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GOVERNOR’S PRIORITIES
Trained workers are key to gas line project

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### Low Bids for 2007

<table>
<thead>
<tr>
<th>Category</th>
<th>January</th>
<th>February</th>
<th>March</th>
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<th>October</th>
<th>November</th>
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<td>$80,977.00</td>
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### Low Bids for 2006

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**SOUTHCENTRAL**

- **HOMER SHELLFISH MARICULTURE FACILITY**
  - Sunland Development Co LLC
  - Cost: $16,477,000
- **KODIAK MS/HS NEW SWIMMING POOL FACILITY**
  - Janssen Contracting Co. Inc.
  - Cost: $12,016,027
- **KENAI KALIFORNSKI BEACH ROAD REHAB**
  - QAP
  - Cost: $7,950,364
- **MAT-SU 2007 PAVEMENT REHABILITATION**
  - QAP
  - Cost: $4,777,781
- **SEWARD I & T RENOVATION TRAVEL LIFT DOCK**
  - Swalling Construction Co.
  - Cost: $3,425,715
- **SEWARD I & T RENOVATION TRAVEL LIFT DOCK**
  - Swalling Construction Co.
  - Cost: $3,048,542

**ARCTIC & WESTERN**

- **BETHEL CHIEF EDDIE HOFFMAN HWY REHAB**
  - Knik Construction, Inc.
  - Cost: $3,434,759
- **NOME 2007 HARBOR IMPROVEMENTS**
  - MKB Constructors
  - Cost: $3,231,000
- **NOME 2007 LANDFILL CELL 2 CONSTRUCTION**
  - Lakoey UBC
  - Cost: $1,188,430
- **ANC ARCTIC & WESTERN**
  - **ARCTIC & WESTERN**
  - **BETHEL CHIEF EDDIE HOFFMAN HWY REHAB**
    - Knik Construction, Inc.
    - Cost: $3,434,759
  - **NOME 2007 HARBOR IMPROVEMENTS**
    - MKB Constructors
    - Cost: $3,231,000
  - **NOME 2007 LANDFILL CELL 2 CONSTRUCTION**
    - Lakoey UBC
    - Cost: $1,188,430
- **ANC ASPLUND WWTF SCUM CONCENTRATOR REPLACEMENT**
  - Alaska Mechanical Inc.
  - Cost: $1,517,000
- **ANCH FIRE STATION #12 NEW ALMR BUILDING**
  - SR Bales Construction Inc.
  - Cost: $1,296,000
- **CHITINA BIKE/PEDESTRIAN PATH**
  - Ahtna
  - Cost: $1,117,977

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ANNUAL

It’s never too late

I’ve been in the construction industry in Alaska for more than 35 years. It’s hard to believe that I was not involved or a member of AGC until seven years ago. I was told early in my career that AGC Alaska was just for the Alaska general contractors’ “Good Old Boy’s Club.”

I didn’t question this statement until later in my career. I tried to get my former employer to join, but he was unwilling to accept that the organization had changed. In fact, the membership had changed and the organization had evolved to serve the needs of its members.

When I was finally able to join, I was amazed at what a great organization we have right here in Alaska. Of course, that was not surprising to me because I feel Alaskans can do anything better and the Alaska AGC Chapter has consistently been one of the finest chapters in the nation.

It is our volunteers working closely with our dedicated staff who are led so capably by our executive director, who make this a great organization. Our membership is approaching record levels and they represent every conceivable facet of the industry. I don’t want our members’ involvement or our membership to drop during my watch. As I said at our convention, we need more involvement from our members.

We need to spread out the workload so that the same people who have contributed so much in the past don’t get burned out. So I encourage all of you to sign up for a committee and get involved. I also encourage you to inform non-member companies in the industry about our association. Maybe they have the wrong perception as my previous employer did. Remember: It’s never too late.

As I also said at our convention, I have two goals to achieve during my term this next year. The first one is to continue the work of the education and safety committee. Until recently this was one committee. Due to Knick Knickerbocker’s and others’ passion for education, the programs and opportunities in this field have grown tremendously. The needs and challenges have also grown tremendously. Therefore, we have divided the single education and safety committee into four committees: Education, Work Force Development, Training and Safety. Again, I encourage you to volunteer for one of these important committees. It’s a fact that there are not enough construction professionals and skilled craftsmen to replace our aging workforce.

My second goal is to continue a passion of one of our past Hard Hat Award recipients, Hal Ingalls. This goal is going to be even harder to achieve than in the past because of our state’s expected $4.6 billion budget surplus in coming years. Governments have a tendency to grow and ours is no different. Our goal is to reduce the amount of maintenance and construction work performed by public agencies. We want the private sector to perform more of this work. We feel that our members can perform this work more cost effectively than the public agencies.

What I enjoy about the construction business is that every year is different and we continually face new challenges and opportunities. Any successful business has to adapt to changes. As was announced at our convention, our longtime executive director Dick Cattanach is retiring. We have found a very capable replacement in John McKinnon, but it is going to take a little time for him to get up to speed. I encourage all members to get to know John and make him feel welcome. We have a great association but we can’t get complacent. Let John and I know how we can serve you better.

Good luck to all of you in 2008. It appears that it will be another promising year for our industry.
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Is it time to consider a transportation plan for Alaska?

While Alaskans hope that the uproar over the “bridges to nowhere” and the outcry regarding earmarks for Alaska projects will soon recede, it is perhaps reasonable to ask what the aftermath of all this publicity will be like.

Some will argue that we will soon return to the world we knew before all these distractions, while others might argue that Alaska will face a disaster that will change the face of Alaska permanently. Whatever the future holds, Alaskans are probably better served to anticipate the potential outcomes and plan accordingly rather than reacting after the fact to such changes.

While the future in many areas of the state will differ significantly from the past, probably no area will see greater challenges than those facing the Alaska transportation system. Not only does Alaska receive significantly more from the highway trust fund than it contributes ($7.40 returned for each $1 contributed in 2005), the Alaska motor fuel tax of $.08 per gallon is the lowest in the nation (average state is $.1925). When combined with the bridges to nowhere controversy and the magnitude of past legislative earmarks, and a permanent fund that topped $40 billion in July, these factors will bring a great deal of scrutiny to Alaska’s transportation program and the state’s commitment to that program.

Given the magnitude of the issue and the uncertainty of future allocations from the highway trust fund, the AGC of Alaska would like to urge the state of Alaska to establish a blue ribbon committee to examine the current status of our entire transportation program. Among other things, the committee could be charged with the development of goals for expanding, improving and maintaining that program. They could also examine the costs of achieving those goals and identifying the means of securing the necessary revenue.

Some of the specific issues the commission might examine are:

1. Whether the amount of revenue flowing to Alaska from the highway trust fund is likely to increase, decrease or remain constant; taking into consideration the impact of possible changes in vehicle choice, fuel use or travel alternatives. To put this issue in perspective, the Highway Trust Fund may become insolvent by fiscal year 2009 or fiscal year 2010, and a drastic cut in federal highway and transit funding will have to be made unless Congress intervenes.

2. The impact the construction of the gas pipeline will have on Alaska’s transportation system, considering Alaska’s ability to meet the initial requirements at the initiation of construction, the expected deterioration of the system during construction and the expected status of the system when the pipeline is completed.

3. The appropriate role for the state in providing the transportation infrastructure necessary to develop resources in areas of Alaska not readily accessible to existing transportation facilities.

4. An evaluation of the state’s contribution to the transportation system and the ability of that contribution to meet the demands expected in the future. This evaluation should consider many alternate futures and should examine the matrix of funding alternatives against the near term, mid-term and long-term needs of Alaska.

5. A determination of how the interplay of air, water and land transportation systems can be combined to provide a system to maximize the benefits to the current and future generations of Alaskans.

Undoubtedly, there are numerous other issues that should be considered by such a committee. The curse of Alaska is its size and limited transportation options. Meeting Alaska’s needs for the future will require a strategy, which goes beyond just “more of the same.” It will require a multi-modal approach, which preserves what has been built to date, improves system performance and adds substantial capacity. The challenge we face is how to deal with these issues so that current and future generations of Alaskans can tap the vast riches that exist in our state. It is the belief of the AGC that the appointment of a blue ribbon transportation committee should be the first step in the development of such a statewide transportation policy.
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Gas line contract

It is in the best interests of the state that the Legislature and administration adopt a long-term contract that recognizes the risks and benefits to all parties to the development. The contract should balance the risks associated with the construction and maintenance of a gas pipeline with the benefits accruing to current and future generations of Alaskans.

Revenue to Alaska from a gas line will help the state address the declining revenues from oil and the anticipated decline in federal expenditures. The decline in oil revenue is predictable and permanent; while a decline in federal expenditures will most likely occur as Alaska’s representatives in Congress change. Without the anticipated revenues from a gas line, Alaska has no means to maintain its current operating budget and a decline in the quality of life of Alaskans seems inevitable.

To delay the gas line while attempting to negotiate the “perfect contract” would seem to expose all Alaskans to a risk far in excess of minute benefits derived from searching for perfection. A good contract executed in a timely manner is better than the best contract never executed.

State of Alaska Transportation system

To realize its potential, Alaska needs a transportation system that considers all modes of transportation. The current transportation infrastructure of Alaska is inadequate and requires continued planning, upgrades and expenditures to assure the citizens of Alaska are provided with essential services. There is little doubt
that the economic benefit derived from the investment in Alaska’s transportation infrastructure far exceeds the matching funds required to secure the federal matching funds. Accordingly, the state is encouraged to continue providing full funding of the federal highway matching funds as well as implementing a program of investment by the state in transportation infrastructure.

As part of the mix to finance the construction of such a transportation program, the state should consider a combination of taxes and revenue bonds. Garvee Bonds should be avoided since they add no new money to Alaska’s highway program; they merely accelerate expenditures of anticipated future receipts.

Given the likelihood that Alaska’s share of the “highway trust fund pie” will decrease in the future, Garvee Bonds may well represent an unsecured mortgage on the future of Alaska’s transportation program. At eight cents a gallon on gasoline, Alaska’s tax is the lowest in the nation and less than half of the national average. Increasing the tax to an appropriate rate would provide needed funds to address infrastructure needs.

Lastly, a gas line will require major renovations to highways and bridges to permit the anticipated construction activity. Unless the planning, design and permitting are undertaken well in advance of the anticipated pipeline construction, the state’s failure to address these concerns will delay the construction and ultimate completion.

**Funding for vocational/technical education**

A majority of Alaska’s high school graduates do not go to college, yet the state’s high school curriculum is oriented to college preparation. In addition, more than one in three students in seventh grade will not graduate from high school. The state should adopt a more balanced funding approach to better prepare those students not pursuing post-secondary education for the world of work. The Workforce Investment Board has recently prepared a long-term strategy for meeting the projected shortfall in construction laborers. The strategy calls for increased funding for vocational training at the secondary level and a renewed emphasis at the post-secondary level to capture those that do not have the opportunity to receive such training at the secondary level.

In 2006 and 2007, the Legislature took the initial steps to address the problem and funded a pilot program at the King Career Center in Anchorage and similar program in other urban areas. The program represents a true public-private partnering effort and initial indications are that the model will help address the long term labor needs of the construction industry.
What an exciting year we’ve just completed. My first year in office was marked by so many positive developments for Alaskans that the future looks brighter than ever for all of us and for our children.

We have made great strides in making government more open, transparent and user-friendly with ethics legislation that tightens up the means of doing the public’s business in both the legislative and executive branches. Fiscally, we have made responsible government a priority and continue to be committed to living within our means.

As gratifying as these steps have been, it was passage of my Alaska Gasline Inducement Act by the Legislature in May that I believe paves the way for much of the promise that lies ahead. The bill led to the recently finished Request for Applications process, during which several attractive bids to construct a gas pipeline from the North Slope were received. These are being evaluated and, in the coming weeks, we hope to announce which company will be awarded the AGIA license.

A gas pipeline has long been a dream of Alaskans. The construction of the Trans Alaska Pipeline System in the
1970s moved the potential project from the realm of a pipe
dream to something not only viable but vital for the long-
term economic well-being of the state and its residents.

Trained workers are critical to any project of this scope.
Creating new job opportunities, and preparing Alaskans for
those opportunities, is a top priority for my administration.
This year, we will ramp up vocational education programs
around the state to help ensure Alaska’s workforce con-
structs this project. Pipeline training programs, made pos-
sible through a joint effort between the state and private
sector, have already put hundreds of Alaskans to work.

