markets.

In a constant effort to give back to the communities it serves, works and lives in, N C also actively sponsors worthy causes across the breadth of the state. From the City of Unalaska High School to the Alaska Mineral and Energy Resource Education Fund, and from the Ultra Low Sulfur Diesel and Clean Diesel Engine Conference to the Resource Development Council for Alaska, N C is proud to play an ongoing role.

Never a company to rest on its laurels, N C has plans in the immediate future to establish “The Cat Rental Store” at its Anchorage and Fairbanks locations. “The Cat Rental Store” will rent Cat and other preferred brand products for the construction and landscaping markets, augmenting the larger Cat rental equipment that N C has provided for years.

What does the future hold? Alaska’s future looks very bright, with a strong economy and a talented, highly skilled workforce. The future for N C also looks bright, as it looks forward to the next century of mutual successes and innovations in partnership with its customers.
What your chapter’s education effort accomplished this school year

I’d like to recap for you what we did this year to attract young people to our industry.

NCCER (National Center for Construction Education and Research) has an entry level construction curriculum called the “Core Curriculum.” It’s 72.5 hours and it’s the one we offer and place in high schools. NCCER has enhanced this curriculum in the new 2004 version by adding two modules of soft skill curriculum. One of the new modules is called “Basic Communication Skills” and the other is “Basic Employability Skills.”

We placed the Core Curriculum in 48 classrooms around the state this past school year!

Three of the rural classes we placed the curriculum in we also funded class construction projects that complements the curriculum.

Students in Stebbins built two sheds, each 12 feet by 16 feet. One shed was built for the bilingual/bicultural department for their Native project supplies: clay, skins and grass for baskets. The other shed is used to store the wood for Native sleds (green wood) by the construction school classes.

Students in Unalakleet built one 8-feet by 20-feet shed as dry storage for kayaks for their multicultural class.

And, the third school, in Shismaref, built a 10-feet by 12-feet shed addition to another school/community building for a shop for small engine repair and welding.

We already have picked up a couple of school districts we haven’t worked with for school year ’05-06.

**Under the AGC of Alaska sponsorship for training we:**

- certified 93 teachers to use NCCER curriculum
- have approximately 346 students on the NCCER National Registry (meaning those students passed at least one module of curriculum).
- have 188 students who’ve earned a certificate (meaning a student passed a prescribed series of modules).

We scheduled our first ICTP (Instructor Certification Training Program) class for the new school year for late August ’05.

We may have Core Curriculum in a couple of Anchorage high schools this year! I’ll keep you posted. AGC can be a high school’s construction curriculum best friend!

At the elementary level we’re continuing our efforts with Build Up!, the AGC of America curriculum. In Anchorage we have several partnerships with teachers that are on auto-pilot and are very successful.

Kevin Norton of Anchorage Sand & Gravel Co., Inc. presented Build Up! to about eight elementary principals before school was out last year. Kevin supports several classes of Build Up! at Kincaid Elementary. The principal of Kincaid, Kevin Hoyer, is a big supporter of Build Up! and supports us at all opportunities by telling other schools about Build Up!

We’ll strategize this fall about how we want to approach the schools promoting Build Up! this year in Anchorage.

In rural Alaska the toolboxes, Build Up! and On Site!, are popular. However, the teacher turnover rate makes it more difficult to promote it with every new teacher. We look for opportunities to present at teacher gatherings, i.e. the annual professional development event in Anchorage, etc.

The On Site! toolboxes for middle school are popular in rural, but it’s tough to place in Anchorage. However, we’re continuing to promote and see what we can do.

Because we want to encourage interest in our industry and because the fifth grade and sixth grade are pivotal due to parents and students “de-selecting” careers it’s important we continue all the work we can in that age group.

For more immediate workforce impact for our contractors the AGC Construction Career Academy may take center stage for interest with contractors next school year (’06-’07) at Wasilla High School.

If your contracting business is experiencing a labor shortage the career academy may be of interest to you. Stay tuned, more information coming about our chapter’s education efforts. You’ll not only want to know what’s going on, but you’ll want to be involved! 🏗️
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Project owners and managers in Alaska are warming up to the design-build process of construction delivery, thanks to the successful completion of high-profile projects in both the public and private sector.

Among this year’s construction projects being completed in Alaska are several design-build facilities, including a multi-level fire station for the city of Fairbanks, scheduled to be complete by the Interior’s first snowfall.

Patrick Smith, the city’s project manager for the $7.5 million fire station, is extremely pleased with the city’s initial foray into the design-build process. “It’s worked out well for us,” he said, during a late June tour of the emerging structure. “Frankly, we had some concerns and there was some anxiousness of using design-build because we never used it before. It’s a very steep learning curve for us.”

Opting for change

The city decided to try the design-build process after completing a parking structure in downtown Fairbanks using the traditional design-bid-build method a few years ago. “We were beginning to feel that the traditional model was doing two things—providing us with less product for the public money, and also resulting in a more adversarial relationship between the city and the contractor,” Smith said.

With limited financial resources to construct a new fire station, the city opted to use design-build, issuing a request for proposals in November 2003 and receiving design submittals from competing design-build teams in January 2004. After short listing the group to three and reviewing detailed proposals, the city selected Neeser Construction of Anchorage as contractor and Koonce Pfeffer Bettis as architects. Neeser, which specializes in design-build systems, broke ground in April 2004.

Bigger building

Compared to traditional construction delivery processes, the city’s first design-build project provided more building for its dollars. Initially, consultants said the available money would fund a 19,000-20,000 square-foot building, Smith said. “We’re constructing almost 27,000 square feet,” he said. “We see the value because we gained very close to 7,000 square feet in a new fire station by adapting ourselves to design-build construction.”

In addition to a larger building, the city has found itself in a pleasant situation—choosing among various upgrade options to spend its contingency funds.

“It’s worked out well for us with the transfer of risk to the contractor … it has translated into a total contingency expenditure of 3 percent. We usually do not go to bid without 10 percent,” Smith said. “We do have a little bit of money to pick and choose upgrades that we wanted. It’s a very refreshing way to spend our contingency funds.”

Consolidated contracting

Design-build differs from the traditional design-bid-build approach in that one entity provides both the architecture/engineering and construction services under one contract. In design-bid-build, the owner commissions an
architect or engineer to prepare drawings and specifications under a design services contract and separately contracts for at-risk construction through competitive bidding or negotiation.

**Master builder concept**

The design-build process is somewhat of a return to the master builder concept, where builders were engaged in both the design and construction of structures, a style of construction used as far back as in ancient Greece. Then, master builders accepted full responsibility for integrating conceptual design with functional performance, according to the Design-Build Institute of America.

Today’s construction industry seems to be reverting back to that age-old process, finding several advantages to design-build when compared to traditional methods of design-bid-build or construction management. Those traditional processes oftentimes create an adversarial relationship between the owner and the builder during audit or change order procedures, builders and owners say.

**Design-build spreading**

Use of design-build in the United States has been increasing in frequency and application during the past 30 years. From 1986 to 1992, total use of design-build in the public and private sectors grew 172 percent, from $18 billion to $49 billion, according to the institute.

Compared to the traditional method of design-bid-build, the design-build process often offers a shorter construction time frame for completion, improved cost control, equal or better quality and overall owner satisfaction, according to a May 2005 study of 21 major highway transportation projects nationwide completed using the design-build process.

That study, completed by Tom Warne and Associates, L.L.C. for DBIA, found that 76 percent of the 21 highway projects surveyed were completed ahead of the schedule established by the owner. All 21 projects, ranging in size from $83 million to $1.3 billion, were finished faster than if the design-bid-build process was used, Warne found.

“The evidence of reduced sched-
ules, improved cost control, equal or better quality and overall owner satisfaction is compelling in assessing the effectiveness of design-build,” Warne wrote. “The use of this delivery tool is growing and will become even more pronounced as more and more owners seek to build projects that will require one or more of these outcomes. All owners should give serious consideration to design-build as a project delivery method for their infrastructure work.”

**DOT&PF successful**

In Alaska, DOT&PF first tried design-build on the Anton Anderson Memorial Tunnel when it transformed the railroad tunnel to Whittier into a one-lane, combination highway and railway tunnel. The project won a multitude of awards. The Palmer-Wasilla Interchange was another successful DOT&PF design-build project, and the department is using the process with many transportation projects.

While relatively new in Alaska in the private sector, the design-build concept seems to be catching on more with public sector construction, perhaps due to one key attribute in the state’s abbreviated construction season—the ability to successfully accelerate construction and completion.

**DOT&PF successful**

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**Better fast-tracking**

“One of the most significant advantages to the design-build process is the ability to fast-track a project without losing control of costs and without the associated risks to the project owner,” said David Matthews, vice president and Alaska area manager for H.C. Price Co., which is building a new gas-fired power plant for Golden Valley Electric Association in North Pole using the engineering, procurement and construction (EPC) or design-build process.

Price began construction on the $75 million, 60-megawatt power plant late in 2004. The contract calls for the power plant to be declared commercial in April 2006, but Price is working to accelerate that completion date for GVEA.

The new power plant will be located next to the existing 120-megawatt HAGO (heavy atmospheric gas oil) electric generation plant owned and operated by GVEA in North Pole, on a site within the security confines of the Flint Hills oil refinery. The new power plant will be fueled by naphtha, although it can be converted to natural gas, should that fuel become available in quantity in Interior Alaska.

The design also allows future...
Anton Anderson Memorial Tunnel

Awards & Honors

• 2001 Outstanding Civil Engineering Achievement Award, American Society of Civil Engineers - their highest award
• 2001 Grand Award, American Council of Engineering Consultants
• 2001 Best Project - Public Sector over $15 million, Design Build Institute of America
• 2000 Excellence in Construction Award, Associated General Contractors of America
• 2000 Globe Award for Excellence in Environmental Protection and Mitigation, American Road and Transportation Builders Association
• Awards of Excellence for Engineering Design and Outstanding Heavy Highway Project, F. W. Dodge
• 2000 Concrete Bridge Award of Excellence, Portland Cement Association
• American Association of State Highway and Transportation Officials:
  Total Program Excel Award for Public Involvement with a Consultant
  President's Award for Highways, to Tom Moses, Alaska DOT's lead engineer on the project

Source: www.dot.alaska.gov

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expansion of the plant, raising the possible capacity to 120 megawatts, should GVEA’s electric demand continue to grow.

To accelerate completion of a project, construction begins before the project’s documentation is complete. Contractors do not need a complete set of construction documents before beginning to buy out or perform the project, Matthews said. Early access to the design allows visualization of components parts at an earlier stage, allowing work to start on systems necessary for the earliest phases of construction.

“In traditional construction (design/bid/build), fast-tracking can result in significant change orders because the contractor does not know how the architect or engineer will complete the design,” he said. “But in the design-build system, fast-tracking does not result in any change orders arising from completion of detailing the construction documents because the designer and contractor are on the same team and the contractor is deemed to have anticipated and approved the final details of the plans.”

Communication key efficiency

Efficiencies can come through design-build teams who work together through verbal communications or sketches instead of through detailed construction documents, saving significant time and financial resources, he added.