This kind of partnership shows what can be accom-
plished when school, work, business and industry speak the
same language and share the same goals for work readi-
ness. As pleased as I have been with our success so far, we
still have much work to do. It is estimated that a natural
gas pipeline will create 6,500 construction jobs and another
50,000 indirect jobs. So thousands more Alaskan workers
will be needed to build and operate a natural gas pipeline, as
well as for pre-construction work and jobs in related fields.
That’s why vocational education in general, and the pipeline
training program in particular, are so vital to our future.

We’ve taken an innovative approach to training the
workers we’ll need in all phases of pipeline construction.
Our pipeline training program is unique in that while pro-
spective workers learn welding or heavy machine operation,
they’re also learning about how individual jobs rely on what
someone else is doing, and about the teamwork it takes to
build a pipeline across the Last Frontier.

To plan for a natural gas pipeline, we’ll also need to take
a hard look at our transportation infrastructure. We must
keep Alaska’s current roads, highways and bridges safe, and
passable. But as we brace for the influx of people and equip-
ment needed to build the pipeline, we will need additional
road infrastructure.

What roads should be widened or otherwise upgraded?
What new roads should be built? These are questions that
we must address before launching any pipeline project. But
there is much to be gained from how we meet these infra-
structural challenges. In addition to more jobs for Alaskans
and the boost all those extra paychecks will provide to our
statewide economy, we stand to increase our ability to get
around the state.

I have been so pleased with the progress that we have
made during the past year and as we move into a new year, I
am energized by what lies ahead and the thought of all that
promise bearing fruit.

Sarah Palin is Alaska’s ninth governor, the first female and
the youngest person to be elected Alaska Governor.
AGC of Alaska Legacy Members

Editor’s note: Although more than 80 percent of all businesses in the United States are family controlled, only one in three survives to pass to the second generation, according to Edward Hess, author of The Successful Family Business: A Proactive Plan for Managing the Family and the Business.

“Family businesses embody our country’s entrepreneurial spirit and represent the hopes and dreams of many for independence, community, self-sufficiency, and wealth,” he said.

In celebration of Associated General Contractors of Alaska’s 60th anniversary and our many multigenerational members, the Alaska Contractor magazine will publish a series of stories about members who have been with AGC Alaska through multiple generations of their families.

From buggy to barge:

Pacific Alaska Freightways
Two generations of Smiths transport freight to build Alaska

By Heidi Bohi

It’s against the odds that family owned and operated Pacific Alaska Freightways (PAF) has survived and flourished from one generation to the next, and it makes this well known transportation company one of just a few in Alaska and the Pacific Northwest that is multigenerational.

Part of what has kept the company – until recently Pacific Alaska Forwarders – ahead of such doom and gloom business statistics since 1961 is the father-son agreement that family dynamics simply cannot interfere with business decisions.

Although business experts insist that family issues will inevitably overlap with business in a family operation, Norm Smith, PAF president and one of three owner sons, and his father Joe Smith, stress that their company has carefully avoided this since it first became apparent that this was not going to be only their father’s company, but a multigenerational family business.

“We completely separate work from family,” Norm says point blank of “the rule” they made as the Smith boys began to be more seriously involved with the company. “Although that may be hard to believe, we have a policy that once we leave the office we don’t talk about business within the family, and if we have a difference of opinion at work, it doesn’t carry over – it never has.”

“We don’t talk business,” the elder Joe says of the weekly Sunday dinners and other family gatherings. “Any business. It’s just a rule.”

Technically the Smith family has been in the industry for about 130 years, Norm says, as his great grandfather was in the freight business in Glasgow, Scotland, in 1875, making deliveries with horse and buggy. But the real story started in 1961 when PAF founder Rex Sears bought a warehouse and hired Joe Smith away from Crowley Maritime to come and run the business, including spearheading new business development, handling freight such as building materials and electrical and plumbing supplies, then consolidating it from different points in the Lower 48 before sending it on to Anchorage via Seattle.

Until then, Norm explains, the business model was a traditional freight forwarding “paper shuffling” company similar to a third party logistics operation of today. Sears never actually touched the freight, but instead did business out of a Seattle office building, negotiating agreements with carriers to haul shipments.

Today, PAF has an impressive customer base in the oil, fishing, construction and tourism industries, with clients that include major national retail accounts, construction companies and oil and gas industry suppliers. PAF also owns and staffs its terminals in Alaska and Washington, and operates its own fleet of trucks and trailers in both locations, giving them a competitive advantage over competitors who subcontract deliveries to third-party agents.

Although Joe did not buy Sears out until 1993, all three sons began working in the warehouse on weekends when they were as young as 10, pushing brooms, loading freight and driving the warehouse forklift. At
51, Norm says, it is the only job he has ever had. His older brother Alain (pronounced Allen), 52, now CEO and majority stockholder, came onboard when he was 12.

By the time the boys were teenagers, during the height of the pipeline days, 17-year-old Norm had moved to Anchorage to run the warehouse, off-loading freight and driving trucks; while Alain remained in Seattle to load Alaska bound shipments. “That’s how we communicated,” Norm says from his Seattle office. “He'd send me notes in the trailers.”

The youngest brother Monty, 46, today vice president and the manager of IT operations, also started working in the family business before taking a hiatus and becoming a professional musician and recording artist, only to come back into the fold in the early ’90s.

Although the succession process is the No. 1 issue facing family business continuity and harmony, John Ward, Center for Family Enterprises at Northwestern’s Kellogg School of Management says, when relationships are good, the handoff can go very well despite some natural built-in competitiveness and tension, especially in the case of families like the Smiths, where they are able to see past personal issues for the greater good of the business.

Shortly after Joe purchased PAF in 1993, he began moving into the ownership transitional stage in 1995, which technically took about two years to complete, he says, though at 75 he says he has “retired” about six times. “The nice thing about that is that I get six retirement parties,” he says laughing, adding that today he continues to handle special projects for the company in addition to longtime clients who still ask for him.

He says he attributes the successful ownership transition to the fortuitous synergies between his three sons, the willingness of all of them to listen and be open minded, and to a lot of longtime employees who have worked with the Smith family for more than 35 years.

“The only challenge in this family organization has been having three sons with very different temperaments,” Joe says from the Seattle-based company. At the same time, he adds, each has his own area of specialization and “each one of them needs each other,” which has offset any potential conflicts.

**The result?**

“They have stayed friends and developed the company into a substantial-size business,” Joe says proudly. “And we still have very close family ties – that’s the biggest reward.”

Like a dependable employee, Norm says, PAF has continued to invest in AGC since 1980.

Though his brother Alain and other managers and employees are the ones who have been the most involved over the past 27 years, he said he appreciates having one organization that connects him to contractors and subcontractors he says he has known “since I had brown hair.”

In addition to the networking opportunities, the company uses The Plans Room almost daily to track projects, bid results and award information, Norm says, and PAF continues to be committed to supporting the organization.

Looking ahead to the next generation, Norm says he is not sure if there will be a third generation of Smith’s running the company, but he and his brothers are not eliminating the possibility as long as being a part of PAF is what they really want to do. “It’s about passion,” Norm says, looking ahead. “We’re passionate about what we do and we would want them to be just as passionate – otherwise it’s just a job.”

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Heidi Bohi is a freelance writer and marketing professional who divides her time between Anchorage and Arizona.
WHY AGC?

AGC, the Associated General Contractors of Alaska, gives you SEVEN good reasons to join.

Whether you are a general contractor, a specialty contractor, a sub, or you do related work for the construction industry, here’s what our members say about the benefits of AGC membership.

Terry Fike  
Alcan General  
AGC Past President

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.

Kevin Welker  
Kiewit Building Group

Being a member of AGC of Alaska opens up doors into all aspects of the construction business, from networking relationships to industry representation needs, to professional training and growth opportunities. Membership in AGC is the best possible way to ensure that a company has a voice and is heard in the numerous issues affecting the construction industry, locally, statewide and nationally.

Brian Horschel  
ACME Fences

AGC is not just a membership, it’s a relationship. Although relationships take work, they should be rewarding. With AGC this is very much the case. For every hour and dollar I have put into AGC I have seen a 100% favorable return. How could anyone not want a relationship that has a direct and positive return on their business? And those relationships have made an organization that is good for the group, built by individuals who put their hearts first and personal interests second.

Traci Johnson  
Spenard Builders Supply

AGC of Alaska has some great services for its members. For example, workforce education and training, safety resources, networking and a voice in local government. The key to getting the most out of your membership is to get involved in committees. This is not only a way for you to learn about all the tools AGC has to offer, it can also help enhance your personal skills such as communication and leadership.

Kelly Layman  
Marsh USA

After moving to Alaska five years ago I didn’t know anyone here. It was imperative for me to get involved with the construction industry and network with as many people as possible. AGC of Alaska, its dedicated staff and committed members were and continue to be invaluable in so many ways. AGC of Alaska has most importantly provided networking opportunities but also offers important and valuable information and provides a path to influence the construction industry, the general public and the many federal and state agencies and other political subdivisions involved in the construction industry.

Jeff Dinwiddie  
Alaska Trailblazing

As with any business, the contracting business is built on successful relationships. AGC provides its members the opportunities to build and strengthen those relationships. Additionally, AGC Alaska provides our small company with a voice that otherwise might not be heard. We seldom have the time to be involved in all the public aspects that affect our business and employees. AGC, through its many active committees, provides its members that voice in a broad range of public forums helping to strengthen our industry as well as our individual businesses.

Bardie Scarbrough  
Wilder Construction Company

By and large, people involved in construction are committed to the industry. To get the most from that commitment, you have to be involved in making your industry the best it can be. To that end, there is no better way to have your voice heard than by being an active member of AGC. Whether it is dealing with issues on a local, regional or national level, AGC provides the forum that gets your message to the right people. AGC is the most highly respected industry organization available and membership should be a vital part of every company’s business strategy.

Be a part of Alaska’s third largest industry, paying the second highest wages, with more than 21,000 in the workforce.

AGC: 650 members strong
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In a tight spot? Frozen ground? Exposing buried utility service? No problem. We have the solution.

The Mud Dog® hydro-excavator is a safe alternative to traditional excavation. Hydro-excavation is a non-mechanical and non-destructive process combining pressurized water and high-flow air evacuation. It offers quick, clean, and precise excavation requiring less backfill, less labor, less restoration, and less impact than conventional digging methods.

Hydro-excavation is perfect for culvert cleaning, excavating around foundations or cleanouts, or potholing for pinpoint visual utility location where a shovel just won’t work, won’t fit, or might do more harm than good. And, with a built-in water heater, temperature and frozen ground are no obstacle. We can excavate down to 300 feet at temperatures exceeding 50 degrees below zero. So, next time you’re in a tight spot, call Powerhouse. We can dig it.

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Congress seeks to tighten drug-testing loopholes
WorkSafe consistently passes federal training and protocol audits

A U.S. Congressional subcommittee recently heard testimony from the Government Accountability Office (GAO) and others on loopholes and concerns regarding U.S. Department of Transportation (DOT) drug test collections.

Federal investigators and safety officials who testified Nov. 1, before the House Transportation and Infrastructure’s Subcommittee on Highways and Transit said they had found flaws in detection protocols at randomly selected DOT-certified drug and alcohol test collection sites in the Lower 48. The committee also heard testimony about widely available adulterants, diluents and substitutes used to foil tests, and about the ability of commercial motor vehicle drivers to jump from job to job without notifying employers of previous positive drug test results.

“It’s shocking and it makes one angry,” said U.S. Rep. Jim Oberstar, D-Minn., transportation chairman and subcommittee member. “We’re going to follow up with action by this committee.”

WorkSafe is proud of the fact that the Federal Transit Administration inspected the WorkSafe facility in early 2007 and found that our collection staff is fully trained and capable of handling unusual collection situations. Our collectors tell me that, on average, they identify three to four samples daily that are either out of temperature range, substituted or adulterated. Another method that is working in Alaska is the regular audits of collection sites by the U.S. Coast Guard. This is a good process that shows that DOT is serious about the importance of collecting valid samples.

Since the beginning of the DOT drug-testing program, it has been understood that the collections process is the first and potentially weakest link in the chain of events that comprise the DOT sample testing process. If collectors do not collect the sample correctly, then the whole process is for naught.

Evidence of testing protocol breaches were brought to the attention of the committee in February 2007 after a reporter in Minneapolis, Minn., aired the results of an investigation of five local businesses that collect urine for DOT-mandated drug tests. In four of those collection facilities, they found conditions that afforded employees opportunities to cheat.

After the story aired, the committee requested the GAO investigate the practices of collection facilities that service commercial drivers, evaluate the Federal Motor Carriers Safety Administration’s oversight of the drug- and alcohol-testing program and assess ways to improve the program. GAO investigators found 75 percent of the collection facilities they covertly tested failed to secure the area of substances that could be used to adulterate or dilute the specimen.

Among the changes to federal law considered by the committee are a national ban with criminal penalties on adulterants and products designed to defraud drug tests and state bans on the same, provide FMCSA with more resources to create a dedicated drug and alcohol test inspector workforce, and state and national clearinghouses for positive drug and alcohol results.

Staying ahead of those who would thwart drug and alcohol testing protocols requires diligence. In 2001, the Office of Drug and Alcohol Policy and Compliance attempted to address the collection problem by instituting collector certification and proficiency training. With this change, Third party administrators like WorkSafe are required to receive statements of certification from collection sites acknowledging that they have trained and certified collectors conducting the DOT sample collections.

As a third party administrator we are consistently asking ourselves how we can help our collection site network stay proficient. Some collection sites may collect only one sample a year, while others collect several samples daily. As your third party administrator, and as company designated employee representatives, it is a best practice to conduct your own collection site audits. For questions about how to do so, contact Don Bisby, WorkSafe’s general manager, and he will walk you through the process.

Matthew Fagnani is president of WorkSafe Inc., a full-spectrum workplace drug and alcohol program that offers instant-results testing.
10 DOT’s Steps to Collection Site Security and Integrity

1. Pay careful attention to employees throughout the collection process.
2. Ensure that there is no unauthorized access into the collection areas and that undetected access is not possible.
3. Make sure that employees show proper picture ID.
4. Make sure employees empty pockets; remove outer garments (e.g., coveralls, jacket, coat, hat); leave briefcases, purses, and bags behind; and wash their hands.
5. Maintain personal control of the specimen and CCF at all times during the collection.
6. Secure any water sources or otherwise make them unavailable to employees (e.g., turn off water inlet, tape handles to prevent opening faucets, secure tank lids).
7. Ensure that the water in the toilet and tank (if applicable) has bluing (coloring) agent in it. Tape or otherwise secure shut any movable toilet tank top, or put bluing in the tank.
8. Ensure that no soap, disinfectants, cleaning agents, or other possible adulterants are present.
9. Inspect the site to ensure that no foreign or unauthorized substances are present.
10. Secure areas and items (e.g., ledges, trash receptacles, paper towel holders, under-sink areas, ceiling tiles) that appear suitable for concealing contaminants.

Source: Office of Drug and Alcohol Policy and Compliance, U.S. Department of Transportation
Thirteen years ago, Bryan Gootee started working with an Anchorage construction company on a project that involved remodeling the Safeway grocery store in Wasilla.

Gootee came away from the experience with a renewed respect for Unit Company's performance under demanding circumstances.

“They surgically do our remodels,” said Gootee, who has served as Safeway Corp.'s construction manager for nearly 20 years. “They understand our expectations; that we never shut anything down. Customers will not tolerate the bakery not being there, the deli not being open. Unit Company makes sure production areas are up and running. They get in and do a job on time and with the least disturbance to the environment of the store.”

The smooth relationship Gootee described isn’t surprising, considering that grocery store and retail projects constructed for the Carr-Gottstein corporation were Unit Company's first projects after Unit's president, Derald Schoon, founded the company in 1977.

In the 30 years of Unit Company’s existence, the company has taken on a slew of substantial projects, including $80 million worth of missile defense-related construction, the new $38-million, 205,000-square-foot Alaska Seafood International food manufacturing and processing building, the $21-million Alaska Railroad airport terminal and the $20-million Dimond Center Tower project.

Unit Company also has handled projects for Alaska Airlines, Providence Alaska Medical Center, the Anchorage School District and the U.S. Army Corps of Engineers.

The Corps recently selected Unit Company as one of six multiple award task order contractors.
(MATOC) that will divvy up 35 projects worth a total of $600 million. The prerequisites for being selected are experience in design/build work, military contracting and working on projects in the sub-Arctic.

“Which is the main part of what we do,” said Michael J. Fall, Unit Company’s vice president of field operations. “It’s the single biggest procurement the Corps has made nationwide. This is unique, because it’s all design/build work, which is really the basis this company was founded on through Carr-Gottstein work.”

Fall said Unit Company has concentrated its efforts on constructing commercial buildings on the road system in Southcentral, but has also made forays into rural areas.

“A current project underway is a new K-12 school in New Stuyahok,” he said.

School construction is a significant component of Unit Company’s business in the Anchorage-Mat-Su area as well.

Unit recently completed the $11.5-million design/build Knik-Goose Bay Elementary School near Wasilla. Unit built Anchorage’s Denali Elementary School replacement in 2002, Chugiak High School’s cafeteria, kitchen and gym addition in 2004, and Elmendorf Air Force Base’s Orion School, as well as renovating and constructing an addition for Service High School in 2005, and completing the Polaris K-12 School addition and renovation last year.

Polaris K-12 received a merit award in Design Share’s 2007 competition for innovation and excellence in school design. The achievement was significant because only four of the top 11 awards went to U.S. schools.

“This project starts from a singular and challenging situation: transforming and expanding an existing old movie theater with enough courage and sensitiveness to celebrate student ingenuity and voice,” Design Share competition juror Pablo Campos wrote. “Sharing the planning process between the educational authorities and the community ones is a neat success everywhere, every time, everywhere.”

Mike Price, construction manager for the Anchorage School District, first worked with Unit Company in 1999 on its design/build replacement of the fire-damaged Russian Jack Elementary School.
Price said the Russian Jack project was accelerated; Unit needed to complete the design, permitting and construction of the new school in seven months rather than the usual 15 months.

“Due to the fire, the students were temporarily housed in three diverse locations which were not very conducive for quality instruction,” Price said. “Unit Company not only accomplished the schedule to complete the school in seven months, contrary to what other builders thought was possible, but also maintained a high level of quality in the completed work … to this day the school has had minimal infrastructure problems.”

Price said Unit Company’s greatest strength is its efficient management of projects and the quality of its employees.

“I know that once Unit Company is on a project for the district, no matter what the problems and difficulties that may arise during the work, they will always provide solutions and alternatives to address the issues in a professional, open and competent manner, in the best interest of the district.”

Unit Company has been a member of AGC of Alaska since its founding 30 years ago, said Bill Puckett, vice president and chief estimator, a former Pampa, Texas, resident who left a job with Anchorage Sand and Gravel to join Unit Company within a few months after its founding.

Unit’s relationship with AGC is valuable, Puckett said, because it helps the company forge positive connections with unions, keeps it informed about rules and regulations that apply to the construction industry, and its subcommittees deal with special topics like how to best deal with projects involving the state Department of Transportation or the U.S. Army Corps of Engineers.

Fall said AGC makes people aware of all the resources available to the construction industry.

“AGC is there to serve the members,” Fall said. “They provide a lot of opportunities for training. They’re a bulletin board, as you will, for all the entities out there.”

Tracy Kalytiak is a freelance writer who lives in the Palmer area.
Cold hands, warm heart

Many are familiar with the old saying, “cold hands, warm heart,” which refers to an old proverb from the turn of the century. While that might be fine for friends, it’s not OK for your workers.

With winter upon us, it’s a good time to re-evaluate cold weather hand protection for workers. Colder temperatures can affect worker safety due to decreased blood flow to the extremities. This can cause a reduction in grip strength and increasing potential for repetitive trauma injuries, or may result in wearing gloves that are too tight, causing even more constriction. Alaska’s low temperatures bring an increased risk for a number of hazards, including: frostbite and frost nip; Raynaud’s Syndrome, also known as “white finger;” hand-arm vibration syndrome (HAVS); and a possible loss of grip or strength leading to dropping tools or losing grip on a steering wheel or heavy equipment controls.

**Frostbite**

Direct contact with cold surfaces or even just exposure to lower temperatures can cause damage to hands (or other exposed parts), but frostbite can occur in just minutes with temperatures below 5 degrees Fahrenheit with a bit of wind. Once a body part has been nipped or frozen it needs to be thawed out immediately, with no further exposure to cold to prevent further damage to the tissue. Many people who have been frostbitten have subsequent sensitivity to the cold.

**Raynaud’s Syndrome**

Raynaud’s Syndrome is more than a simple case of cold hands. This syndrome can affect the fingers, toes, face and ears. It is a dangerous condition that stems from an overactive sympathetic nervous response to cold that triggers a spasm in the muscles causing a dangerous con-striction of blood flow to the area. The condition can range from mildly uncomfortable to highly dangerous. In severe cases, the threat of gangrene is significant.

**Hand-arm vibration syndrome**

Cold weather exacerbates the chances for vibration injury because of the decreased blood flow. Additionally, the sense of numbness from the cold can mask numbness caused by excessive vibration. Using gloves designed to reduce vibration exposure can be very effective, but if too tight or not insulated, they can increase the problem, rather than help.

**PPE selection**

Choosing the right glove for the job is critical. If there is a vibration exposure, using ISO 10819 rated anti-vibration gloves can reduce the effects of HAVS. Regardless of the glove chosen, it must also fit well, be in good repair, clean and kept dry. The wrong type of glove can actually reduce grip strength or cause workers to use even more grip strength to accomplish a task. Workers should also be provided with warming devices, such as heaters or disposable hand-warmers.

**Protecting worker’s hands**

 Owners and safety professionals should use a variety of measures to address the hazards of cold weather exposure.

**Worker education**

Workers should be trained on the hazards and potential injuries, how they occur and how they can be prevented. As with most injuries, early reporting and intervention can prevent more serious problems from occurring. The training should also include information regarding recommended exposure limits, worker rotation policies, re-warming strategies (especially for remote sites or inaccessible locations) and proper personal protective equipment (PPE).

Chris Ross, CSP, CPLP, is the AGC/NANA Training Systems General Manager.
They built this city

The company started with a bang – literally. Jack Petersen shook hands with Ray Allen, the ground shook, and Anchorage dropped 10 feet. Good Friday, March 28, 1964, was a disastrous day for Anchorage, but an auspicious one for what would become Commercial Contractors Inc.

From that day on, the company became an integral part of Anchorage. An aerial photograph hangs on the wall, boasting “We Built This City.”

Forty years of history in Alaska show that Commercial Contractors literally helped to build Southcentral Alaska from the ground up, and on rock’n roll.

During a recent interview, co-owner Kerry Petersen, fresh and tanned from 30 days on the Big Island, sported stubble and a bright Hawaiian shirt at the company’s warren of offices off International Airport Road.

He’s the second generation of Petersens in the business along with his brother and co-owner Chris, and he’s making way for the third.

His sons William and Snegirev handle the commercial glass component, and Jacob oversees flooring and window coverings.

Kerry is able to take a smaller role now and disappear for a month at a time to his place in Hawaii with no phone or computer. This is made possible, he said, by a front office of loyal, competent and long-term employees.

Some of Commercial Contractors’ employees have worked there for 25 years, and it’s this longevity and knowledge of projects that makes them such a valuable part of the business, Kerry said. The sheer volume of projects commands that attention to detail.

“At any given time, we’re working on 90-100 projects statewide,” he said.

The current big ones include the Anchorage Convention Center, Anchorage Museum addition, the new airport terminal, the new science center at University of Alaska Anchorage, a new hangar at Eielson Air Force base, and an addition to Providence Hospital.

For 43 years, the family has maintained a pristine reputation. Until recently, the business letterhead read, “Still reputable after 42 years.”

“I have never spent a day in court,” Kerry said.

For a contractor, this is a solid-gold, take-it-to-the-bank statement. And while most contractors have a five-digit license number, Commercial Contractors’ is 88.

“The rest have died off,” Kerry said.

The family’s reputation is so strongly a part of Anchorage history, that the original name of Allen and Petersen, is still used, although the families sold that business long ago.

Chris said the company finds membership in the AGC of Alaska to be a good fit and one that is beneficial to contractors statewide.

“It’s nice to be a member of a group that looks out for the contracting needs of the state.”
Forty years of history in Alaska show that Commercial Contractors literally helped to build Southcentral Alaska from the ground up, and on rock’n roll.

He points out that baby boomers will be retiring soon and leaving the industry, causing a lack of skilled workers. He said he is strongly supportive of AGC’s efforts to build training programs, particularly its sponsorship of intern and scholarship programs.

Chris said he also appreciates the services AGC provides to members such as low-cost health insurance.

For the first time since its beginning, the company has begun to move into a new area of specialization – major commercial remodeling.

The Alaska climate, seismic activity and age of the state’s buildings take a real toll on floors, and there are key facilities all over the state that are beginning to cry out for attention.

“Walk down the hall at the old airport concourse, and you may not notice it, but a contactor would, the floors sag 3 inches between spans,” Kerry said.

Commercial Contractors is now the first ARDEX CD Concrete Dressing, floor installer in the state, offering remedial concrete floor work that’s a combination of concrete and Styrofoam that doesn’t add a lot more weight, causing floors to sag even more.

The system is high strength at 4,000 psi, and is a cost-effective alternative to a total concrete replacement.