“Because the contractor is solely responsible for the completed product and is the single point of responsibility for the quality, cost, schedule and performance of the completed facility, not only is the owner’s risk reduced, but the need for owner involvement is also significantly reduced,” Matthews said. “Owners who are accustomed to having full control and oversight over every aspect of the project may actually impact the efficiency of the contractor’s progress, causing delays to the work and increasing costs. An overly-involved owner who imposes design or other constraints on the contractor may actually impair the protection afforded by the single point of responsibility in a design-build system.”
Fairbanks highly involved

At the city’s fire station project, Smith said his involvement on the owner’s behalf has required “a very intensive level of project management … owner involvement is much higher.”

Daily issues requiring his involvement range from concrete strength and steel placement to selection of wall tile and door hardware, Smith said. “When you do not have 100 percent of (construction) documents, certain elements are left to be puzzled out while the project is being built.”

The city also took a risk using design-build for such a specialized-use facility. Traditionally, design-build has been implemented in easier-to-design structures, such as office buildings, hotels and other large, single-purpose facilities, Smith said. “Design-build is not for every building and it doesn’t suit every builder,” he added.

Military design-build

Another government entity in Alaska that has trended toward design-build in recent years is the U.S. Army Corps of Engineers. More Air Force-related projects than Army construction projects are using design-build, according to Dean Homleid, Eielson project manager.

“We’ve done everything from 4,000 square-foot HAZMAT facilities to large dormitories,” he said. “The advantage from the government’s standpoint is that it actually places liability on the contractor as opposed to the government when providing 100 percent of the design (in design-bid-build).”

The Corps has found design-build to also offer better quality control, he added. “Overall, we think we’re getting better value.”

The Air Force has embraced the process more so than the Army,
Homleid said, offering a stipend or financial compensation to the two design-build teams selected as finalists but not awarded the construction contract in the competitive process. The stipend, typically about $55,000 for each team, “offsets the costs of putting the proposal together,” Homleid said. “It makes it a little more palatable to put proposals together and we have found that we receive higher quality proposals.”

**Higher contractor risk**

Comparatively, Army contracts do not offer such a stipend, a considerable risk for the contractor/design team considering involvement with such a project. “It is expensive to prepare those proposals—we have quite a few meetings and generate quite a few ideas,” said Bill Williams, a project superintendent for Neeser Construction. “It makes it pretty risky and competitive at the same time, and you have no avenue for recovery if your proposal is not selected.”

He was involved in the initial stages of Neeser’s work preparing its proposal for a new community center constructed at Fort Richardson, one of the Army’s earliest design-build projects in Alaska. “You either are awarded the project or you have nothing,” Williams said. “You can’t go back to the owner and work on it … on this particular project, rather than looking for the payoff at the end, we were looking at more of forming a relationship with the Corps.”

Additionally, owners view ongoing relationships between builders and designers as bringing value to the table. “What we’ve seen is that contractors are starting to form teams or alliances with architects and engineers as they go after design-build projects,” Homleid said. “As a team, they become more efficient together and provide more value.”

For its involvement, design-build seems to be working for the Corps projects in Alaska, he said. “We tend to pay more up-front when we pay for the cost of the design, but by the same token, we do not have to draw up the design. It takes a lot of risk away … there’s just not a lot of downside to it.”

Patricia Liles is a longtime journalist who covers Alaska business and industry issues. She works outside of Fairbanks.
As someone who has spent more than 35 years in the construction game, and over 20 years in Alaska, the opportunity to discuss emerging trends is both exciting and daunting. Exciting because it involves a subject I am truly passionate about, and daunting because it is such a large subject. When I look back at what did not exist 35 years ago—computers, faxes and e-mails; plastics in the construction market; copy machines; battery operated hand tools; EPA, EEO and OSHA; large-scale hydraulics in the large machines; concrete pumps; digital cameras; and the list goes on—I am truly challenged to predict a similar list into the future. Thirty-five years ago the Polaroid camera was cutting edge and now it is obsolete.

Owners
Owners will continue to demand more from the construction team in the way of design expertise, quality, speed of construction and risk taking, while providing less in the way of design, financing and project management. Owners will have to learn to market their construction projects to an ever-shrinking pool of qualified contractors, and to modify their contractual, bonding, insurance and labor requirements to mirror changes in the marketplace. Fifteen years ago it was common to see six or eight general contractors competing for a project in Alaska, now it is usually two or four contractors—in the future it will be an even smaller number. Some owners will continue to evolve for the better. Anchorage School District’s use of the Dispute Review Boards is a positive example of an owner evolving to solve a challenge in the construction industry.

Contractors
Contractors will in the future find less competition, but whether or not they can convert that into higher profits remains to be seen. They need to learn again that higher volume does not always equate to more profits. They will continu...
ue to be challenged with a shrinking, graying labor pool. This shortage will exist in all areas—the field, the office and in the engineering and project management functions. In the 1970s on the West Coast there was a glut of talent. Today there is a shortage at every level, and in the future that shortage can only grow worse. We will have to see if efforts like the Mat-Su Career Academy partially funded by the Construction Industry Progress Fund and AGC will provide the necessary workers the construction market needs.

**Insurance & Bonding**

Contractors will continue to be challenged by an insurance and bonding industry that vacillates from a time of excess, when anyone can obtain the required bonds and insurance, to a period like now when obtaining the necessary insurance and bonds takes your firstborn and a ridiculous pile of cash. This is particularly galling in that the shortage is not solely due to losses in the construction market. Also contributing are losses due to bad investments in the stock market and in the commercial surety market.

**Costs**

Material prices will continue to go up and go down; to remain successful, contractors must learn to control those costs by locking in their costs at the time of contract signing or by developing contracting efforts that share those increased costs with the owners. The cost of money can only go up—only the very young will be around the next time to enjoy the benefits of cheap money that we have recently experienced.

**Subcontractors**

The number of subcontractors will continue to decline due to the challenges in regards to bonding and insurance, the “wrap-up” or consolidation trend that is prevalent in the industry and the graying of the owners with heirs that do not want to be in the business. Those companies that remain and are viable will continue to grow and prosper with the only limitations being their own management skills and their ability to raise and manage their capital.

**Unions**

In regards to unions we will see a significant consolidation in the number of unions, with some of the smaller unions being absorbed into the larger unions. We will see a significant, high-dollar effort in organizing, but we will see little or no growth in the percentage of construction workers who are union. We will not see a significant decline in the number of union workers either. We may see our first construction strike in a decade or more, and it will be over health care and/or retirement benefits. The labor peace we have enjoyed may be rocky for a while.

**Equipment**

Equipment will continue to become faster, more specialized and yes, more expensive. We have already seen the mechanic with a wrench go the way of the blacksmith to be replaced by a technician with a laptop. In tomorrow’s workplace it will not be uncommon to have a piece of equipment call the repair shop on its own cellular phone to report a pending problem, order the replacement part and schedule a technician to make the repair. Grading equipment today can communicate with satellites thru a GPS system and with a laptop to determine the amount...
Robotics may penetrate the construction market in the next 25 years. The operation and maintenance of today’s equipment fleet will take an entirely different group of individuals than in the past. Maybe playing all the Gameboys and Xboxes will pay off for a few lucky individuals. Concrete pumps, cranes and forklifts will become larger, faster, easier to erect and move, and have larger capacity. Miniaturized versions will get smaller and yet have remarkable capacity for their diminutive size. Equipment will continue to evolve to replace the shrinking labor pool. Hydraulics will continue to dominate the equipment arena, but in the future they will be more controlled by electronics than by the human touch.

Government

Governmental bodies at all levels will continue to produce legislation and regulation that will add to the contractor’s workload, but will provide little true relief to the problems at hand. After making that statement, we have to admit construction is safer after the adoption of OSHA, and there is less discrimination after the adoption of EEO. Construction will continue to become a safer industry in the future.

The U.S. Tax Code will continue to grow exponentially and you still will not be able to understand it. The Estate Tax may finally be eliminated, but the government will find another means to collect that tax revenue. Alaska will have a state income tax and a state sales tax. Governments will continue to grow to spend all the money available. Local governments will continue to strengthen the local zoning and building codes, although the current efforts to revise Anchorage’s Title 21 will fail in the area regarding aesthetics.

Materials

Materials will continue to become improved, more specialized and more expensive. Wood framing will be replaced with light-gage metal framing, wood windows and doors will be replaced with vinyl, and wood shake roofs will become extinct. Carved and polished stones will be replaced with “cultured stone” as the pressure grows on costs and the skilled labor becomes rarer. Science and industry will finally develop freeze-resistant admixtures that will allow the pouring of concrete in freezing conditions without temporary heat. Naturally, code writing authorities will take at least a decade to accept the new material while complaining about the high cost of construction. Maybe, just maybe, an economical source for lightweight aggregate will be discovered in Alaska, or developed, that will allow the production of lightweight block and lightweight concrete in Alaska. This single item will probably reduce the cost of block work in Alaska by at least 25 percent.

Designers

The number or architectural and engineering firms will continue to decline, with fewer firms doing more of the work with less people. This decline is due to issues with obtaining insurance and licenses. Unfortunately, in the eyes of the contractor the quality of the drawings will continue to decline. This is due in part to the growing separation of the designer and the builder. The designer does not get to see the steps the
The largest disappointment of all is that some owners do not understand or care about the efforts of either the designers or the builders. Owners continue to demand more while providing less input. The use of computer aided design will continue to grow. It has a positive influence in that it is quicker and allows a designer to compare more options; it has a negative influence in that errors that would have been caught while manually drafting the plans are allowed to get through. One issue that is a major concern is that an error could get through a computer design that would cause a structural collapse. We will predict that somewhere in the world within the next decade there will be a major structural collapse with significant loss of life and money due to a data entry error or the erroneous use of a software design that gets through the design, permitting and construction process. The legal industry will then spend considerable time and money arguing who the designer was—the traditional structural engineer or the software author?

**Bottom Line**

In summary, the construction industry in Alaska will continue to grow in the next decades and be built by fewer firms employing less people, with the firms and the employees both enjoying above-average compensation. Our equipment will be bigger, smarter, more productive, more expensive and take more specialized maintenance. Our materials will become stronger, more durable, easier to install and yes, more expensive. Our designs will be computer aided and take a greater effort to build. Our government will become larger, less responsive and more expensive. And for those young enough to enjoy it, the construction industry in Alaska will continue to provide significant challenges, a great sense of accomplishment and a comfortable wage.

Jim Fergusson is CEO of Fergusson & Associates Inc., and a registered civil engineer in Alaska, Washington, Nevada and California. He provides construction management expertise for difficult and challenging projects in Alaska.
What your bank can do for you

You remember from math class how a basic equation works: $x + y = z$. You can't get to the end result of “$z” without the “$x” or “$y.”

Payroll direct deposit also has three variables: an employer, an employee and a bank. An employer needs a financial institution that’s part of the Automated Clearing House (ACH) system in order to electronically deposit payroll into an employee’s account. The process is fairly basic, and saves time, paper and money.

But the rules governing this electronic exchange of payments aren’t as straightforward. In fact, they’re complex and constantly changing. This is where banks become important.

Many banks employ Accredited ACH Professionals (AAP) to ensure they are providing the best service in this area. Also, banks themselves—like any other business—are always looking for ways to improve efficiency and increase income, and direct deposit is one way to make this happen.

Therefore, any business that wants to add value to its payroll operation can look to its bank as a great resource for information and expertise on how to expand and improve its ACH-based services. It’s a win-win-win situation for banks, employers and employees.

Some people might wonder just how much more value can be derived from ACH-based services. After all, they’ve been available for more than a quarter of a century and are proven to be extremely reliable.

The fact is that ACH-based services are becoming more of a necessity for banks, employers and employees.

Consider, for instance, how business is done in the great state of Alaska. Many communities in Alaska are only connected to other communities in the lower 48 states or even in Alaska via plane or boat, and these are vulnerable to even small changes in the weather. Banks and businesses depend on the ACH system to conduct transactions in a timely manner.

This dependence became crystal clear after the Sept. 11, 2001, terrorist attacks. Planes were grounded. Checks that were on those planes couldn’t get where they were going. Alaska bankers had to get creative with their transportation in order to continue business.

But it was business as usual for bank customers enrolled in direct deposit. Their payments cleared like clockwork.

Though Alaska certainly has different needs than the lower 48 states due to its vast size and separation from the contiguous United States, it’s a great model for the direction business in general is moving.

As the business world becomes smaller through advances in technology, there is a growing need to pay employees in other parts of the country, and internationally. Companies and banks alike are expected to perform quickly and inexpensively—whether the transaction is domestic or international. Direct deposit of not only payroll, but also expense account reimbursements, annuities, tax refunds, pension payments, bonuses, commissions, social security, vendor payments and more plays a big role.

To help meet these needs, the ACH system is expanding. Direct deposits can now be sent from the United States to Canada, Mexico and some European countries.

Like with Canada, the payment flow is at first just from the United States to these countries. When the National Automated Clearing House Association (NACHA) and the Federal Reserve are confident that U.S. financial institutions can apply Patriot Act screening requirements, ACH payments will be allowed to flow into the United States also.

One of the biggest advantages of this service is called FedACH International, for employers based in the United States is they can send payments to Canada-based employees in Canadian dollars, and fund the payment at the point of origination in U.S. dollars. It is important to note that though these payments are all originated using NACHA formats, different rules apply to how return items are handled in different countries.

The ACH system is growing, but other things are also growing that aren’t quite as business friendly—like check fraud. Since 1997, the number of check fraud attempts has doubled every two years, according to the American Bankers Association.

Because check fraud can occur when an individual takes a payroll account number directly off a check and then makes transactions against that account, banks encourage businesses to participate in direct deposit as a countermeasure to this type of fraud.

To further enhance the safety of direct deposit, banks also strongly recommend the practice of initiating prenotifications. Though some employers may not like the idea of a possible delay in the direct deposit process, financial institutions and employers alike have found that initiating prenotes saves in the long run—it reduces employee dissatisfaction by allowing errors to be corrected in advance, and also reduces handling costs.

From all ends, direct deposit is good for everyone involved, and the benefits continue to evolve. Remember that financial institutions can provide the help almost any company needs to take advantage of these benefits, and to continue adding value to its operations.

Valerie Bale, AAP, is a Vice President at First National Bank Alaska, and is the head of the bank’s Electronic Banking Department.
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Southeast Contractors

Sure, contractors expect bad weather in the fall and winter in Alaska. But during the summer, too?

It rained almost six inches in downtown Juneau in July this year, showering the capital city on 28 of 31 days for the month. But that’s short of the more than 10 inches of rain that fell during July 1997, the wettest July on record. It’s just part of the job if you’re a contractor in Southeast Alaska. The summer is no guarantee of clear skies for the new roof or to keep the plaster-board dry on the job site.

“We just have people who are used to working in the rain,” said Jim Williams, president of North Pacific Erectors Inc. in Juneau. “You just get used to putting on your raingear and going to work.”

It’s hard to find a job in Southeast without waterproof overalls and jackets for the crew, deep ruts from machinery churning up the mud and lots of plastic pipe to direct the water away from the work site.

Wayne Coogan, an owner of Coogan Construction Co. in Juneau, has the same attitude as Williams. “We can’t wait for good weather in Southeast. You’ve just got to proceed with the rain.”

Creating dry air

If the weather doesn’t cooperate with dry air, contractors have little choice but to create their own.

“We use air-lift tents,” Coogan said, running high-velocity air blowers to lift and hold up plastic tents covering the structure, allowing the crew to complete roofing or other work on schedule. The tents can cover up to a half-acre, he said.

“We have this wind-driven rain … you don’t have this horizontal rain elsewhere,” said Alan Wilson, past president of the Southeast Alaska Building Industry Association. And if a tarp covering the roof doesn’t work, he said, sometimes contractors have no option but to build a more elaborate but temporary shelter over the roof to allow the job to continue. “Either way, it adds expense,” Wilson said.
Rain inevitable

Dealing with rain is inevitable. In Wilson’s 13 years of residential and commercial work in Juneau, there was only one job in which he got as far as putting felt on the roof before the rain hit. Every other time, the rain came before the roof was closed up.

Contractors have little choice but to trust their experience with the weather and factor the extra time into their bids. If they get lucky, and the lumber and plasterboard and steel stays drier than expected and the work proceeds on schedule, they can put a little extra money into their pocket, Coogan said. If not, that’s the risk they take, he said.

One way to avoid some of the weather risk is to exclude exterior painting from the contract, especially for residential work, Wilson said. That turns over the problem to the building owner. If painting is part of the job, he said, “most of the builders are pre-painting the siding in the shop,” or ordering it pre-painted or primed from the manufacturer. “It’s an added cost to just nailing it up and having the painter come along and spray it all,” Wilson said. But one advantage is a longer life for the siding from a dry application of the paint or stain.

Pre-painting the wood is one of several methods adopted by Southeast contractors. Another is simply avoiding the material.

“I’m not much into building things out of wood,” Williams said. “It’s obvious the Southeast side of every Juneau building is rotted.” While that might make sense for North Pacific Erectors, which started almost 30 years ago as Southeast Steel Erectors, other builders can’t as easily avoid using wood.

Steel problems

But even steel has its problems in the rain forest, said Wayne Jensen, of the Juneau architectural firm Jensen Yorba Lott. It can get rusty if left out in the rain too long, welding can be a problem in a downpour, and then there is the wind.

A metal-frame building under construction in Juneau last year was not sufficiently braced and part of the structure fell down during strong winds, Jensen said,
noting that contractors have to be watchful for stormy weather and take extra steps to prepare their work in progress to withstand the gusts.

In addition to covering up from the rain and bracing against the wind, contractors can take other precautions to keep the job on schedule and on budget. Not only keeping materials dry but avoiding materials that are especially troublesome when wet is one way to beat the climate, Wilson said. Repeated freezing and thawing during Southeast winters — unlike the rest of the state that usually stays frozen the full winter — is a problem for materials that don’t handle it well, he said. Wind can force water so deep into some manufactured products that it can’t evaporate and will freeze inside the materials, Wilson said.

That means watching the weather and getting the material up and sealed with paint or stain before the rain returns. Or use something different. For example, instead of water-based caulking compounds that never seem to get enough time to cure in Southeast, Wilson prefers urethane- and silicone-based caulking. And he avoids hardboard siding and T-111 siding if he can.

**Dry materials**

Regardless of the material, it’s important to keep it covered and dry on the job site, and especially to keep supplies off the wet ground, said Marquam George, who teaches construction at the University of Alaska Southeast in Juneau.

It’s also best, if possible, to avoid digging down into the water table, which only invites trouble from moisture rising out of the ground and continuously getting into the structure, said George, who has 20-plus years as a licensed builder in Southeast in addition to his classroom work. Building up from the ground, not down, if possible, is preferred, he said. And it’s also important to grade the ground around the building, putting in adequate drainage to direct the never ending rainwater and runoff away from the foundation.

And it’s hard to imagine too much overhang from the roof, said architect Jensen. "The more overhang you have, the more protection you have for the walls."

One new construction method Jensen said he is seeing is called “rain-screen walls,” which keep the siding away from the walls to allow for ventilation and drying from both sides of the siding. Residential and commercial builders are using either wood strips or a quarter-inch-thick plastic mesh to hold the siding away from the walls, Jensen said.

New plastics are a big help most everywhere you look, and stronger, reinforced plastic sheeting is also helping, Coogan said. The cost has come down on the reinforced sheeting, allowing contractors to use it more to protect work in progress from the wind and rain. The stiffening fibers running through the plastic makes it look something like fishnet, he said.

**Moisture problems**

Running fans during construction isn’t limited to keeping plastic sheeting overhead for roof work. Contractors haul out the blowers at ground level, too. When the building is framed and workers are ready to start insulating and hanging plasterboard is the time to get the water out of the structure.

“You have to get the bulk of the moisture out of the wall cavity,” or it could be trapped behind the insulation, Wilson said.

Then the trick is to keep the moisture out after closing up the job. Contractors are learning more about plastic vapor barriers and other “vapor retardants,” though they sometimes can have the unintended consequence of trapping moisture inside the wall, where it can get into the insulation, George said. He also is seeing more
builders install insulation on the outside wall, before hanging the siding.

A builder can never be too cautious, warns Dick Cattanach, executive director of the Associated General Contractors of Alaska. “In the past decade we’ve become very aware of mold,” with expensive claims and litigation driving much of the education, he said. “It is imperative that you keep your products and your site dry.”

On-time delivery — just like the auto makers use to hold down their expensive parts inventory at the factory — can help keep building materials warm and dry at the supplier until they are needed at the job site. But that doesn’t work at many Southeast construction jobs, Cattanach said. “That’s a good model, but how are you going to do it in Southeast?”

Every job remote

Most every job is remote by normal standards, with no road to a large distribution warehouse.

“You just don’t go to Home Depot and pick up whatever you forgot,” Williams said.

Contractors have little choice but to improvise. North Pacific Erectors was building a health clinic at the village of Angoon last year when the state ferry LeConte ran aground, taking away the job site’s scheduled freight service. Angoon is on the west side of Admiralty Island, about 60 air miles from Juneau but farther by boat.

North Pacific chartered landing crafts to haul materials to the job, “and we even put our own personal boats into service,” Williams said.
His company works all around Alaska, giving Williams an overall view of construction problems statewide. In addition to remodeling a middle school and residing the state Pioneers Home in Juneau this summer, North Pacific recently worked on two Prince William Sound projects — a ferry system maintenance building in Cordova and a ferry terminal in Valdez — and a highway maintenance building in Chandalar, just north of the Arctic Circle.

**Flood of projects**

Despite the fact that the majority of the company’s work — and the majority of all construction work in Southeast — comes from federal, state and municipal projects, Williams said he wins a fair number of jobs from private developers. North Pacific is getting ready to build two retail buildings on Juneau’s main tourism shopping street, South Franklin, with the projects adding up to close to $5 million in construction, he said.

Also in Juneau, Coogan Construction is busy this year on a $254 million expansion contract at Bartlett Regional Hospital. The three-story, 56,000-square-foot addition includes a new emergency room, critical care unit and even a rooftop helicopter pad. The company also is working on a $3 million reroofing project for Sitka schools and looking forward to the added economic activity that the Kensington gold mine will bring to Southeast, Coogan said.