“We’re doing this all over the state,” Kerry said.

It’s an appropriate path for the company to take as it heads toward its half a century mark – rock solid from the ground up.

Dimitra Lavrakas is a longtime Alaska writer who lives in Anchorage.
An active workforce

The Education and Training Department of AGC of Alaska is very active in the workforce development efforts throughout urban and rural Alaska, and in meeting statewide construction industry demands for specialty education courses.

As training director, I’ll briefly report the progress to date on these and other on-going events/projects, referencing available Web sites and earlier Alaska Contractor magazine articles for further review.

Urban Alaska

Through the able leadership of Kathleen Castle (see Alaska Contractor Fall 2007) all of the urban communities under the “sponsorship umbrella” of the Alaska Construction Academy, which include Anchorage, Fairbanks, Mat-Su, Juneau, Kenai Peninsula and Ketchikan, will continue or begin construction training classes for more than 700 high school students. Approximately 300 adults will also receive training after hours with one of our partners, Alaska Works Partnership.

Training at the high school level includes curriculum from the National Center for Construction Education and Research (NCCER) www.nccer.org. Some communities will incorporate curriculum from NCCER and the Alaska State Homebuilding Association, along with curriculum for marine climate and/or cold weather.

The six- to eight-week-long adult classes are offered two evenings a week and on Saturdays. The adult training is supported by industry, so workers are trained according to industry standards. AWP had its first graduation in December at the Anchorage King Career Center.

The academy teaches basic skills and hands-on experience to prepare students/adults for future employment with members of the home building associations or entrance into further training or apprenticeship programs. The JOBS connection through the Alaska Department of Labor is an integral component in the sequence from training to advanced training or job placement.

There have been several tremendous success stories featured in The Alaska Contractor magazine about schools that are now part of the Alaska Construction Academy: Anchorage was featured in fall 2006, Fairbanks in summer 2007 and Matanuska-Susitna Borough in winter 2007.

For more information, visit www.alaskaca.org.

Rural Alaska Since September

Since September 2007, the training staff at AGC has been very active throughout the state. Funded through the Denali Commission, our task is two-fold: first, to increase the number of rural school districts that participate in the National Center for Construction Education and Research (NCCER) Core Curriculum; and second, to promote and support instructional efforts and students’ success. At eight regional sites, from Barrow to Wrangell, AGC has trained and NCCER Certified more than 70 qualified instructors through the Instructor Certification Training Program (ICTP). These instructors are from 27 Alaska school districts, University of Alaska Southeast (UAS), and two private training centers, which collectively represent more than 60 individual schools statewide. We have also distributed instructional materials and more than 1,500 NCCER Core Introductory Craft Skills textbooks and “Tools for Success” communication-employability workbooks to these teachers.

As an NCCER Accredited Training Sponsor, AGC of Alaska currently has more than 130 NCCER Certified instructors teaching students in high schools, postsecondary schools, and trade schools in at least 38 Alaska school districts and seven sites. The NCCER Instructor and school list continues to grow.

To enhance students’ success we are developing a connectivity model to interconnect all of our trained teachers, rural and urban, through a newsletter, e-mail, chat room and Internet telephone. This will allow teachers statewide to share working teaching strategies that will amplify their collective efforts to the benefit of students throughout the state. An additional development will include further NCCER curriculum integration and “fit” with existing voc-ed programs.

There is more Rural Workforce Development and Training on the horizon for 2008.

For more information, e-mail bob@agcak.org.

Contractor Education

With the organizational leadership of AGC Assistant Executive Director Monty Montgomery, AGC of Alaska (see
Contractor fall 2007) has developed an approved AK-CESCL, Certified Erosion and Sediment Control Lead course, trained and approved two Alaskan instructors, Eddie Packee, Ph.D. and Mike Travis, P.E. and reached a Memorandum of Understanding with its partners. Following the success of our first AK-CESCL course in August, we offered another in November, and certified 72 attendees. Our Dec. 13-14 class had 45 available seats and was sold out.

In response to industry demand, we will offer the AK-CESCL courses in Anchorage and Fairbanks from January through April 2008. Fairbanks is scheduled for Jan. 9-10 and March 5-6. Anchorage has classes scheduled for Jan. 23-24, Feb. 13-14, and March and April.

We are expecting to offer additional contractor education classes on several other topics.

Visit www.agcak.org for more information; or in Fairbanks call (907) 452-1809, in Anchorage call (907) 561-5354.

**Construction Career Day**

Construction Career Day is scheduled for April 30, 2008, at the Alaska State Fairgrounds in Palmer. Some 500 high school students – 350 from Anchorage and 150 from Mat-Su – will attend. Organized by Alaska Department of Transportation Coordinator Beckie Oliva, the event has three components: Expo, Hands-On and Heavy Equipment.

The Expo portion of the event is a construction and trade show where students learn about construction career opportunities from a variety of schools, state and local governments, contractors and the trades.

The Hands-On component introduces students to welding, surveying, electrical wiring, plumbing, small tools and other skills.

The Heavy Equipment section allows students to run backhoes, skid steers and mini excavators with one-on-one supervision. This is a great opportunity for AGC members to volunteer and make a direct contribution to workforce development and have fun doing it.

To volunteer to help with the event, e-mail julia@agcak.org, or call (907) 561-5354.

For more information, e-mail beckie.oliva@alaska.gov.

**Build Up!**

The Build Up! program is being re-energized by AGC member Kevin Norton of Anchorage Sand and Gravel and others from Kiewit Pacific Company and Davis Constructors and Engineers. Build Up! is directed toward elementary school students where hands-on building and construction career activities take place in the classroom. Right now Kevin is looking for school sponsors and AGC members to participate in Anchorage, Mat-Su and Fairbanks.

For more information, contact Kevin at (907) 349-3333, e-mail Kevin.Norton@anchsand.com, or visit www.agcak.org.

**Alaska Contractor magazine**

The Alaska Contractor magazine is one the premier business and trade magazines in the state, and on the short list of top AGC chapter publications nationally. Because of the quality of articles and the need to keep “in the know,” both a Web site connection and search engine for archival access are being developed. Check our site at www.agcak.org for the portal connection.

**An Invitation**

There are many opportunities, statewide and locally, to volunteer, to connect with schools and be part of construction education and training in Alaska. I encourage you to be part of it.

Robert Cress is the AGC of Alaska Training Director.
Alaska Sales & Service credits integrity, honesty with 63 years of success

In Alaska, any business that can lay claim to pre-dating the signing of the Alaska Statehood Act has justifiably earned sourdough bragging rights, and along the way has unavoidably collected a trunk full of first, biggest, best and onlys that set it apart from others.

Alaska Sales & Service, founded in 1944, is the Hummer of Alaska’s auto dealerships. Headquartered in Anchorage, the icon-status car kingdom sells and services Chevrolet, Cadillac, Hummer, Buick, Pontiac and GMC light- and medium-duty lines, meeting the diverse vehicle needs of consumer and commercial markets statewide.

It also has the largest inventory of General Motors parts in Alaska and has put more automobiles on the road – and kept them there – than any other auto dealership in the state and most of the Pacific Northwest, according to Diana Pfeiffer, dealer and president of Alaska Sales & Service.

Alaskan owned and operated, the company frequently ranks in the top 10 privately held, Alaskan-owned businesses and includes the National Car Rental and Alamo Car Rental franchises with outlets at Ted Stevens Anchorage International Airport and Alaska Sales and Service in Anchorage.

At the same time, she said, the company is a big supporter of the state’s contracting industry, supplying and maintaining the largest selection of commercial vehicles in Alaska to make sure the industry keeps driving year-round.

“Alaska Sales & Service is a big supporter of the state’s contracting industry, supplying and maintaining the largest selection of commercial vehicles in Alaska to make sure the industry keeps driving year-round.”

—Diana Pfeiffer

When the doors first opened in the fall of 1944, Alaska Sales & Service operated in a temporary location before moving into the firm’s downtown location across from the Anchorage Hilton Hotel on Third and E streets.

Then in 1952, the owners founded Alaska General Credit to be able to offer customers financing and insurance for their newly purchased cars, and soon after opened its first Mat-Su valley storefront in Palmer, then called Kirk’s Sales & Service, selling Chevrolets and Oldsmobiles. Shortly after, Kirkpatrick bought out his original partners and was joined by Jim Medema, a long-time employee of affiliate company Alaska Oil Sales, and in 1959 Max Hodel also joined the team.

Shortly after the partnership was established, in 1963 the dealership started construction on its current facility on East Fifth Avenue next to Merrill Field. Although the 1964 9.2-magnitude earthquake collapsed large sections of the new compound, the project was ultimately finished in early 1965, just in time for the 1969 Prudhoe Bay oilfield lease sale that pumped $900 million into the state’s treasury.

In 1971, Kirkpatrick died and two years later Doug Hulen joined the Medema and Hodel partnership. As Prudhoe Bay developed and construction of the Trans Alaska Pipeline System began, Alaska Sales & Service again positioned itself to support the industry by supplying thousands of automobiles and heavy trucks and trailers to the project contractors and oil company owners, growing the company to 350 employees and leasing 2,000 vehicles statewide, making it the largest GM dealership west of the Mississippi, Pfeiffer says.

Max Hodel retired in the late 1980s and in 1991 Medema and Hulen sold the company to Carl...
Brady Jr. and a group of investors, including his father Carl Brady Sr. and Leonard Bryant, who had been general manager before being named president and appointed by GM as the dealer. Pfeiffer was named vice president and in 1999 her son Shaun Pfeiffer also bought into the company.

As one of Alaska’s oldest, largest and most established businesses, Alaska Sales and Service has continued to grow and succeed in many directions, including building the current 61,000-square-foot dealership in the Matanuska Valley. Still, Pfeiffer says, Kirkpatrick’s basic business philosophy has not changed and for 63 years the company has continued to be known for embodying integrity and honesty as its core values.

“It is our pledge to sustain friendly, straightforward and honest relations with our customers; productive, respectful and supportive relations with our employees; and wholesome and contributing relations with our communities,” Pfeiffer says, elaborating on the company’s mission statement. “That is the foundation for our prior success and our commitment toward our future.”

As an associate member of AGC since 1964, supporting the organization is another significant way Alaska Sales & Service enjoys contributing to Alaska’s general contracting industry, Pfeiffer says.

“The success of the construction industry is something we at Alaska Sales and Service take very seriously,” she says of the company's long-term commitment to AGC. “Membership (in) AGC of Alaska is important because of the role they play in supporting Alaskan contractors of all sizes (and it) provides a network dedicated to growing and protecting the construction market and offers a venue for training and safety seminars and many other events that bring people with common goals together.”

Heidi Bohi is a freelance writer and marketing professional who divides her time between Anchorage and Arizona.
What’s 2 percent worth?

Let’s say you just received an invoice from one of your suppliers. Along with the details and pricing of your purchase, you note that 2%10/N30 is written in the payment terms box.

Most of us know that 2%10/N30 is a common discount provided by many suppliers, and it basically means if you pay within 10 days* you can take 2 percent off the top of the invoice total. However, if you don’t pay within 10 days, the net amount (100 percent) of the invoice is due within 30 days*.

You think to yourself: “A 2 percent discount? That’s chump change!”

So the long and short of the story is you decide to pay the full invoice amount in 30 days.

Question: What did it cost you to not take the discount?

Answer: By not taking the discount, it cost you an effective annualized rate of interest of 36 percent. Or, looked at differently, you would have been better off to borrow money from your bank in order to take the discount, as long as the bank didn’t charge you an interest rate of more than about 36 percent.

Wow, now all of a sudden, that 2 percent discount looks a little different. “So, how’d you come up with the 36 percent number,” you ask? Good question!

First of all, your supplier gave you the opportunity to take or not take the discount. You chose to not take it, so what we’re really talking about is what’s your lost opportunity cost? Here’s a simple visual take you can use to figure out your opportunity cost on any set of discounts. It’s a timeline.

Here’s what the timeline says:

1. If you had paid within the first 10 days, you would have earned 2 percent.
2. But, since you didn’t pay within 10 days, it cost you 2 percent to not take the discount.
3. There are 20 days between the discount due date (the 10th day) and the net payment due date (the 30th day).
4. That means you were using your creditor’s (supplier’s) money for 20 days beyond the standard discount due date, and it cost you 2 percent for the use of that money for those 20 days.
5. To annualize the cost, you ask yourself: “Theoretically, how many 20-day opportunities are there in a year to use someone else’s money at the cost of 2 percent per 20-day use?”

\[
\frac{360}{20} = 18 \times 2\% = \pm 36\%
\]

So, as we said above, it cost you an annualized rate of 36 percent to not take the discount. On the flip side, you might ask yourself where else can you (legally) earn a better return on your investment than about 36 percent? Can you qualify for a loan at less than prime plus 29 percent? If you can, and assuming you have the future cash flow to pay it off within a reasonable period of time, you’ll usually be money ahead by using credit to take your discounts.

One of the primary points of this example is we need to think about where we can best use the money that’s available to us to run our business. And, to ask questions about what is this opportunity going to do for us, if we do or don’t take advantage of the opportunity? Then, be able to answer the question with at least a “gut feel,” if not a conceptual understanding, of the consequences of our decisions.

For more of these types of insights into maximizing your profits, sign up for the Profit Mastery Seminar by Business Resource Services in Fairbanks, April 1 and 2, 8:30 a.m. to 5 p.m. Contact Dora Crane, Denali State Bank, for details (907) 458-4223.

*The common interpretation of a payment due date, unless specifically noted otherwise on the invoice, is that the payment is due within a certain number of days from the date of the invoice. However, it could also be due within a certain time after date of shipment, after the date of order, after date of delivery, and so on. It’s important to fully understand your supplier’s definitions of payment terms.

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Kristina Gergilevich’s eyes flicked back and forth as she pored over a drawing on a piece of paper, engrossed in her latest assignment – recreating the intricately plotted dimensions of a truss using a computer-aided drafting program.

Kristina, 14, is a technical drafting student at the $22-million, 76,000-square-foot Mat-Su Career and Technical High School, which officially opened Oct. 4 near Wasilla. She is one of about 100 students in grades 9-12 who are exploring a career in the so-called ACE (Architecture, Construction and Engineering) pathway at the school, located off Seldon Road by Teeland Middle School. Voters approved bonds for the school’s construction in 2003 and the Mat-Su Borough Assembly appropriated that money in 2005.

Kristina said her first assignments were to draw objects depicted on pages in a packet her teacher gave out. “We have to follow the dimensions,” she said. “See, these [earlier assignments] are relatively easy because they don’t have a lot of dimensions. This one’s a differential spider, this one’s a fork, this one’s a locomotive driver nut.”

Kristina then pointed to the page, which was covered with a puzzle of dimension measurements and arrows pointing to numerous parts of the truss drawing. “All the numbers are, like, all over the place,” she said, using her mouse to place glowing white lines across the black background of the computer screen. “You just have to focus on one at a time and work it out that way. Right now I’m putting these rivet holes in here. I did ones in straight lines first because those were easiest. The things that make it confusing are dimensional lines. They tell you how long everything is, how far apart. This is 30 degrees, this is 60; this is 90. To go at an angle, you have to type in the angle. You can experiment to see what works best.”

Mat-Su Career and Technical High School isn’t like other high schools in the district. Kristina and other prospective students had to fill out an application, write an essay about why they wanted to attend the high school and participate in an interview with the school’s administrator before being considered as a full- or part-time pupil.

McCool Carlson Green Architects and Collins Construction designed and built the school, which integrates academic and hands-on connections to careers.
employability courses with its vocational training. It offers the Associated General Contractors-sponsored ACE curriculum as well as training in other career pathways, which include information technology, business/electronics, health sciences/nursing, sports and fitness technology/therapeutic services, culinary arts/hospitality/tourism, welding technology (satellite location at Colony High School), outdoor power equipment (satellite location at Colony), automotive services technology (satellite location at Wasilla High School) and agriculture and natural resources (satellite location at Palmer High School). Instruction will take place on site and in the community, through internships and apprenticeships at local businesses. Business partnering is expected to begin in January.

The school will also eventually offer distance-learning programs, so people in remote areas will have access. The state covers the cost of the basic education courses required of all students. AGC is shouldering most ACE course costs at the school since the program is considered a Mat-Su satellite of the Alaska Construction Academy, which AGC shepherded into existence.

Kathleen Castle, executive director of the Anchorage academy, last summer said she and others involved with the program hoped to roll out construction academies not only in Anchorage and Mat-Su, but in the state’s other home-building association communities – Fairbanks, Kenai, Juneau and Ketchikan – to respond to the industry’s need for entry level workers.

The Construction Industry Progress Fund gave Mat-Su’s ACE academy $16,000 in start-up money and a commitment to give up to $10,000 each year, if necessary.

There are 260 full-time students and 160 part-time students enrolled at the school, said the school’s principal, Ben Eveland. Part-time students are bused over and back from their home schools to attend their pathways classes.

Each student must choose a career pathway and work in that field for a semester before graduation. All must take a class in customer service.

“Parents have told me they’ve noticed a difference in the kids who have had customer service [training],” Eveland said. “A long time ago, people had people skills. With computers, that’s been lost.”

Eveland walked through the building recently with a couple of guests, show-
One of those instructors, Roy Baxter, was a mechanical engineer for eight years. He worked for a drilling contractor on the Slope, a steel fabrication plant in Oregon and a naval architecture group. Now Baxter teaches Kristina and other technical drafting students how to use AutoCAD software. Smaller classes go faster, cover more than high schools with similar programs, he said.

“The kids are doing basic floor plans for an office,” Baxter said of his fifth-period students. “Right now I’m giving them a smattering of a lot of different things.”

One of his students, Kindle Hurley, 15, said she wants to be an architect someday.

“I figured this school would give me a head start in doing that. It’s fun to be able to work on computers and be able to find out how this program works.”

Brad Primmer, 16, a full-time second-year student in Baxter’s class, has progressed to more complicated tasks, like nimbly using the classroom’s $4,000 Promethean board. The board can run video and AutoCAD programs, as well as operate virtual flip charts and spotlights.

After demonstrating the board, the aspiring architect showed how he used a caliper to measure the components of a clock he took apart before drawing those parts with his AutoCAD program.

“I kept playing with the clock so I’d know how to put it back together,” Primmer said, explaining how he transformed the flat drawing of a clock component into a three-dimensional shape with-in-a-shape on his computer. “I drew all that from pieces. Like the diameter of the circle, point three eight, I’d round it to point three two and I’d extrude it — it just makes it a solid for me. I’d extrude both pieces, subtract this from this and I’d have a hole.”

Brad said he had been working on the clock project for two weeks. “I couldn’t figure out how to get these rounded edges here,” he said, running his finger along one of the clock parts.

Dana Edwards teaches engineering at the school, using a curriculum based on Project Lead the Way.

“Engineers in industry, college professors and high school teachers saw a need for more students, better prepared students,” he said. “Right now, we’re working on simple machines, pulleys … how they can be used to increase forces, do work. This course covers the basics of what a mechanical engineer would do.”

Edwards said his students start with simple machines and progress to thermodynamics, fluid dynamics and electricity.

“Throughout the course we’re always working on the design process,” Edwards said. “One of the tools we’re using is a building system — like Legos on steroids. One of the projects they’ll do is a marble sorter. They’ll have to develop a system that will look at each marble and sort it, like a recycling center.”

Edwards said he started slow with his beginning-level engineering students, most of whom are freshmen.

“A lot of the stuff is pretty basic,” he said. “They haven’t had a high level of
mathematics, so this is brought down to a level they can handle. Students here [at the school] are in a completely different environment. They’re more comfortable here because they’re around students with the same interest. I think they can see the application more when they take a class that focuses on what they want to get into.”

That focus on application of skills is particularly apparent in construction trades classes, where 22 students spend nearly all of their time building a house. Current students are working on the school district’s 18th house project. The homes go on the market after the students finish them.

“I can have them read a textbook ‘til their eyes fall out, but when they get their hands on the tools, they make a connection,” said Ken Rezendes, a longtime contractor who teaches in the construction trades program. “That’s when they’re really learning. They do the whole house from concrete right to the roof. It gives them a chance to experience all the trades involved and find something they like. Right now, they’re studying insulation. They’re at the stage where there is going to be insulation.”

Another construction trades instructor, Alan Jackson, said Local 302 Operating Engineers, Bear Paw Masonry and Double A-1 Plumbing and Heating help with the construction academy.

“Those men with Double A-1 have been really good for us,” Jackson said. “They give classes out at the site, let students operate some of the more unusual tools they wouldn’t use unless they were involved in the trade.”

Logan Grothe, 17, is a homeschooled student who attends construction trades classes at the new high school. His interest in construction began when he began going along on jobs with his handyman father at the age of 8.

A background in construction is a useful, portable skill, he said.

“Everyone needs someone to fix their house, build their house,” Logan said. “I thought it was interesting to learn about the tools, what they’re for. I was good with my hands from a young age. I liked blocks. My dad convinced me it might be a good skill to have.”

Principal Eveland said he thinks students at his high school display a greater degree of maturity and commitment to their studies.

“See those students?” he said. “They’re doing drafting on their lunch hour. They’re pretty dedicated kids.”

Student Kristina Gergilevich said her pathways classes hold her attention because she knows they will help her achieve her goal of becoming an interior designer.

“I actually really like doing this,” she said. “Guess that makes me sound like a nerd. But it’s fun to challenge yourself, to start out not knowing anything and then get better and better. That’s what’s fun about it.”

Tracy Kalytiak is a freelance writer who lives in the Palmer area.

New $22-million, 76,000-square-foot, Mat-Su Career and Technical High School officially opened Oct. 4 near Wasilla.

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Employer’s duty of good faith

The Alaska courts have long held that every contract has in it an unwritten promise by each side to perform the contract in “good faith and with fair dealing.” An employer has the same duties toward its employees. The so-called “covenant of good faith and fair dealing” has two parts to it. One part is considered “subjective,” and requires the employer’s actions to be subjectively motivated by “good faith” purposes. The employer’s subjective motivation in taking whatever action it takes must not be “improper or impermissible.”

What is an “improper or impermissible” subjective motivation? In the end, it is any motive that offends the judge. Examples include discharging an employee for the purpose of depriving him of the benefits of the employment, such as sharing a percentage of the profits of the business to which he would have otherwise been entitled. Other examples of “improper or impermissible” motives are racial or gender discrimination, personal animosity or retaliation.

However, it is not a violation of the subjective part of the covenant of good faith to terminate an employee because of a personality conflict between the employee and others with whom he must work. Also discharging an employee for reasons unrelated to job performance by itself is not a violation of the subjective part of the covenant of good faith.

The other part of the implied promise of good faith is “objective,” and requires the employer to “act in a manner which a reasonable person would regard as fair.” In other words, the employer must act fairly in the view of the court. Basically, this “objective” requirement means that the employer must “treat like employees alike,” and the employer’s action must not violate “public policy.” “Public policy” essentially means whatever the court thinks is good policy for the public, which it decides on a case-by-case basis.

Examples of violating “public policy” would be firing an employee who (1) requested legally required safety equipment; (2) testified adversely to an employer; (3) informed law enforcement authorities of potentially illegal activities of the employer or a co-worker (whistleblower); or (4) engaged in some constitutionally protected activity. Requiring drug tests for North Slope workers, which tests are reasonably contemporaneous with the employee’s work time and for which the employee has received reasonable notice of the adoption of the testing program is not against public policy. Thus firing an employee who refuses to submit to such tests does not violate the covenant of good faith. Also, insubordination is still a legitimate reason to terminate an employee, unless the insubordination is refusal to work in or under conditions that are prohibited by law or are unsafe.

The employer must meet both parts of the covenant of good faith and fair dealing. If even one part of the covenant is not met, the employer breaches its duty to the employee. Further, even if the employer has legitimate grounds upon which to terminate the employee, the covenant of good faith can be violated by the manner in which the termination is carried out. For example, if the termination is carried out in violation of applicable procedural rules, the court will consider the covenant of good faith breached. Likewise, where an employee is suspended based on the results of an improperly administered urine test, the suspension is considered a breach of the duty of good faith, even though the employee can legitimately later be terminated for his refusal to take a later, properly administered urine test. The covenant of good faith would be considered breached for only the period of the suspension.

Terminating an employee for refusing to work under unsafe conditions, or without required safety equipment, is considered a violation of the objective part of the covenant because doing so violates “public policy.” When an employee requests certain safety equipment for work assigned to him, and it is determined, following a “good faith investigation,” that the safety equipment was not actually required, terminating the employee would not breach the covenant. However, if the investigation is not carried out in “good faith,” the termination could be considered a violation of the covenant of good faith.

A November decision of the Alaska Supreme Court highlighted the importance of a “good faith” investigation. The court referred to an earlier decision in which an employee was accused of misconduct but denied having engaged in it. In the earlier case, two independent supervisors interviewed directly all of the witnesses involved, and determined that the employee had engaged in the conduct. The employee was terminated. The court held that the investigation was undertaken in “good faith,” and held that the covenant had not been breached.