The gold mine, about 45 miles north of Juneau, is being developed by Coeur Alaska, a subsidiary of Idaho-based Coeur d’Alene Mines Corp. The company received its final state and federal permits earlier this summer, with work to start this year — unless opponents delay the project through administrative or legal appeals. The construction crew is estimated to reach 300 workers, with a
budget estimated at $92 million.

North Pacific Erectors already has shared in the renewed mining industry in Southeast, picking up work at the Greens Creek silver, zinc, gold and lead mine on Admiralty Island, west of Juneau.

Next summer’s schedule should see the start of construction work on a second Juneau high school, about 10 miles north of the existing high school, with the $60-plus million project in final design. Excavation is underway this summer. Completion is scheduled for a 2008 school-year opening.

Meanwhile, work already is under way on the 64,000-square-foot Ted Stevens Marine Research Institute on the waterfront at Lena Point, about 15 miles north of downtown Juneau. The National Marine Fisheries Service building is budgeted at $51 million, with J.E. Dunn Inc. of Portland the winning contractor of the job. Completion is expected by January 2007. Southeast Earthmovers Inc. did the site work in preparation for construction that started this summer.

A University of Alaska School of Fisheries and Ocean Sciences building, at 31,000 square feet, will go up next door to the federal lab. The $21.5 million project is scheduled to get underway next year, with the university regents expected to see the design this fall.

Among this year’s recently completed jobs was the first highway roundabout in Southeast, on the Douglas side of the bridge spanning Gastineau Channel to connect with Juneau. The $2.37 million project went to Secon Construction, which opened the round-
about to traffic in early August — after paving delays due to, what else but rain.

Scheduled for a September opening is a $9.5 million joint-use building at the University of Alaska Southeast Auke Bay campus in Juneau. The university will use the two-story, 53,000-square-foot facility as a recreation center, with the Alaska Army National Guard sharing the building as a readiness center for its activities. Dawson Construction Inc. was the builder, with Jensen Yorba Lott serving as the architect on the job.

Dawson’s other Southeast work underway this year includes repairs and new siding at Ketchikan General Hospital ($1.1 million), Petersburg school renovations ($3 million), an addition to the Best Western Landing Hotel in Ketchikan ($6 million), a new 42,000-square-foot Ketchikan elementary school ($10 million) and renovations at the Hydaburg elementary school ($4.6 million).

Elsewhere in Southeast, Kiewit Pacific Co., of Vancouver, Wash., has a $7.2 million Army Corps of Engineers contract for replacement and upgrade of a dam at Kake. The concrete dam is scheduled for completion in 2007.

Juneau’s Trucano Construction has completed its work on a seawall replacement job at Skagway under a $3.2 million contract, with work now underway on a $5.1 million Harris Harbor renovation project in Juneau.

Juneau’s Secon Construction is working on almost $20 million of highway jobs this year: a state contract to rebuild part of Glacier Highway north of Juneau, a state project for a Mitkof Highway coastal path and ferry terminal resurfacing in Petersburg, and rebuilding part of North Tongass Highway and South Tongass Highway in Ketchikan.

Southeast Road Builders was close in mid-August to finishing a $2.7 million Wrangell Airport Access Road realignment project, and work was under way at its $9 million Coffman Cove ferry terminal job. Western Dock & Bridge is expected to start work in September on a $2.2 million contract for Petersburg Middle Harbor renovations, with McGraw Construction already at work on a $7.4 million swimming pool contract in Petersburg.

Southeast Earthmovers has the contract for $2.4 million in street improvements in Sitka, on Seward Avenue and Tongass Drive; and Wolverine Supply Inc. is working on a $2.6 million contract for building renovations at the University of Alaska Southeast Ketchikan campus.

All that work could mean a shortage of skilled workers, said Wayne Coogan. Young adults coming out of high school want to be one of three things, he said. Either a sports star, a rock star or a computer millionaire. “No one says they want to be a construction worker.”

Larry Persily is a longtime Alaska journalist who recently moved to Anchorage after 29 years in Southeast.
A few years ago Hollywood came out with a movie called The Perfect Storm. In the movie a fishing boat left port, its crew full of high hopes, only to be caught in open ocean when weather conditions came together to create a massively destructive storm. For property rights advocates like Pacific Legal Foundation, three recent U.S. Supreme Court decisions seemed like a perfect legal storm.

The first case, *Chevron v. Lingle*, involved a Hawaiian law limiting the rent oil companies could charge leaseholders of company owned gas stations. Chevron sued using a 25-year-old legal precedent that says if a regulation reduces or eliminates the value of private property, it must *substantially advance a legitimate state interest* or be deemed an unconstitutional “taking” requiring the payment of just compensation to the property owner. Under takings theory, this meant that courts could demand proof that legislative programs adversely affecting property actually worked. Hawaii’s “state interest” in the law was to lower fuel prices at the pump; something this statute failed to advance.

Expressing misgivings over a theory that allows courts to second-guess legislative decisions, a unanimous Supreme Court, with retiring Justice O’Connor writing the opinion, changed the relevance of the “substantial advancement” theory, and now courts must give the benefit of any doubt to the legislature.

Although this is a significant loss for private property rights, numerous other causes of action to force the government to pay for the taking of private property still remain, it still allows landowners to prove—with a higher burden of proof—that land use regulations have no rational basis.

To understand the second case, *San Remo Hotel v. San Francisco*, a bit of court history is necessary. Back in 1985, the court held that landowners who want to bring federal takings claim in federal court must first bring a state law claim in state court. In San Remo, however, the 9th Circuit held that once a landowner finishes up in state court, he cannot bring a federal claim in federal court when the state decision involves similar issues.

In states like Alaska this can be devastating since state courts have a long history of allowing government to pass regulations that take the value of private property without being forced to pay compensation. Moreover, a landowner who files but loses a takings claim may have to pay the state or local government’s attorneys fees in Alaska. By a slim 5 to 4 vote, the Supreme Court affirmed the 9th Circuit, and made it nearly impossible for a landowner to bring a federal takings claim in federal court. All is not lost, however, as some members of the court suggested it might be time to revisit the original 1985 decision.

The third, and most infamous case, *Kelo v. New London*, created a massive public furor. When the City of New London saw an opportunity to generate additional tax revenue, it used eminent domain to take a small but well-kept neighborhood, handing the land over to a mall developer. When Mrs. Kelo sued, New London justified its actions saying that the increased tax revenue generated by the mall was a sufficient “public purpose” to justify condemning her neighborhood.

By a narrow one-vote margin the Supreme Court’s liberal faction accepted this justification and gave New London, and any other similar agency, the freedom to take entire neighborhoods and sell or give the land to private developers, simply to collect more taxes.

If there is any good news in this decision, the media firestorm it created has put the issue of property rights front and center before the public. State and local politicians are falling all over each other to be the first to support “private property rights.” We aren’t quite sure how long this conversion will last, but we will take whatever good news we can.

So has this been a “storm?” Perhaps. But it was no “perfect storm.” From these difficulties are coming a number of potentially positive outcomes. For example, after Lingle, Pacific Legal Foundation and other property rights advocates have redoubled the effort to strengthen other legal theories supporting property rights. Even as the San Remo decision was delivered, the narrow margin and strong dissenting opinion gave indications of where future efforts to seek justice in federal courts should be focused.

As for the Kelo decision, the volume of media attention and number of state law changes being contemplated in its wake may turn a Supreme Court loss into a net gain for private property rights on a state and local level.

Future vacancies on our nation’s highest court, both currently known and as yet unannounced, will shape future environmental and property rights law. Regardless of who makes the appointment, Pacific Legal Foundation will not slack its resolve to win crucial property rights victories at all court levels.

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James S. Burling, Principal Attorney, worked and lived in Alaska in the 1980s as an attorney for Pacific Legal Foundation. He is one of only a few attorneys to have successfully argued a property rights case before the U.S. Supreme Court.
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Evolution and modernization of the nation’s defense force has created significant changes at Alaska’s military installations, resulting in substantial infrastructure investments and increasing construction budgets.

Thanks to these changing missions for Alaska-based troops, construction spending at Alaska’s military installations increased in 2005 compared to recent prior years, and will continue to maintain or slightly exceed these spending levels, according to Greg Smith, chief of the military program and project management branch for the U.S. Army Corps of Engineers in Alaska.

“This year, our contracts that we’ve awarded or expect to award will total a little over $400 million,” he said, of the fiscal year 2005 that concluded on Sept. 30. “Last year, we awarded about $300 million and the year before, about $180 million.”

Average annual construction budgets at the Corps related to the military in Alaska typically range around $200 million, Smith said. “We see spikes like this periodically ... this year’s Army program is without a doubt the largest program we have.”

**Stryker fuels increase**

The increase can be attributed to development of a Stryker brigade in the U.S. Army Alaska, with most of those quick-response soldiers based at Fort Wainwright in Fairbanks. A number of Army housing projects, linked with that change in troop designation and its resulting increase in soldiers in Alaska, contribute to the military construction budget increase, Smith said.

Anchorage-based Neeser Construction is working to complete one of those Army housing projects in the Fairbanks area this winter, according to project superintendent Bill Williams. The project consists of building 30 houses, each with about 2,500 square feet of living space, to be used for NCO housing.

“They’re real nice units—very well built with a nice design—as far as military housing goes, they’re right at the top. I would be happy to live in them,” Williams said.

Housing projects on military installations are equipped for future durability as well as the current expense of the structure and materials used, Smith noted. “The consideration we put into the houses is not only initial cost but the maintenance and repair life cycle consideration,” he said. “For example, solid counter surfaces may be cheaper in the long run to maintain than other kinds of surface.”

The two-story homes are part of a new subdivision being built on Fort Wainwright, part of the post’s efforts to expand and accommodate the new Stryker brigade.

In addition, Neeser is working on three other construction
contracts at Fort Wainwright, part of the firm’s first work in the Fairbanks area, Williams said.

Those military construction contracts include construction of a more than 100,000-square-foot pallet-processing building, part of the Stryker brigade’s infrastructure allowing rapid deployment of the specialized equipment. “The building is a really large shell, nothing unusual, but once you’re inside the building, there are a lot of different mechanical devises and things that are pretty unusual,” Williams said.

Neeser is also working to construct a headquarters building and a large barracks project at Fort Wainwright. The four contracts total more than $50 million in work for Neeser at the Interior Alaska military post, Williams said.

Work continues at Fort Wainwright on the Bassett Hospital Replacement project, a $178 million contract awarded to partners Dick Pacific and Fairbanks-based GHEMM Co.

The new medical center will offer a little more than 500,000 square feet of space, according to GHEMM’s president Bert Bell. Most of the building will be two to three stories in height, although in some places, a total of five stories are being built.

Work began on the project in mid-2002. The project should finish ahead of schedule, possibly in January 2006, Bell said.

C-17 facilities

In addition, work is ramping up in the Anchorage area to prepare for the C-17 cargo squadron being moved to Elmendorf Air Force Base, designed to offer air support for the Stryker brigade mission.