In the case decided in November, the employee had asked for certain safety equipment in order to work on oil-water separators. The investigation consisted of his direct supervisor (alone) talking to the person who had formerly supervised the work — when the work was done by a government agency — who told the supervisor about an even earlier investigation that determined that toxic gases were not a problem. The court considered this relying on “second-hand information,” and contrasted it with the earlier situation where two independent supervisors had talked directly to “all parties involved.” The court considered it an “unreasonable” investigation, and thus held that it could be
grounds for a finding that the employer breached its covenant of good faith.

The lesson is that terminating an employee for requiring what is determined to be unnecessary safety equipment, or complaining about conditions that are objectively determined to not be safety hazards is still risky. When an employee raises an unfounded safety concern, to avoid liability for breaching the good faith duty, the employer must investigate in a way that will satisfy a court’s notion that the actual facts have been reliably established by someone other than, or at least in addition to, the direct supervisor. Authoritative, first-hand and reliable sources should be sought out; and unsupported assumptions, as well as second-hand information, should be avoided. After such an investigation has been conducted, then management should make a decision. If the employee’s safety concerns or complaints are then determined to be unfounded, disciplinary action can be taken, but the employer should be prepared to justify the quality of the investigation to a court.

Robert J. (Bob) Dickson is a partner of the Anchorage law firm Atkinson, Conway and Gagnon Inc.
By Heidi Bohi

It was sheer happenstance that Ken Murray was born the same year his father Kenneth A. Murray bought the insurance agency his infant son would some day head as president.

That the senior Murray ever ended up in Fairbanks to begin with was also coincidence, a consequence of the times and being in the right place at the right time.

But, Murray junior says, when it comes to explaining how it came to pass that he was on the winning team of the annual AGC golf tournament – well, that was just downright knee-slapping hilarious and plain dumb luck.

“I’m one of the worst golfers around,” he says, laughing in disbelief from the second generation Fairbanks office of Kenneth A. Murray Insurance Company. “But I figure if you keep doing it long enough you’ll eventually luck out and get somewhere.”

Although twists of fate and small, unplanned events are a part of every success story, it also takes a person who is paying attention and knows to take action when the universe offers a chance. Beyond that, it’s a matter of choosing the right people to work with and being in the right place at the right time.

An immigrant from the Isle of Lewis in the Outer Hebrides of Scotland, old world tradition in the early 1900s gave first choice of the family farm to Kenneth A. Murray. But, his love of the water, combined with teenage boy wanderlust, inspired him to set out to sea and he instead earned his papers as an able bodied seaman in the British Merchant Service, allowing him to sail the world twice. This experience naturally piqued his interest in the fisheries, so he headed to America to attend the University of Washington in Seattle, where he graduated from the fisheries program there.

By the mid-1930s – the worst point of the Great Depression – one in four Americans could not find a job, and like a lot of people, his son Ken explains, his father “followed his nose to where he could find work.” Just in his early 20s, Murray’s fisheries degree led him to Southeast Alaska near Ketchikan where he worked for a fish packing company as a guard to prevent “pirates” from stealing the harvest.

At the time, Fairbanks had not been as hard hit by the Depression as the rest of the country. Rumors of well-paying, steady work, drew him to the Fairbanks area, where he first worked for a mining company in Tanana on the Yukon River; and then for Northern Commercial Company, a major supplier of heavy equipment and machinery that also had department stores and tire centers in larger communities.

Hosea “Hosey” Ross was the lone Fairbanks undertaker, an insurance salesman and a real estate developer when Murray ended up meeting him in Fairbanks in 1939, then a community of about 1,700 people. Ross recognized the hardworking, can-do spirit of the Scottish farm boy and hired him to help run the business, doing whatever it took to get the job done, including providing undertaking services.

“There was no official undertaker back then so they offered services that consisted mainly of picking up bodies and running funeral services,” Ken said of the odd combination of services originally offered at their first business located just two blocks from today’s location.

Then, as luck would have it, Hosea, a former member of the Alaska Territory House of Representatives from 1923-28, decided to return to the political ring. To devote his time to unsuccessfully running for mayor, he sold the business to Murray for $100, a respectable amount of money at a time when the average wages were $1,730 a year.

As industrious as his father was, Ken said, he continued selling real estate and insurance, but no longer offered undertaking services. Then by 1948, he again shifted his product line so that Kenneth A. Murray Insurance Inc. specialized only in selling auto, home, life and business insurance policies.

Besides his father, Ken says, during the early years in business he was the only staff besides a secretary. Then, shortly after World War II started, activity in Fairbanks took off as the Alaska Highway was constructed as part of the military buildup and Fairbanks experienced yet another boom period when thousands of military personnel were located at nearby Eielson Air Force Base and Ladd Field (now Fort Wainwright). In 10 years, military personnel grew from 10 in 1940 to 5,419 in 1950, many who made Fairbanks their home even after the war. During this same time, upgrading and bridge building continued on the Alaska Highway and the influx of contractors and trucking companies contributed to the success that the modern-day business has enjoyed, today making it the second oldest agency in Alaska after Shattuck & Grummett in Juneau.

One of two children, Ken was the only one of the two sons who expressed a real interest in his father’s company. After jumping in and out of the family business, he
decided in his late 20s that he needed to settle down and joined the firm in 1967, working with his father for 30 years before the senior Murray passed away in 1997 at the age of 91.

Although Ken gradually became the sole stockholder about 10 years ago, his father continued to come in every day up until his death, Ken says, primarily as an observer and to keep an eye on things.

“He always wanted to be here, it was just where he liked to be,” Ken says. “He wasn’t one to go to a warm beach and sit in the sun, he wasn’t a golf fan, or interested in going to Palm Springs or Hawaii – he’d just as soon be here and watch the action.”

Over the years, Ken says, neither father nor son acted as the boss and it was this partnership approach to running the business that was key to their longevity and smooth ownership transition. “I don’t know whether it absorbed me, or I absorbed it,” he says, looking back on the gradual acquisition.

“We got along pretty good,” he says of his business relationship with his father. “As usual, it was a case of the father never thinking that the son is 100 percent of their dreams. He taught me to devote all my energies to the business and not to be fooling around,” he adds. “He was kind of old-world that way.”

Another tradition his father passed down to him was being involved with AGC. Associate members since 1960, Ken says that both he and his father participated in networking opportunities, like the mid-year convention and the golf tournament, and have always sponsored various events.

“It’s a good source of information for me and the contacts are valuable because we’ve always had lots of business activity with contractors.”

This will be the last generation of Murray’s to run the business and he anticipates either selling the business to employees or merging with another agency, since there is no one else in the family to succeed him. But, he adds, at 67 – the same age as the agency – that decision is still years away. “When I took the job, I had to promise to work until I was 90,” Ken says. “But I doubt I’ll be hanging around like my dad did. One of the new owners will probably just say, ‘You can go now …’”

Heidi Bohi is a freelance writer and marketing professional who divides her time between Anchorage and Arizona.
AGC Award Winners Celebrate Success in 2007

The Associated General Contractors annual meeting was again a time to recognize outstanding achievements in the construction industry, from challenging projects to individuals who have provided exemplary service to AGC and the construction industry.

Alaska USA Insurance Brokers sponsored this year’s Excellence in Construction awards.

Osborne Construction Company of Fairbanks was awarded the Meeting the Challenge of a Job—Buildings over $15 million for their work on the Southern Cross Family Housing Replacement project at Fort Wainwright, Alaska.

Roger Hickel Contracting, Inc. was awarded two Excellence in Construction awards. The first for Buildings: Job between $5 and $15 million was awarded for the Service High School Renewal. The Anchorage School District is acutely focused on the expedited delivery approach when contracting for major summertime remodels in local schools, with only 66 days between the last day of school in June and the first day of school in August. The scope of work for the NB Hall renovation incorporated asbestos abatement, roofing, new skylights and a total interior demolition and reconstruction which encompassed 43,000 SF. Building “D” was also completed and delivered four months ahead of schedule.

“Our company has only been in business 13 years, and I’m very proud of what we have accom-
plished in such a short time,” said Roger Hickel, the company’s President and recently-installed President of AGC. “We have an experienced and highly qualified management team.”

Roger Hickel Contracting, Inc. also received the Transportation, Marine, Heavy, Earthmoving: Job over $3 million award for the UPS Ramp Expansion Phase Two at Anchorage International Airport. This project, which was designed to accommodate the rapidly expanding growth at the UPS facility, was administered by UPS and designed by DOWL Engineers. Work included placement of more than 120,000 tons of fill material, installation of a new fueling system, electrical upgrades, and the installation of a first-of-its-kind snowmelt station.

“We were part of this project during the design phase and were able to provide construction insight which resulted in cost and schedule savings to the client,” said Hickel.

Davis Constructors and Engineers, Inc. received the Buildings: Job under $5 million award for the Alaska Native Science and Engineering Program Facility at the University of Alaska Anchorage. This building, designed to evoke the image of a traditional canoe, is a 12,000-square-foot, two-story learning center.

Challenges of the project included the high water table in the area and the long, slender shape of the building, which required a relatively shallow foundation with very wide spread footers.

The exterior of the building is primarily a glass curtainwall and metal panels in long thin sections. The metal panel installation was
a challenge due to the angles and shape required to cover the complex shape of the building. Each of the panels required a custom cut which increased the skill required by the carpenters and placed a challenge on the schedule as the exterior took longer to enclose. “We overcame this challenge with a great crew that focused their concentration on the metal panel shop drawings to get everything as close as possible,” said Josh Peppard, Vice President.

The framing layout was also a challenge due to the shape of the window openings, the bow and stern walls not being plumb, and the parapets not being level. Careful attention had to be paid to the three-dimensional layout requirements to keep everything on track.

West Construction Company was the recipient of the Transportation, Marine, Heavy, Earthmoving: Job under $3 million award category for the $1.8 million Bear Valley Bridge for the Alaska Railroad. The bridge is located between the two railroad tunnels near Portage Glacier.

The project entailed constructing a new four-span precast concrete and steel bridge in the same location as the existing active 17-span timber structure.

The project schedule required West Construction crews to work 24 hours a day, seven days a week from November 5th to December 20th, 2006. This schedule was necessary to ensure the Alaska Railroad trains, as many as eight per week, were unimpeded throughout the scheduled construction of the project.

Top, Margaret Empie and Judy Montgomery of the AGC staff salute a conference well done. Jim Fergusson and Lew Dickinson share a moment at the annual dinner dance, center. Left, AGC of America President Steve Massie and his wife Pamela are welcomed to Alaska by Knick and Sandra Knickerbocker.
“Constructing the new structure in frigid sub-zero weather while the old tracks remained in service was no small task,” said Bryce Erickson, West’s Project Manager.

American Marine Corporation was the winner of the Specialty Contractor: Transportation, Marine, Heavy, Earth-moving for the Kodiak Kenai Fiber Line Repair project.

In January 2007, American Marine Corporation responded to a call to provide emergency and immediate assistance to the damaged Kodiak Kenai Fiber Cable that had been installed in Cook Inlet the prior summer. Winter storms had rendered one section of the cable useless, compromising communications on the Kenai Peninsula and Kodiak Island.

American Marine prepared a repair plan that combined marine and land-based inspection and repair platforms to locate, identify and assist in the replacement of the damaged section of fiber optic cable. Although diving is rarely performed during the winter months in Alaska, American Marine was able to successfully complete operations during brief breaks in a series of violent winter storms.

“There is a very small group of people in Alaska with the skills to do this kind of dive,” said Tom Ulrich, Vice President and Alaska Regional Manager for American Marine.

American Marine has won many awards over the years and has a reputation for handling difficult challenges in harsh environments—from underwater in Cook Inlet to Northstar Island off the northernmost coast of Alaska. “We have a good group,” said Ulrich. “Everyone works as a team, from the office administrative staff to the people in the field.”

Coldfoot Environmental Services, Inc. received the Specialty Contractor: Vertical award for the Elmendorf AFB Central Power Plant Abatement.

One of Anchorage’s favorite entertainers, Mr. Whitekeys kept the audience in laughter, top, while show producer Darl Schaff wears the famous Whitekeys SPAM outfit. According to Mr. Whitekeys’ dancers, the bridge across Knik Arm will be built.
Marsh USA sponsored the Excellence in Safety Awards. Kiewit Building Group received the Excellence in Safety — Building award. From the first day on the job, every Kiewit employee receives extensive reminders that “Safety Pays YOU.” This is not just a slogan on the front of every hard hat but is a requirement that is reinforced every day at every job site.

To achieve their safety goals, Kiewit develops a Job-Specific Safety Plan for each project. Their district and corporate safety managers, with the assistance of the on-site management team, put each plan together. The layers of safety accountability are clearly defined in each safety plan, including superintendents, job-site safety managers, foremen, subcontractors and each individual worker.

Alaska Interstate Construction, LLC, was the recipient of the Excellence in Safety—Highway / Heavy award. AIC is a recognized leader in safety in Alaska by local, state and federal governments, and by their clients. The company specializes in challenging construction projects in difficult environments, including ice and snow roads, well-site pads, gravel roads, bridges and culverts, structures, airstrips and helipads, gravel islands, dock and port

Top, AGC incoming President Roger Hickel (left) and Executive Director Dick Cattanach (right) address the more than 550 people attending the annual dinner dance/award night event. Center, Marsh Safety Award winners Traci Johnson and Kevin Welker accept their recognition from Kris Burnett and Kelly Layman (r) of Marsh. Bottom, enjoying the Presidents Reception are (from left) Diane Shoemaker, Dick Engebretson, Trisha Rose and Evie Clark.
facilities, excavation, communication, pipeline installation and environmental remediation.

Kakivik Asset Management, LLC received two Excellence in Safety awards—one for Specialty Contractors and an individual award for Gary Roseen, Kakivik’s Quality Control and Safety Coordinator.

Kakivik is a full-service asset integrity management company specializing in corrosion management, quality control and nondestructive testing. Roseen has worked for the company for nearly seven years, all of them at the Kuparuk oilfield, where Kakivik is a subcontractor to ConocoPhillips. Roseen is proud of his company’s safety culture. “We have really good support from management and from ConocoPhillips,” says Roseen. “Their safety leadership makes it that much easier for us to keep our strong commitment to safety.”

Spenard Builders Supply was selected for the Excellence in Safety—Associate award. Spenard Builders provides their employees a safe and healthful place to work not only by providing formal safety programs but also by focusing on the individuals. The company provides corporate guidance and support while giving department managers, who know employees best, the latitude to present and reward safety excellence in their own way.

AGC also announced its Associate of the Year, Volunteer of the Year, Supplier of the Year and Hard Hat Awards at the dinner dance held November 17.

The Andy Milner Company was selected for the Associate of the Year Award. The company has been a member of AGC for 48 years—founder Andy Milner started the company in 1959, and died in 1982. Current owner and President John Swartz, says the company has a good reputation for product knowledge in its field, selling steel joists and metal decking for commercial buildings. “We have more than 50% market share in Alaska,” says
The Alaska Contractor

Winter 2008

Howdy Cowboy!! Above, from left, Christine West, Tiffany Capps and Dick Engebretson get set to entertain the guests. Above right, Kevin Norton has taken on a new life of entertainer. Right and below, it’s all fun at AGC’s Family Fun Night as our kids learn the business from the hammer up.

Swartz. “It’s a niche market, and we do a lot of business.”

The Andy Milner Company has worked on projects throughout Alaska, including the new Target store in Wasilla, all of the buildings at Glenn Square, dormitories and a troop health clinic at Ft. Richardson, the Providence Hospital expansion, several facilities at FedEx and the Savoonga High School Expansion.

Swartz and the company’s other key employee, Eric Swartz, earned their reputation by recognizing the value of both time and money to their clients. “Often we supply material, it’s delivered to the site, and we never get a phone call,” says Swartz. “I feel we have earned a reputation for quality and accuracy.”

Bardie Scarbrough of Wilder Construction Company was selected as AGC’s Volunteer of the Year. Scarbrough is active on 10 committees including the Convention, AKCISAP, Stormwater Steering Committee, External Relations, two different negotiation committees, the noise ordinance committee and a National AGC committee. “He is always available for questions and is just a great person to work with,” said Kimberley Gray, AGC’s events coordinator.

The Supplier of the Year award, selected and voted upon by the Specialty and General Contractors, was given to Mark Houle of Spenard Builders Supply for his outstanding service.

The prestigious Hard Hat Award went to Mike Miller of Wilder Construction Company. Miller was AGC President in 2000 and has remained active in many of the organization’s committees. He has worked with the Local 302 of the Operating Engineers Training Trust board and is currently serving on the Pension Fund board.

“Through his leadership in the community and his desire to improve the image of the construction industry by striving for excellence, Mike Miller exemplifies the best attributes of the industry,” said Dick Cattanach, AGC Executive Director.
AGC AWARD WINNERS FOR 2007

Hard Hat Award (AGC’s top award):
Mike Miller
Wilder Construction Company, Anchorage

Volunteer of the Year:
Bardie Scarbrough
Wilder Construction Company, Anchorage

Associate of the Year:
Andy Milner Company, Anchorage

Supplier of the Year:
Mark Houle, Spenard Builders Supply, Anchorage

Marsh USA Excellence in Safety Awards

Excellence in Safety—Building:
Kiewit Building Group, Anchorage

Excellence in Safety—Highway/Heavy:
Alaska Interstate Construction, LLC, Anchorage

Excellence in Safety—Specialty:
Kakivik Asset Management, LLC, Anchorage

Excellence in Safety—Associate:
Spenard Builders Supply, Anchorage

Excellence in Safety—Individual:
Gary Roseen
Kakivik Asset Management, LLC, Anchorage

Alaska USA Insurance Brokers Excellence in Construction Awards

General Contractor Over $15 Million Vertical:
Osborne Construction Company, Fairbanks, for the Southern Cross Family Housing Replacement at Fort Wainwright

General Contractor Between $5 and $15 Million Vertical:
Roger Hickel Contracting Inc., Anchorage, for Service High School Renewal

General Contractor Under $5 Million Vertical:
Davis Constructors and Engineers, Inc., Anchorage, for Alaska Native Science and Engineering Program Facility at UAA

Meeting the Challenge of a Job Over $3 Million Transportation, Marine, Heavy, Earthmoving:
Roger Hickel Contracting Inc., Anchorage, for UPS Ramp Expansion Phase Two

Meeting the Challenge of a Job Under $3 Million Transportation, Marine, Heavy, Earthmoving:
West Construction Company, Anchorage, for Bear Valley Bridge for the Alaska Railroad Corp.

Specialty Contractor Transportation, Marine, Heavy, Earthmoving:
American Marine Corporation, Anchorage, for Kodiak Fiber Line Repair

Specialty Contractor Vertical Construction:
Coldfoot Environmental Services, Inc., Anchorage, for Elmendorf AFB Central Power Plant Abatement

2006 AGC America President Harry Mashburn presents the Alaska Chapter with the 2008 Chapter of the Year Award. Robby Capps accepts the award, while Dick Cattanach holds the Chapter Executive the Year Award and Knick Knickerbocker the Chapter President of the Year Award.
Now there is a headline to grab your attention. We notice it because it is the opposite of what we are expecting. If I wrote: “Dog bites man,” who would really care?

Let’s try some other headlines, “Government respects private property rights,” or “Endangered species act always based on reliable science.” Which are these, expected or unexpected? They should be the expected headline, but let’s look at some Pacific Legal Foundation cases to see what really is happening.

For our first case we don’t even have to leave Alaska. Did you know that Alaska has more than 200 million acres of federal public land? That is an area about twice the size of California. If there is one group who needs government to respect their private property rights, it’s the people whose land is totally surrounded by government land, “inholders,” as they are called.

The Hale family owns 410 acres surrounded by the Wrangell-St. Elias National Park. After their home burned to the ground, the family sought a permit to use an existing road that crossed the park to bring in supplies. What a great opportunity for the headline, “Government supports property rights.” Too bad the bureaucrats missed their chance. Regulators threw up every roadblock possible and PLF attorneys have asked the U.S. Supreme Court to help this family reclaim their home.
The headline on using reliable science for ESA listing, at least for two Alaska species, is yet to be written, but let’s look at where it might be going. The species in question are the polar bear and the beluga whale. By the way, both of these proposed listings are based on a threat from “global warming.” The last time I checked, there was plenty of disagreement about the “reliability” of the science being used in this argument.

But here is a real “Man bites dog” issue. According to the Alaska Journal of Commerce, efforts are moving forward to build facilities to generate electricity by harnessing ocean tides. Sounds like a pretty “green” idea. One potential threat to the future of this project is the pending listing of the Cook Inlet beluga whale under the ESA. Go figure.

Every once in a while there is a case that really does turn out the way things should be – real “Dog bites man” situation. Just such a ruling recently came down from the Ninth Circuit Court of Appeals. Thanks to a complicated string of legal decisions, federal courts have avoided hearing claims from property owners that regulation took the value of their land. Someone must have thought that two out of three was good enough when it came to constitutionally protecting “life, liberty and property.”

Thanks to a 2005 U.S. Supreme Court ruling, PLF attorneys were able to argue on behalf of Crown Point Development that the arbitrary denial of reasonable use of their land was a violation of their right to due process. This is huge since prior to this decision, landowners had almost no way to defend their private property rights in federal court.

I don’t exactly know how to say this, but the Ninth Circuit does not always seem to get it right. In fact, the National Wildlife Federation has convinced this court that the dams along the Columbia River between Oregon and Washington state, built at costs in the hundreds of millions of dollars, must be operated to benefit the ESA-listed fish that inhabit the river. Whatever hydro-power and water made available for people is just incidental. Our Ninth Circuit apparently endorses this outcome since they ruled to favor fish over people. The government is seeking reconsideration, so we shall see where this ends up.

The idea of a headline like, “Man bites dog” may be sort of funny, but letting government walk on our constitutional rights is anything but humorous. Everyone needs to stand up to illegally aggressive regulators and defend our constitutional rights. Letting government have its way just isn’t a viable option.

Peter G. Fusselman has been PLF’s Director of Foundation Development for nearly 10 years. Prior to this he spent 18 years with AGC of California in several executive positions.

Did you know that Alaska has more than 200 million acres of federal public land? That is an area about twice the size of California.
It’s a challenge, but airport traffic continues to flow smoothly during a major renovation of the Fairbanks airport terminal that will see daily operations shift between a new addition, the existing structure and eventually vacating the oldest portion of the building before construction is complete in two years.

Project Superintendent Russ Kram er, for contractor Davis Constructors & Engineers Inc., likened the process to operating on a patient while they’re awake.

Stakeholders in the $99.2 million project said they consider it more complex than it is large.

“It’s complex in that we have to maintain day-to-day operations of the airport and airport tenants and concessionaires while doing work in the building,” explained Bill O’Bar, project manager for RISE, the program management firm overseeing the project for the Alaska Department of Transportation and Public Facilities.

Fairbanks International Airport’s 460,000 passenger enplanements a year ranks it slightly larger than Juneau’s 378,000 and far below the Anchorage Ted Stevens Anchorage International Airport with more than 2.5 million, according to the Airport Codes Web site.
But the fact Fairbanks is the state’s northern-most international airport ratchets up the challenge index for crews working to keep the project on schedule and still process international passengers through the terminal quickly.

Portions of the airport facility used by international passengers must be secured until they are screened and allowed into the country, said Airport Manager Jesse VanderZanden.

“That might be a portion (of the building) we’re actively working on, so we have to get the folks out, screen the passengers and open it back up again,” VanderZanden said.

As many as 350 Japan Airlines passengers arrive and depart daily at FAI during the peak summer tourist season, according to VanderZanden. Those numbers pick up again early this winter as Japanese aurora borealis enthusiasts begin packing chartered JAL flights to Fairbanks to witness the dancing lights.

Fairbanks International also accommodates other international flights, including a direct flight to Frankfurt, Germany.

“We’ve had great support and cooperation from the airlines,” said O’Bar. “The least little thing can have an impact, but we’re keeping the building alive.”

**Three-phase Project**

Just as the current facility was constructed in phases stretching from the 1950s to the mid 1980s, so moves the current project.

Reconfiguration of terminal roadways, parking, apron improvements and construction of new terminal foundation systems and baggage tunnels were completed in the fall of 2006, according to Carl Swanson, project manager for Davis Constructors.

Steel erection for the new 90,000-square-foot addition began in April 2007. All mainline carriers will move into the new addition when it opens in May 2008, according to RISE’s O’Bar.

Crews will then focus on renovating a 60,000-square-foot portion of the existing terminal, which will be
completely stripped back to the original structural frame, seismically upgraded and renovated to match the new terminal, Swanson said.

By May 2009, that portion of the project will be ready for occupancy and the remaining portion of the old terminal will be demolished to make way for new apron improvements. Final completion date is scheduled for fall of 2009, Swanson said.

Critical to keeping the project on schedule and within budget is making sure building materials arrive on time.

“Freight can take weeks to make its way to Fairbanks even after it reaches the port of Seattle,” said Swanson.

In today’s increasingly globalized economy, contractors are turning to outside the United States to procure some of those parts and pieces.

For example, Swanson said the aluminum and glass curtain wall for the terminal project is being fabricated in China, the metal siding material for much of the exterior is coming from France, and decorative wooden panels are made in Finland.