Along with its team of Rim Architects, HZA Engineering and engineering firm Michael Baker Jr. Inc., Palmer-based Weldin Construction won the bid to design and construct the first of several C-17 Flight Simulator projects being planned at Elmendorf.

The official ground breaking ceremony was held in May, and actual construction began in July after the final design was approved, according to Jennie Weldin. The project is to be completed in July of 2006. The $6.99 million contract includes construction of a 14,000-square-foot facility that will house C-17 Flight Simulators.
“We understand it is the first in a ‘campus’ of flight simulators to be constructed at Elmendorf Air Force Base over the next several years,” Weldin said. “This particular facility has highly technical communications requirements, as well specific humidity requirements. We have a full-time senior project manager on site for the duration of the project, as well as a project specific quality control manager and contract administrator, in addition to the field workers and subcontractors. Weldin is performing the civil sitework, underground utility installation and all electrical, mechanical and HVAC with its own employees.”

Other large Elmendorf contracts recently issued by the Army Corps of Engineers include the Large Airframe Maintenance Hangar and C-17 Support Utilities job, a $29 million project awarded in late June to Kiewit Construction Co., and a design/construct project for a physical fitness center totaling $17 million to Unit Company.

A design/construct project for a C-17 Aircraft Maintenance Complex valued between $73 million and $78 million is expected to be issued by the Corps of Engineers later this fall.

BRAC effects

Still unknown is the impact to future military construction work from recent decisions by the Base Realignment and Closure Commission. In late August, the commission members voted to close Air Force facilities at Galena, a Yukon River village, a move estimated to save the military $165 million over the next 20 years.

Also in late August, the BRAC commission revised a plan offered by top military leaders to move a total of 36 fighter jets
and close air support aircraft from Eielson Air Force Base, leaving only Alaska Air National Guard refueling tankers at the Interior Alaska base. Rather than reducing Eielson to “warm” status with seasonal training usage, the commission members recommend that the base be kept open year-round and that only the 18 A-10 “Warthog” aircraft be moved to a Lower 48 base. The move of the A-10 aircraft from Eielson is estimated to cause relocation of up to 500 personnel, far less than the estimated 2,800 airmen expected to leave the Interior Alaska base under the original plan.

According to an Alaska Department of Labor report issued in August 2005, reducing Eielson to the “warm” realignment status could reduce the Fairbanks North Star Borough’s employment by “well over 10 percent.”

“The Department of Labor not only anticipates higher job losses but assesses the Fairbanks’ employment base as being smaller than do BRAC analysts,” wrote Brigitta Windisch-Cole, a state economist, in the August 2005 issue of Alaska Economic Trends. “Most local economists agree that Fairbanks’ economy would suffer greatly if the realignment becomes a reality.”

The BRAC commission also voted in late August to move aircraft from Kulis Air National Guard Base across Anchorage to Elmendorf, and to transfer 24 F-15 fighter jets from Elmendorf to several different locations in the Lower 48.

How these mission changes will impact military construction budgets will shake out late this year, according to Smith, at the Corps of Engineers. Earlier this year, his staff stopped planning work for future construction projects that could be affected by BRAC decisions.

“We expect to know by December,” he said. “We’re real happy to hear there’s been a change in the BRAC commission recommendations.”

The commission recommendations still face presidential and Congressional review, a process expected to be complete later this year.

**Strong budget**

Without considering any changes due to the BRAC commission, Alaska’s
A July 29 ribbon-cutting ceremony and open house marked completion of the $13.7 million Community Education Complex on Fort Richardson, a design-build project awarded to Neeser Construction Inc. by the U.S. Army Corps of Engineers in 2003. The facility has approximately 50,400 square feet of floor space, 470 tons of steel and 20,000 cubic yards of concrete. There were no lost time accidents during construction, which required more than 86,000 man-hours and 17,000 equipment hours.

PHOTO: PATRICIA L. RICHARDSON, U.S. ARMY CORPS OF ENGINEERS, ALASKA DISTRICT

The military construction budget should remain strong in the near future. Estimates for the 2006 fiscal year indicate a slight increase in construction spending compared to 2005, Smith said. The total year's budget is estimated to be “probably in the neighborhood of $450 million. In the fiscal year 2007, we expect to stabilize … it looks like it will be as busy as 2006, probably in the $400 million to $450 million range.”

Despite the recent increase in construction projects at Alaska’s military installations, Smith’s design and management staff has increased only slightly, he said. “We have a lot of reliance on our contractors,” he said. “Over the last few years, we’ve developed some real strengths in these relationships. The contractors are very competitive in getting these contracts so we have put more reliance on better contracting tools to award these contracts without having to provide a lot of staff.”

Design-Build shift

Shifting more projects to the design-build process of delivery has also helped, Smith added. “We have some fantastic Alaska contractors that do both the design-bid-build and design-build, so we have minimized the out-of-state contractors from coming in. As a long-time Alaskan, I really appreciate keeping our work within Alaska.”

Alaska offers military construction planners some unique challenges. In addition to designing structures to offer protection from frigid Arctic winters, seismic conditions must also be factored in, Smith said. “A lot of work goes into foundations to protect facilities and occupants from serious earthquakes,” he said. “We also try to focus shapes and orientation of buildings to maximize sunlight.”

The Corps is working “very long hours” to initiate projects for future years, particularly in 2007 and 2008, Smith said. “We’re working with the design teams and getting construction placed as quickly as possible. The Army transformation is moving very quickly so speed is very important to us.”

Patricia Liles is a longtime journalist who covers Alaska business and industry issues. She works outside of Fairbanks.

Patricia L. Richardson, U.S. Army Corps of Engineers, Alaska District
As airport officials and designers gear up this winter for several big-ticket projects expected to begin spring 2006, the project manager hired for one of the largest at Ted Stevens Anchorage International Airport, a $90 million seismic safety upgrade and general facelift of the A and B Concourses spanning several years, said he’s looking forward to getting to know the local contracting community from which he’ll be seeking subcontractors.

“We will most definitely be seeking qualified subcontractors on this project,” said Scott Ivany, project manager representing PCL Construction, an Outside firm that won a tentative contract in mid-August and was formalized in September designating PCL as the construction manager at risk. “We are going to be reaching out to the Alaska contracting community and seeking to establish relationships with Alaska firms as our partners in completing this project.”

Under terms of the construction manager at risk contract with the state, Ivany said PCL can perform up to 20 percent of the actual work itself. But he expects his company to do far less than that – perhaps even less than 10 percent – as he focuses more on the role of managing the project.

“We are not going to gobble up the scope of this work just to say that we did it,” Ivany said. “There certainly are some aspects of this project that are beneficial for us to self-perform, but the majority of it falls in the category of seeking local contractors who can get the work done much more competitively than we can and those are the folks we want to work with.”

That’s perhaps an indication of things to come for the Alaska construction industry as the state opts more and more to employ the manager at risk contracts, which require the general contractor selected to provide an up-front cost leaving the contractor, not the state, responsible for cost overruns.

It is a particularly sensitive topic at the airport where the spiffy $240 million Concourse C home to Alaska Airlines that opened more than a year ago was constructed with just about as many cost overruns and delays as there are shiny glass panels in its walls.

Avoiding cost overruns via the construction manager at risk format is how the new 182,000 square foot Eagle River High School, which opened its doors to students this school year, was built by the folks at Davis Constructors and Engineers with 25 percent of the work being self-performed.

At the school’s ribbon cutting ceremony in August, construction, state and school officials gleefully celebrated its opening as being “on-time and under budget.”

Kyle Randich, president of Davis, said he liked working under the manager at risk format. He thinks it will be a beneficial tool in completing the airport’s seismic upgrade project.

“Under the construction manager at risk you get the contractor on board early on working with the design team as the project develops,” Randich said. “Instead of the owner, the designers and the contractor being separate entities doing their own thing, you get the opportunity to really work together as a team.”

Randich said it gives cost-conscious contractors an extra edge in assessing the project’s financial aspects.
CONSTRUCTION AT THE FAIRBANKS INTERNATIONAL AIRPORT

Officials at Fairbanks International Airport have stopped work there for the winter season.

Two projects roughly $9 million a piece were in the works during the 2005 construction season, said Alan Braley, FIA airport engineer.

The first, a phase three drainage improvement and pavement rehabilitation project that included building two de-icing aprons and relocation and reconstruction of a portion of the primary parallel taxiway, in its second construction season for 2005 was scheduled to be completed this fall by Exclusive Landscaping and Paving Inc., of Fairbanks.

The second project started this past season also by Exclusive – the taxiway Alpha phase two that includes relocating the rest of the primary parallel taxiway and upgrading it for use as the alternate runway in 2008 when the primary runway is slated to be upgraded – was about 80 percent complete by fall.

Braley anticipates work to begin on that again in May.

Exclusive is self-performing the majority of the work, Braley said, with appropriate subcontractors for painting, sealing and electrical work.

Airport officials are currently in the design phase with Charles Bettisworth and Company Inc., of Fairbanks, for a new air terminal expected to be worth $40-$60 million.

Similar to the state’s move to complete seismic upgrade work at Ted Stevens Anchorage International Airport, a construction manager at risk contract will be employed for the 100,000-square-foot addition that includes gate upgrades on the air side and roadway and parking improvements on the land side, Braley said.

That type of contract is new territory for Braley, who said he likes the idea that the construction manager would be assisting through the design process.

“Primarily I like having a contractor on board that is able to anticipate what the impacts are going to be during construction and be able to discuss those with designers and with the state before the contract to build itself is actually established,” Braley said.

He thinks there may be some Fairbanks or Anchorage contractors with enough bonding strength to carry the large project. But he also anticipates the size of the project will attract some Outside interest. He expects state airport officials to make their selection for a construction manager at risk by the year’s end.

In the meantime, Braley said design work is through the conceptual phase and on schedule. He expects the first phase of the terminal project to begin this summer with civil site preparation work that he believes could be accomplished by local firms as subcontractors.

RISE Alaska of Anchorage has been contracted for about five months now to provide program management services.

Another large project for FIA, the construction of a new heavy aircraft cargo apron anticipated to be in the $10-$20 million range, has just entered the design phase with Re&M Consultants Inc. of Anchorage, Braley said. That project will be achieved via the traditional design, bid, build model.
“Everyone is aware of the financial aspects as you go along,” he said. “It is much better that decisions are made based on how it impacts the whole process.”

For subcontractors, Randich said the construction manager at risk format doesn’t alter the process of winning bids a great deal.

“It’s not really any different for the subcontractors than under a competitive bid process,” Randich said.

The general contractor is still looking for price, schedule and performance factors. But unlike the competitive bid process, the construction manager at risk format gives the general contractor an ability to take some extra time while selecting which bids to pursue, Randich said.

“With the Eagle River High School project, we were really able to thoroughly review our subs and analyze what really was the best for the project instead of just having to go with the low bidder,” he said.

That’s information Ivany said he can use as he proceeds with the at risk format—one he’s experiencing for the first time, he said. He knows he’s got some public relations work to do with the local contracting community. He recognizes there might be some hard feelings that an Outside firm won the top spot with some a high profile project.

“We are here to work with already established Alaskan firms,” Ivany said. “PCL is looking to establish a long-term presence in Alaska. We welcome folks to come kick our tires and try us out. We know there have been other firms come up here for only one project and then leave. But that is not our intention.”

Randich said it’s always a tough pill for the Alaskan contracting community to swallow when an Outside firm wins a big one like the seismic work at the airport.

“We are a proud bunch, proud of our crews and as a general rule we don’t like people from the Outside coming in and doing our work,” Randich said. But he isn’t fuming over the state selecting PCL. “Unfortunately with the size of that project and the complexity of the project plus the incredible amount of work going on in the marketplace right now, we have to make decisions,” he said.

MORE PROJECTS LINED UP AT THE ANCHORAGE AIRPORT

• Pavement rehabilitation and drainage systems upgrade for taxiway K from its A-C intersections is pending award to Quality Asphalt Paving Inc. of Anchorage with its low bid of $11.8 million, said Eberle.

• Echo Parking tie-downs phase two and Aircraft Drive Realignment estimated at about $3.6 million, which will expand aircraft parking and eliminate the current crossing of vehicular traffic across the taxiway, is expected to go to bid in December.

• Pavement rehabilitation and widening of the taxiway K and Y intersection valued at about $1.8 million is also expected to go to bid in December. This project runs in conjunction with the second phase of the remote refueling apron to be located between the North Terminal and the FedEx terminal. The project is estimated at $4.4 million and includes three apron spots—one 747 and two A380s—on the southeast corner of taxiway U and taxiway R.

• Pavement rehabilitation worth $4.2 million on taxiway R to east end.
now, that limited a lot of us from being able to really go after it.”

He suspects Ivany’s prediction that less than 10 percent of the airport work would be self-performed by PCL should come true.

“They naturally are going to be more like a manager,” Randich said. “They don’t have a workforce up here and they are new coming into our market. I would envision a lot more of the project will be subbed out versus self performed.”

That’s the message Ivany wants to get out to Alaskan contractors. He welcomes invitations to speak at organizational gatherings. He welcomes folks to stop by his office at the airport. He wants to find out who is available and has what specialties and he plans to make early announcements of pre-bid meetings so subcontractors have plenty of notice to work attendance into their schedules.

He is just getting his feet wet on the Anchorage airport project.

“I’m still becoming familiar with the parameters of the project,” Ivany said.

Dave Eberle, construction project manager for the Ted Stevens Anchorage International Airport, said state officials chose PCL Construction because of the firm’s strong track record in airport projects.

PCL Construction has been a large player in the North American construction industry since 1977. Its 1,400 employees own the company with its corporate offices in Edmonton, Alberta, Canada, its U.S. headquarters in Denver, and offices in 17 North American cities, including Seattle, the district headquarters for Ivany and Alaska operations.

PCL currently is heading up the $1.5 million expansion of the Toronto Pearson Airport in Toronto, Ontario, Canada. Other active Canadian airport projects include modification of the trans-border baggage reclaim area in the air terminal at Calgary International in Calgary, Alberta, and the air terminal expansion at Halifax International in Halifax, Nova Scotia.

PCL also just recently completed the high profile $38 million rental car canopy at Denver International Airport in Denver. The two-year project paid for by the rental car companies used a translucent Teflon coated fabric to cover the entire fifth level surrounding the terminal building.

Ivany’s 13 years of construction management includes running his own firm in Ohio before joining PCL. Since then, he was the project manager for the $11.48 million 798,000 square feet mid-field air terminal project at Southwest Florida International Airport in Fort Myers, Fla., which added 28 aircraft gates along three concourses with expansion potential up to 65 gates total. The new terminal project, which is one of the first constructed post 9/11, involved 5,000 auger-cast piles to support the new terminal, a three-story parking garage and an upper level roadway. Most recently he worked on a five-star hotel in Savannah, Ga.

The Anchorage project marks Ivany’s first experience with the state’s new manager at risk format, but he says he’s game and can already see some advantages.

That was part of the reason PCL was selected for the project, said Eberle.

“Having the contractor on board immediately for the design process will be much more cost effective because he can be looking right over the shoulder of the designers and giving input from the contractor’s perspective,” Eberle said. “As a contractor, then you are not just picking up plans without any previous knowledge. You go into the project much more aware of its nuances and

continued on page 60
Further south in Juneau, airport officials anticipate an extremely light construction season for 2006.

“Next year is going to be a slow year, but the year after that, we anticipate we will be overwhelmed with projects,” said Allan Heese, Juneau International Airport manager.

That’s because two large projects—a $9-$18 million runway safety upgrade and a $15 million 40,000-square-foot snow removal equipment facility to include storage for up to 5,000 yards of sand and other de-icing chemicals plus fueling and wash racks—are currently under environmental review.

Heese said he hopes the final Environmental Impact Statement reviews and record of decision will be registered by the start of 2006 so airport planners can move into the design phase.

These projects would be designed over the 2006 season with proposed construction beginning in 2007.

Funding for a $5 million 14,000-square-foot terminal expansion to accommodate new security screening mandated post 9/11 is on the city’s October ballot, Heese said.

Should the voters approve the project, Heese said the city will employ a design, bid, build format.
you hopefully have been able to help minimize any surprises when the actual construction begins.”

Currently Ivany and PCL are serving as pre-construction contractors, Eberle said.

That relationship will be redefined once the project gets through the design phases currently ongoing, Eberle said.

RIM Architects of Anchorage are the prime designers. RIM officials and Ivany will also be working with Peter Wright of Parsons Brinkerhoff Construction Services in Anchorage who has been identified as the project’s program manager to oversee design and the bid process.

Ivany expects the seismic upgrade project, which essentially involves raising the roof on the A and B terminals several feet, installing support systems that meet seismic qualifications, to be completed in several phases – perhaps three to four.

He won't know until designers finish their work later this winter, but he does expect to be putting out bid packages either in the late second quarter or early third quarter of 2006 for the first phase.

He’s still reviewing state-mandated bid procedures and hopes he’ll be asked to speak on that subject at perhaps a contractor’s association meeting early next year.

A 2004 seismic study of the A and B Concourses found that the B Concourse would most likely not withstand a significant earthquake.

A 2004 seismic study of the A and B Concourses found that the B Concourse would most likely not withstand a significant earthquake, Eberle said. That delayed fixing the dungeon-like image of the A and B Concourses, which were scheduled for facelifts during the same time the new C Concourse was built.

“There certainly is a stark differ-
ence when you walk over from the C Concourse to the B Concourse," Eberle said. "We want to get rid of the dark dull colors and get something brighter in there."

Letting natural light into the B Concourse will be achieved by adding glass walls when the roof is raised, Eberle said.

Other improvements to look for in the seismic upgrade project include bringing mechanical and electrical systems up to code.

"Codes have changed so much since that was first built," Eberle said. "We really need to look at airflow and ventilation. We might not be able to do it all at once. It may have to be a sequential thing over time."

Perhaps the biggest challenges PCL and subcontractors the company chooses for the seismic upgrade face will be the airport itself, Eberle and Ivany both said.

"It does sound a bit dangerous. We have to raise the roof two feet with the public potentially underneath at times while keeping the airport in operation; we have to do this work while the jet bridges are being used," Ivany said. "We are going to need subcontractors who can handle those types of requirements."

For information regarding PCL Construction, visit the firm’s Web site at www pcl.com. To learn more about subcontracting opportunities with the seismic upgrade at the airport, contact Ivany at hsivany@pcl.com.
18th Annual AGC Invitational Golf Scramble, Anchorage

1st Place
Joel Parmenter, Wilder Construction Company (far left)
Hal Ingalls, Denali Drilling Inc. (second from left - in hard hat)
Nelson Stone, ACME Fence Co. (center)
Mike Harned, Anchorage Sand & Gravel Co. Inc. (second from right)
Jim McLeod, Construction Machinery Industrial L.L.C. (far right)

2nd Place
Don Hansen, Northland Services (far left)
Nick Karnos, Northern Air Cargo (second from left)
Gary Peterson, GPARCH Architects (second from right)
Schroyer, Pacific Alaska Forwarders Inc. (far right)
Brian Horschel, ACME Fence Co. (not shown)

3rd Place
Steve Lovs, Anchorage Sand & Gravel Co. Inc. (far left)
Mark Palmatier, Cornerstone Construction Inc. (second from left)
Evelyn Taylor, Door Specialties of Alaska Inc. (center)
Lee Van Horn, Denali Alaskan Federal C.U. (second from right)
Mike Miller, Construction Machinery Industrial (far right)

4th Place
Robert Brossow, Jackovich Industrial & Construction Supply Inc. (far left)
Ben Northey, Goodfellow Bros. (second from left)
Christopher Shock, Alaska Quality Publishing Inc. (center)
Ron Moore, Lynden Transport Inc. (second from right)
Steve Sommerfield, Alaska Pure Water Products (far right)

Last Place
David Nevin, THINC L.L.C. (far left)
Dale Curtis, United Rentals Inc. (second from left)
Jeff Bristow, Contech/Culfabco (second from right)
Dick Engebretson, Aurora Construction Supply Co. (far right)
Mike Swalling, Swallling Construction Co. Inc. (not shown)

1st Place
Made Up Team
Independent Lift Truck of Alaska

Photos courtesy of Judy Montgomery
FAIRBANKS 26th Annual AGC Golf Tournament

1st Place sponsored by ALASKA MECHANICAL, INC.

Joe Wenger, (far left)
Dave Benefield, (second from left – holding trophy)
Frank Torres, (center)
Sam Wenger, (second from right)
John Wenger, (far right)

2nd Place sponsored by NORTHERN AIR CARGO

Elaine Nisson, (far left)
Jesse Vanderzanden, (second from left)
Amy Cook, (center)
Norm Phillips, (second from right)
Ginger Stock-McKenzie, (far right)

3rd Place sponsored by TRAVIS/PETE RSON ENVIRONMENTAL CONSULTING, INC.

Jerry Back, (far left)
Amos Johnson, (second from left)
Mike Travis, (center)
Larry Peterson, (second from right)
Ryan Peterson, (far right)

4th Place sponsored by ALASKA CHAPTER NECA

Steve Boyd, (far left)
Tom Minder, (second from left)
Scott Bringmann, (center)
Jeff Bristow, (second from right)
Kelly Richards (far right)

Crying Towels sponsored by WELLS FARGO

Jason Feeken, (far left)
Sam Mazzeo, (second from left)
Mike Wheatley, (center)
Matt Brice, (second from right)
Kevin Walsh, (far right)

The teams relax after a sunny day of golf.

Fall 2005
Degree-wielding grads with skills critical for success in construction management will be looking for jobs next spring. A handful of Alaska contractors will have the opportunity to hire the first Construction Management graduates from the University of Alaska Anchorage program, which began its second year this fall. Last spring the program had 55 students enrolled in classes, with 25 declared majors and an initial capacity for 50-60 students.

Enrollment projections of just 15-20 students for academic year 2005 and 30-35 students each academic year 2006 through 2008 were greatly underestimated. The fall 2005 enrollment included 34 declared majors in a field of 60 students taking construction management classes, which were 95 percent full.

Students enrolled in the program will gain broad-based exposure to elements of the construction industry, a knowledge base to build on and areas of interest to explore, according to Ben Northey, advisory board member and construction manager for Colaska.

**Student demographics**

Assistant Professor Jeffrey Callahan, who heads up the construction management faculty, says subjectively, about two-thirds of the first year students were male and one-third female, mostly in their 20s, with a mix of non-traditional students between 19-20 years old and 45 years old. Some were straight out of high school, but most were involved in some aspect of construction already. He wants to increase the pursuit value of the program among graduating seniors in Alaska—so does the AGC.

“This program will appeal to Alaskans because they are the salt of the earth,” Northey said. “They’ve grown up in Alaska—outside. They know and love Alaska and we want them to stay. Logistics are huge in construction. They know where the Dalton and Steese highways are, they understand the weather in the winter, they know where roads are—and aren’t.”

**Internships**

Northey says the program will help keep kids in Alaska who have an interest in the construction industry and until now have had to go out of state for education, with many not returning after graduation. Some do return in the summers for internships, which the UAA program requires.

Callahan says students arrange their own internships, although word of mouth and bulletin board postings help match students with employers. Once the student and employer have an employment agreement and enroll in the class, learning objectives are set up and tracked. Many internships lead to later employment.

“An internship is the extended interview,” Northey said.

Human Resources Coordinator for the Alaska Division of Wilder Construction Sara Gould agrees. “Internships are a great opportunity to test-drive your career—really great for the intern and really great for us,” she said. Wilder hired 13 interns for the summer after a coordinated effort between the Western Division in Everett, Washington, and the Alaska Division here in Anchorage. This year, they also recruited at an estimating and bidding competition in Reno.

Gould says that most Wilder construction managers have four-year degrees, although some don’t, and most of their interns are sophomores and juniors, except they have hired...
freshmen from UAF. “Interns learn valuable job skills, a lot of behind the scenes work including planning, time management, budgeting, the paperwork required, organization, job costs, coordination of a job and all the daily activities. They learn what it is to work in this field, the construction industry.”

Wilder intern Benjamin Radoslovich is completing a Bachelor of Science in Construction Management at Central Washington University in Ellensburg, Wa. What surprised him most as an intern was “the amount of office time it is for the part of the engineer—probably 70-80 percent.” One of the most significant things he learned was “how much work goes into putting in a road. A lot of people don’t realize how intense it can be, and think you just clear it off and put down some pavement.”

Internships offer students the opportunity to apply the knowledge learned in classes to real world situations on the job site. Gould said the construction management courses offered through UAA look promising.

The UAA construction management program is being offered through the Community and Technical College in conjunction with the architectural and engineering technology program, which teaches entry-level skills for architectural, civil, mechanical, electrical and structural computer-aided
CONSTRUCTION MANAGEMENT CORE CLASSES REQUIRED

- Fundamentals of CADD for Building Construction (AET)
- Methods of Building Construction (AET)
- Codes and Standards (AET)
- Mechanical and Electrical Technology (AET)
- Building Construction Cost Estimating
- Construction Project Management
- Civil Technology (AET)
- Structural Technology (AET)
- Project Planning and Scheduling
- Construction Safety
- Civil Construction Cost Estimating
- Construction Management Internship

Additional degree requirements
- College Algebra
- Trigonometry
- Principals of Financial Accounting
- Principals of Managerial Accounting
- Basic Physics & Lab
- Fundamentals of Oral Communication
- Methods of Written Communication
- Technical Writing

Shared resources

The two programs share resources including facilities, courses and faculty. Program-specific courses are taught at the University Center, utilizing the AET classrooms and labs. Six courses are cross-listed to both programs and six courses are specific to the construction management program, which is more interdisciplinary in nature. Several core classes are taught in three back-to-back, five-week blocks each semester.

“The block method enables prerequisites to be done in order, allows the schedule to be compressed somewhat and gives students a lot of time to work in the labs—plus students tend to like it,” Callahan said. “I think you’ll see more programs going that way. It gives students more flexibility in their schedule.”

The five-week courses run Monday through Thursday, and students have the option of a morning or an afternoon block, which frees up half a day for other required courses.

Faculty

Callahan heads up the faculty for the construction management program. His primary background includes 27 years experience in the construction industry. Callahan said he came up from the trades, starting out as a carpenter and later became a superintendent, then a project manager. He spent the last five years of his career in the industry as an owner’s representative.
for the North Slope Borough. He is certified by the Construction Specifications Institute as a Construction Contract Administrator and Construction Documents Technologist. He started teaching in 1999 and immediately went through the AET AAS program at UAA, completing 60 credits in two years—while teaching and working.

Peter Dedych is new to the construction management faculty this fall, and brings more than 25 years experience in the construction industry. Dedych graduated from Cornell with a bachelor of science in mechanical engineering and from UAA with a master of science in math, and holds additional industry training and certifications.

Professor J. Ellen McKay graduated from UAA with a Bachelor of Arts and a Master of Science in vocational education. She has taught in the AET program 20 years—primarily architectural and GIS engineering technology.

Brian Bennett graduated from the Milwaukee School of Engineering, and has a background in civil engineering and design graphics, and has taught industrial arts and technology for 30 years, with 20 years in higher education. He has been with the AET program at UAA for three years.

Callahan says McKay and Bennett both have strong technology backgrounds and will teach the courses cross-listed with the AET program. Dedych and Callahan will focus on the courses unique to the construction management program.

**Adjuncts needed**

More instructors are needed in addition to McKay, Bennett, Dedych and Callahan, who says they’d like to maintain a stable of competent adjunct professors who want to make a difference in their community and contribute to the vitality of the program.

“Let’s face it—adjuncts don’t make any money—nobody does that as a career,” Callahan said. “Adjuncts are experts in the field doing that to contribute to the community. We want to put them in the classroom two nights a week, and it’s something more for their resumes.”

The more adjuncts who step up to the plate the better prepared students.

---

**Responsibilities:** This position is responsible for teaching courses in the Construction Management and Architectural & Engineering Technology program. Teaching assignments are determined by college needs and/or the individual’s background and experience and may include day and evening classes. Instructor is responsible for identifying and meeting the needs of the students, contributing to curriculum development and maintaining up-to-date knowledge of subject areas. The applicant must have the ability to work effectively with colleagues and students of various cultural and socio-economic backgrounds.

**Source:** [www.uaa.alaska.edu](http://www.uaa.alaska.edu)

**Contact:** Jeff Callahan
(907) 786-6425
callahan@uaa.alaska.edu
will be for work in the Alaska construction industry, and the better equipped the program will be for accreditation, which is essential.

**Accreditation**

Currently, the construction management program is accredited under the umbrella of UAA through the Northwest Commission on Colleges and Universities, which offers regional accreditation of postsecondary institutions and is recognized by the U.S. Department of Education and the Council for Higher Education Accreditation. The NWCCU accreditation applies to UAA as a whole.

Additional accreditation for the construction management program would come from the American Council for Construction Education, which endorses programs in construction science, management and technology. Currently 10 associate and 57 bachelor programs are accredited by ACCE. UAA could also join the Associated Schools of Construction, which promotes construction education and has more than 100 member schools, including some accredited by ABET that focus on construction engineering.

Higher education for construction management has blossomed in the Lower 48 over the last 10-20 years, and experienced huge growth—from 10 schools 20 years ago to more than 50 degree programs now,” Northey said. “That really drives home the importance of the program.”

**Program history**

Northey says there has been a growing frustration among general contractors over the last 10-15 years to find and keep qualified people in Alaska—from intern engineers to project managers. When companies can’t get personnel here, they have to be recruited from out of state and few end up staying—after great expense for relocation and training by the companies that bring them up—the construction management program grew from that. “Gunderson pegged the need, the labor shortage,” Northey said. “UAA has heard our cries and put this together.”

David Gunderson, who spent many years in the Alaska construction industry, co-authored a study in 2001 with three UAA professors, which quantified and qualified the need for construction managers with Bachelor of Science degrees in the Alaska workforce. Upwards of 60 Alaska contractors wrote letters of support for the program.

“That’s what Alaska needs, they need that more complete construction education to support the contractors,” Gunderson said.

The University of Alaska was presented with an initiative from UAA in October 2001 to develop and offer a Bachelor of Science in Construction Management, either through the Community and Technical College or School of Engineering. In April 2002 this was followed up with an initiative to first offer an AAS degree, then a BS degree. In January 2004 the Board of Regents approved the Construction Management Associate of Applied Science degree.

Interim Provost Jan Gehler, who was Community and Technical College
Alaska contractors identified and ranked construction management skills needed in the Gunderson study as follows:

- Oral and written communication
- Planning and scheduling
- Estimating including quantity and take-off and bid analysis
- Project administration and management including documentation at job site and office, submittal review/processing, quality control procedures, and computer applications.
- Decision making including analysis of alternatives, cost/benefit, return on investment, and net present value
- Safety practices, compliance, training, and records
- Accounting and cost control
- Construction methods and materials including concrete, steel, wood, and soils
- Logistics including material management, transportation, storage, and procurement
- General education including humanities, social sciences, math and sciences
- Business and construction law
- Drawing/drafting or CAD skills
- Environmental management including haz-mat reporting and training, EMS plans, and response planning
- Civil and/or structural design
- Construction surveying
- Mechanical or electrical design
Students in Callahan's Construction Project Management class were asked,

“What is the most significant thing you have learned about construction management?”

“How everything is written into contracts. All the liability, there’s always someone to blame. There’s a lot more going on behind the scenes than you’d ever know.” Dallas Sundquist

“Seeing how contracts go together and why certain products are used.”

Jeff Crouse

continued from page 68

Dean when the program began, said the university can’t do the bachelor program yet because of financial reasons so UAA is doing a two-step process.

UAA two step

“What we’ve got is a solid associate degree that began last fall with 15 students, and by spring there were 55 students,” Gehler said. “We’re just beginning the articulation track from a two-year to a four-year program. The idea is that after two years the students choose the pathway to either construction engineering or construction management.”

Bachelor degree

Northey is passionate about Alaska, the construction industry, and getting this program going. “We can’t stop at two years,” he said. “We’re giving full industry support to see this through to a four-year program.”

AGC Training Director Vicki Schneibel, also on the advisory board, has been involved in the program’s development since the beginning. She said everyone involved in the DACUM process agrees it needs to be a four-year program.

Callahan said they hope to have the bachelor program developed in 2006 with the first classes offered in September 2007—at the earliest—if...
“How it all comes together. Coming from a construction background, I’ve gotten to see everything you did at the bottom of the totem pole, working in drafting.”  Mia Chancellor

“Learning what authority I do have to represent the property owner and guide tenants to fulfill the contracts.”  Julie Levitt

“I’ve been a mechanical designer. What I’ve enjoyed most is learning about electrical power and lighting.”  David Reaves

everything falls into place. That program could be offered through the Community and Technical College or through the School of Engineering.

“It comes down to more math or less math,” School of Engineering Dean Rob Lang said. “We couldn’t completely put our hands around it. We never quite got there with the Construction Management Bachelor of Science degree.”

The School of Engineering did add three new four-year engineering degree options this year—mechanical, electrical and computer systems. They are all specializations to the new Engineering Bachelor of Science, which Lang says could include construction management, with classes beginning in 2007.

“We have the scaffolding to create another program. The dilemma is money, I have to go to the board of regents with my tin cup and ask for money for the programs. I personally believe we ought to do more for construction. We’ve got synergy with the field or the office—construction management or engineering.”

Lang sees sharing faculty and classes more likely than housing the program. He is not alone in that vision.

“I think the Construction Management Bachelor of Science should reside in the Community and Technical College — right where it’s at,” Gunderson said. “I have a ton of
respect for the engineering side of our house in the construction industry, but I would prefer to see the construction management program reside outside the School of Engineering, because that provides autonomy for the program.”

Gunderson says Lang brings some real strength to the engineering programs and hopes the two programs can work together at UAA. “When the engineers and construction managers graduate they are going to be working together.”

The construction industry is so hungry for construction managers that those with four-year degrees experience a 95-100 percent placement rate, according to Gunderson.

**Employment assured**

“People with the two-year degree will get jobs in Alaska,” Northey said. “The construction industry needs people and they’ll get jobs before people with no experience or education. Work might be in supply houses, with subcontractors, cost engineering as entry-level project engineers, doing take-offs before the bid goes out. I can see them getting involved in estimating and project scheduling, as helpers.”

**Statewide growth**

Another aspect of the program is sharing it with other segments of the University of Alaska system, by offering courses at other campuses and online for rural students.

---

**,” Ryan Bancroft**

**“All the AutoCAD classes and new paperwork from the management end. I was a journeyman carpenter, I’m attending on an AGC scholarship.” Stan Kluth**

**“I’m learning a lot of computer skills, coming out of the field where I was a heavy equipment operator for 20 years.” Dorothy Underwood**
Northey says they need to tap into the rural workforce, and this is a great opportunity for rural students to get a first-rate education. Schneibel said it will be nice to offer graduates of the new career academy, and will enable students to get a couple of summers of internships under their belts before joining the workforce.

Resources will be leveraged across the University of Alaska system so others can benefit, similar to the Allied Health Alliance, which has branched out system-wide with cohorts at UAA, UAF and UAS campuses, according to Gehler. She sees the construction management program growing statewide also, and wants to offer AET classes at the Mat-Su and Tanana Valley campuses next.

Construction management education is a much needed addition to Alaska’s educational offerings. The interdisciplinary program is designed to provide the construction industry with workers who have a higher level of education with which to build Alaska. Gehler credits the AGC of Alaska for making it happen.

“One of the things that really helped make the construction management degree a reality was the support of AGC, Dick Cattanach and others—no one can ask for better support or a better industry partner.”

“"I am a journeyman carpenter from Voc Rehab. I’m getting the other view."
Lynnette Warren

“The most significant thing I’m learning is there is a lot of paperwork.”
Mike Bacon

“I’m a transfer student, still trying to see what classes transfer.”
Anthony Podolinsky

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### AGC 2005 CONFERENCE SCHEDULE

**WEDNESDAY, NOVEMBER 9**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>7:30 a.m.</td>
<td>Registration</td>
</tr>
<tr>
<td>9:00 – 11:00 a.m.</td>
<td>Mel Bannon on Estate Planning and Preservation of the Family Business</td>
</tr>
<tr>
<td>9:00 – 10:00 a.m.</td>
<td>Safety Seminar</td>
</tr>
<tr>
<td>10:00 – 11:00 a.m.</td>
<td>COE Workshop</td>
</tr>
<tr>
<td>11:15 a.m. – 12:45 p.m.</td>
<td>“All About AGC” FREE Lunch, RSVP Required (Sponsored by Spenard Builders Supply)</td>
</tr>
<tr>
<td>1:00 – 2:00 p.m.</td>
<td>DOT Workshop</td>
</tr>
<tr>
<td>1:00 – 3:15 p.m.</td>
<td>Legal Affairs</td>
</tr>
<tr>
<td>3:30 – 5:00 p.m.</td>
<td>AKCISAP</td>
</tr>
<tr>
<td>5:30 – 8:00 p.m.</td>
<td>Wells Fargo Bank Alaska, NA</td>
</tr>
</tbody>
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**THURSDAY, NOVEMBER 10**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
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</thead>
<tbody>
<tr>
<td>6:30 a.m.</td>
<td>Registration</td>
</tr>
<tr>
<td>7:00 – 8:00 a.m.</td>
<td>Subcontractors Breakfast with Speakers: Mayor of Anchorage, Mark Begich, and National AGC President, Sam Hunter</td>
</tr>
<tr>
<td>8:15 – 9:15 a.m.</td>
<td>Joint DOD Presentation</td>
</tr>
<tr>
<td>9:30 – 10:30 a.m.</td>
<td>Joint DOD Q &amp; A</td>
</tr>
<tr>
<td>10:45 – 11:45 a.m.</td>
<td>Education/Career Academy with Speaker Vicki Schneibel</td>
</tr>
<tr>
<td>12:00 – 1:30 p.m.</td>
<td>Alaska USA Insurance Brokers “Excellence in Construction” Awards Luncheon with Speaker James Malinchak</td>
</tr>
<tr>
<td>1:45 – 4:45 p.m.</td>
<td>DOT &amp; PF (Q &amp; A)</td>
</tr>
<tr>
<td>3:15 – 4:45 p.m.</td>
<td>School District / Alaska Railroad Corporation</td>
</tr>
</tbody>
</table>

**FRIDAY, NOVEMBER 11**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>6:30 a.m.</td>
<td>Registration</td>
</tr>
<tr>
<td>7:00 – 8:00 a.m.</td>
<td>Breakfast with Speakers: Vicki Schneibel, National Association of Women in Construction (NAWIC) &amp; Click Bishop – Education</td>
</tr>
<tr>
<td>8:30 – 11:30 a.m.</td>
<td>Management Symposium – Success Starts with Attitude with James Malinchak (Sponsored by Parker, Smith &amp; Feek, Inc.)</td>
</tr>
<tr>
<td>12:00 – 1:30 p.m.</td>
<td>Marsh USA “Excellence in Safety” Awards Luncheon with Speaker Senator Lisa Murkowski</td>
</tr>
<tr>
<td>1:45 – 3:00 p.m.</td>
<td>The Plans Room Training Session with Speaker Mary Ditz</td>
</tr>
<tr>
<td>1:45 – 4:00 p.m.</td>
<td>American Arbitration Association Risk Management: How to Reduce the High Cost of Your Construction Disputes with Speakers: Traeger Machetanz, William Bankston, Mark O’Brien, Ira Rosen, Frank Pfiffner &amp; Susan Slagle</td>
</tr>
<tr>
<td>1:45 – 5:00 p.m.</td>
<td>General Membership/Board of Directors Meeting</td>
</tr>
<tr>
<td>6:00 – 8:30 p.m.</td>
<td>Family Night’s Construction Fun Fair at the American Fast Freight Warehouse</td>
</tr>
</tbody>
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**SATURDAY, NOVEMBER 12**

<table>
<thead>
<tr>
<th>Time</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:00 – 9:00 a.m.</td>
<td>Breakfast with Speaker: Mike Smith, Facilities and Construction Department, University of Alaska Anchorage</td>
</tr>
<tr>
<td>9:10 – 11:30 a.m.</td>
<td>General Membership/Board of Directors Meeting</td>
</tr>
<tr>
<td>12:00 – 1:30 p.m.</td>
<td>Ladies Luncheon with Speaker Carol Comeau, Superintendent of Anchorage School District</td>
</tr>
<tr>
<td>12:00 – 3:00 p.m.</td>
<td>PAC Ticket Drawing</td>
</tr>
<tr>
<td>6:30 p.m. – Midnight</td>
<td>Dinner/Dance Presentation of the: HARD HAT, VOLUNTEER OF THE YEAR, ASSOCIATE OF THE YEAR and SUPPLIER OF THE YEAR AWARDS</td>
</tr>
</tbody>
</table>

Vendor Room available. Limited Space. For more information contact Kimberley Gray at kimberley@agcak.org.
Management Symposium

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Date: Friday, November 11
Time: 8:30 a.m. to 11:30 a.m.
Location: Hotel Captain Cook

For More Information, Contact:
Kimberley Gray 907-561-5354
Kimberley@ageak.org
AGC 2005 ANNUAL CONFERENCE – THE FOUNDATION OF ALASKA
Hotel Captain Cook Anchorage, Alaska November 9-12, 2005

WEDNESDAY EVENTS – NOVEMBER 9
Daily Registration:
Member–$45.00 Non-Member–$65.00 Student–$35.00
Lunch–FREE. Will you be joining us for lunch? [ ] yes [ ] no
RSVP Required for Lunch. Limited Seating.
Total: _______________________
ATTENTION: The President’s Reception is in the Quarter Deck from 5:30 – 8:00 p.m.

THURSDAY EVENTS – NOVEMBER 10
Daily Registration: (includes Breakfast and Lunch)
Member–$85.00 Non-Member–$110.00 Student–$65.00
Total: _______________________

FRIDAY EVENTS – NOVEMBER 11
Daily Registration: Which includes Breakfast, Lunch and the Management Symposium with speaker James Malinchak.
(Sponsored by Parker, Smith & Feek, Inc.)
Member–$125.00 Non-Member–$150.00 Student–$85.00
Management Symposium Only – James Malinchak
Member–$75.00 Non-Member–$100.00
Total: _______________________

SPECIAL EVENT – Friday, NOVEMBER 11
Family Night’s Construction Fun Fair
# Of Adults: ___________ @ $5.00 per adult
Children Under 12 (FREE)
Total: _______________________

SATURDAY EVENTS – NOVEMBER 12
Breakfast:
Member–$35.00 Non-Member–$40.00 Student–$25.00
Total: _______________________

SPECIAL EVENTS – Saturday, NOVEMBER 12
Lunch:
Number Attending ___________ $40.00 per person
Total: _______________________
PAC Drawing: Whale’s Tail:
Total for Limited Host Bar RSVP ___________________
Annual Dinner/Dance:
6:30 p.m. - Midnight $125.00 per person
Reservations accepted after October 12, 2005.
The highlights of the evening are the AGC of Alaska’s prestigious
“HARD HAT AWARD”
“ASSOCIATE OF THE YEAR AWARD”
“VOLUNTEER OF THE YEAR AWARD”
“SUPPLIER OF THE YEAR AWARD”

FULL CONFERENCE RATE
Includes most meals & seminars. (Does not include Family Night, Ladies Luncheon, or the Dinner Dance.)
Full Conference Fees
Member–$200.00 Non-Member–$250.00 Student–$75.00
Will you be joining us for the Management Symposium with James Malinchak? (Sponsored by Parker, Smith & Feek, Inc.)
[ ] yes [ ] no (Included in Full Conference, or see Friday events.)
The first 100 people to sign up for the Management Symposium will receive a free copy of Malinchak’s book, How to be a Super Achiever.

Total: _______________________
Invoice (Members Only): _______________________
Visa _______ M/C _______ Exp: ___________
Card number: _______________________
Card Holders Name: _______________________
Card Holders Signature: _______________________

Please one form per person. Make copies of this form as necessary for additional registrations.
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