“We are pressing all our vendors and subcontractors to get their materials here early, because we do have room to stage the materials and no material is too soon,” he added.

The $99.2 million total project tab comes from a pot of rates and fees charged users,
vendors and air carriers of the state's international airports, said airport manager VanderZanden.

“There are no state general funds in this project,” he said.

But not everything at the airport will adhere to “out with the old, in with the new.”

Frequent visitors to FAI will be happy to know the old biplane that has hung in the airport for decades will return.

The Jenny aircraft once flown by Alaska aviation pioneer Ben Eielson is undergoing serious restoration and will hang in the new baggage area, according to VanderZanden. The polar bear display will also return.

**Challenge of a different sort**

While the FAI terminal reconfiguration is not unusual in terms of construction, it is not the typical hard dollar bid project for airport owner ADOT&PF.

New to a public project in Alaska, the Construction Management @ Risk delivery system replaced the conventional design/bid/build contract process for the FAI terminal project.

In the case of the FAI project, contractor Davis Constructors was brought on board to provide input on estimating, scheduling, value engineering and constructability review services before design of the new terminal was complete, according to Swanson.

The CM@Risk contracting system has gained popularity in airport construction in recent years and was “pretty much” mandated for the FAI project by the airlines, according to Alan Braley, project manager for ADOT&PF.

“It’s a better way of knowing what the price is up front rather than going through three or four years of construction and the end price is above the original,” Braley said. “Another advantage is having the contractor sit with us during design.”

The state DOT put out a request for proposals in 2005 when the terminal design was approximately 35 percent complete. Applicants were scored on performance-based criteria and how they rated on quoting a price for a set
number of work hours related to the project, said Braley.

Davis, an Anchorage-based company with experience in CM@Risk in the private sector, was subsequently awarded task packages totaling $66.4 million as a guaranteed maximum price (GMP) to complete construction of the terminal project and provide construction management and general contracting services, Swanson said.

“It has been somewhat challenging taking what has been a private sector project delivery system and imprinting it on a public project,” said Swanson.

Procurement regulations for the state are rigorous. Braley said a waiver had to be obtained from DOT to proceed with the CM@Risk contracting system.

“Davis is taking great pride in bringing our design/build expertise to this project,” said Swanson. “We realize that the processes we are introducing and the success of this project could affect how the state does projects in the future.”

Teamwork also plays a large roll in the success of the CM@Risk system. Contractors are a great resource in looking at design options and finding discrepancies before a design is complete and possibly escalating costs, said Dennis Berry, president of BBFM Engineers, structural engineers for the FAI project.

The CM@Risk contracting method is also being implemented for the Anchorage airport renovations, Berry said.

Swanson attributes the project’s success with CM@Risk to the design team of Bettisworth North Architects and Planners, BBFM, Design Alaska and DOWL Alaska, as well as ADOT&PF and RISE Alaska.

Nancy Erickson is freelance writer who lives in Seward.
Airports critical to the state

Alaska has often been dubbed as “the flyingest state in the Union.”

Much of the state’s 670,000 residents depend to a great extent upon air travel. And with only 1.1 person for every 2,000 square miles in the state, getting there can be a challenge.

According to statistics, residents in more than 200 Alaska communities have no road access connecting them to the rest of the state. Alaska has less than 15,000 miles of highway, of which only 30 percent is paved.

According to the Federal Aviation Administration, air carriers in Alaska transport the equivalent of four times the state’s population each year compared to 1.7 times the U.S. population carried by air commerce in other states.

In 2004, Alaska had 225 certified air carriers and 387 public use airports and thousands of unofficial landing areas.
Rapid growth predicted for Mat-Su Borough

Schools, roads, a rail line and a prison are in the works

By Victoria Naegele
With a new rail line touted to be as significant to the growth of the Matanuska-Susitna Borough as the Parks Highway was 30 years ago, borough officials anticipate growth as the byword for the next decade. The rail line, the development of Port MacKenzie, retail, educational and recreation opportunities all factor in what promises to be steady and rapid growth in the region for the next 10 years.

The route for a rail spur connecting Port MacKenzie to the Alaska Railroad line serving Fairbanks and Anchorage is expected to be selected as early as 2009. Options include Houston, which has expressed interest in a siding or depot to spur business there, Willow or Big Lake.

Marian Romano, Mat-Su Borough’s assistant manager, is unreservedly optimistic about the growth potential generated by both improvements to the shipping facilities at Port MacKenzie and a rail line to serve it. Romano sees it not only as a boon for the Mat-Su area, but as a hub development that will help grow industries in Interior Alaska by transporting raw and other materials more cheaply than can be done by truck.

Lime deposits, which could see Alaska providing as much as 5 percent of the U.S. cement market, could flow from north of Fairbanks and Cantwell through Port MacKenzie. If the Yukon connection is made, Port MacKenzie could become one of the major iron ore ports in the world, says one of the contributors to railroad feasibility study. Paul Metz is director of the Mineral Industry Research Laboratory at the University of Alaska Fairbanks, and a member of the Alaska Canada Rail Link Project Management Team.

“It will have a huge impact on the railroad and the Point MacKenzie community,” Metz said.

With 8,940 acres of upland property for lease from the borough at Point MacKenzie, there is room for growth. CH2M HILL, the energy management and consulting company, recently leased land there; borough officials expect other Anchorage firms to follow. Alutiiq Manufacturing Contractors builds North Slope modules at its facilities at Point MacKenzie; NPI has a 20,000-square-foot bulk warehouse for commodities. By fall 2008, the last 14 miles of the Point MacKenzie Road will be upgraded and paved, further improving access.

Metz said he sees tremendous growth potential when the railroads link. While the Alaska Canada Rail Link project has yet to move beyond a promising feasibility study, the Point MacKenzie spur should be built by 2012. That alone will reshape the transportation of raw materials and heavy equipment in Alaska, Metz said.

The cost to ship Usibelli coal to Asian markets will drop drastically. The port has already seen ships bound to Japan, Taiwan and South Korea at its deep-draft dock. Raw materials along the railroad’s route can be transported in a cost-efficient manner, spurring new mining operations. Forest prod-
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ucts, sand and gravel, and petrochemicals are also likely rail products. While the Fort Knox and Pogo gold mines don't need a railroad to carry out their precious metals, they could use the rail to carry equipment and raw materials needed in their extraction processes.

“It will significantly impact Alaska,” Metz said.

Romano envisions a petrochemical facility to pop up either in Fairbanks or in the Anchorage-Mat-Su area. Coal gasification, cement or fertilizer plants are other possibilities.

“Transportation corridors make economic development. That's the 11th commandment,” Romano said.

While the rail spur and port are two of the biggest blips on the Mat-Su Borough's economic development screen, there are smaller projects aplenty. The increasing population means more roads, more schools and more businesses.

Romano says she sees the population of the borough at 100,000 in 10 years, up from 59,322 in the 2000 U.S. Census and 80,480 at 2006 estimates.

“By 10 years from now, Wasilla will have developed into a self-sufficient retail center,” she predicts. “Those 100,000 people will support full retail opportunities.”

It will be both a growing and an aging population. The Baby Boomers who arrived during the flush years of pipeline development and weathered the later downturn will be facing retirement. That means more senior housing, more medical care facilities and other services designed for seniors.

That doesn’t mean recreation takes a back seat. The borough continues to see Hatcher Pass as an untapped winter wonderland. While efforts to have a private party develop a ski resort have failed in the last several years, the borough is taking a new tack.

On the north or alpine side, the borough envisions three lifts, a day lodge and possibly a mid-mountain chalet with food service, according to a summary by Ron Swanson, who heads the project for the borough.

“We are exploring the possibility of combining a small hotel with employee housing as well,” Swanson said. On the south side there will be no residential or commercial development, at least at this time.
“What we are proposing is a small day lodge for the Nordic ski trails and for local small events, like community council meetings,” Swanson said.

The south side will also have camping areas, a variety of all-season trails for hiking, horseback riding, mountain biking, etc. Swanson said the environmental process will flesh that out more as well as where the roads and access points should be. A Web site will be online soon with details and public meeting dates.

At the northern end of the borough, the South Denali project will give visitors increased access to the wonders of Denali National Park and Denali State Park. In the planning process for more than 10 years, the project includes a southside visitor center, and a development zone along the Parks Highway to support the needs of both independent travelers and touring companies.

Romano sees areas like Willow and Trapper Creek continuing to grow as year-round recreational destinations.

Indoor recreation is in the offing as well. The new $8.3 million AT&T Alascom Sports Center between Palmer and Wasilla is being privately built, but did receive the first economic development incentive granted by the Mat-Su Borough to reduce taxes on the facility for its first three years of operation. Demand for such facilities is expected to rise with the population.

With the population boom, more schools will need to be built, borough officials said. The borough’s commitment to high schools of no more than about 1,000 students and elementary schools of 500 will mean fast-growing areas, like Knik-Goose Bay, will see school construction.

The Knik-Goose Bay-Fairview area, if it were incorporated, would be the fifth largest municipality in Alaska. It has grown 30 percent in the past six years. That kind of growth is not likely to slow, with the port development, a ferry service to begin as early as late 2009, and the possibility of a Knik Arm Bridge to Anchorage sometime in the future.

While the revolutionary Army Corps of Engineers-designed, Alaska-built Navy vessel set to ply the inlet between Anchorage and Port MacKenzie is making some waves in Anchorage among those concerned about environmental impact, safety and other issues, the $44 million invested in the ship and another $17 million committed for terminal buildings, landings and other related projects could ensure it will move forward, even if some adjustments need to be made. The ferry building at Point MacKenzie was finished this past summer.

Romano hailed the Ketchikan shipyard building M/V Susitna as another example of how all Alaska benefits from the economic prosperity of a single location.

“What’s good for Fairbanks is good for us. What’s good for Ketchikan is good for us,” said the Mat-Su Borough official.

It isn’t just material projects; there are also the services that come with growth. In the Mat-Su that includes expanding courses at Matanuska-Susitna College in Palmer to locally train paramedics. While that won’t immediately result in any bricks-and-mortar projects at the University of Alaska facility, the quest for MSC to become a four-year campus could generate physical growth.
Dennis Clark, Mat-Su College director, said the college is developing a facility plan for the next 10 years. Design teams are meeting to look at future needs based on growth estimates.

“We are looking at a set of new buildings,” Clark said. The college has requested planning funds for a joint college-borough library project, which could be two separate buildings, and for a 1,000-seat auditorium, also in conjunction with the borough. The next facility on the list is a science building.

The new library would give MSC the space to increase its collection from 55,000 volumes to 160,000 as it transitions from a two-year to a four-year college. It is already offering a four-year degree in human services, and has launched a new four-year education degree. Both are University of Alaska Anchorage programs that are wholly offered at the Palmer campus. Other possibilities are four-year criminal justice and tourism degrees.

“We’ll continue to look at what the population needs and wants,” Clark said. “We know we’re going to grow with the borough.”

Population growth’s spin-offs are legion, including the construction of a new 1,400-bed prison, also at Point MacKenzie, expected to break ground next year. Those won’t be the only inmates with new housing in the Mat-Su. A $5 million borough animal control facility is in the design phase.

Growth also spurs the need for more transportation infrastructure. A regional aviation system plan recommends airplane facilities, including a new airport in the northern reaches of the borough. The borough has $1.2 billion in long-range road improvement plans, including lessening the burden on the Palmer-Wasilla Highway and Bogard Road.

“In 20 years, they are going to be red with congestion,” said Patty Sullivan, public affairs director for the borough.

National changes in priorities will also impact the Mat-Su Borough, Romano predicted. Food security issues will likely prompt commodity food warehouses in Alaska, which remains vulnerable to disruption of outside supplies. The warehouses will change the dynamics of the food supply system in Alaska, and coupled with an increasing emphasis on locally produced food, could give a boost to Alaska’s flagging agricultural industry.

The list of ancillary growth caused by the major Mat-Su projects is long, Romano said. While growth will change the complexion of the place she’s called home for 30 years, she said she sees it continuing to be a great place to live and work.

“Victoria Naegele is a longtime Alaska writer who lives near Palmer.”

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Alaska USA Better for your business.
Anchorage-based Gunderboom Inc. has partnered with Ardan International Group, S.A., a Panamanian corporation, to harvest an estimated 400 million board feet of tropical hardwood forest submerged when the Panama Canal was constructed in the early 1900s.

Hal Dreyer, a longtime Alaskan commercial diver and head of Gunderboom, said Ardan International has concession rights to harvest the trees, but contacted Gunderboom due to its expertise in protecting the environment while working underwater.

The majority of the logging is planned for Gatun Lake, which was created by building the Gatun Dam across the Chagres River, and Lake Bayano, which was created during the construction of the Bayano Hydroelectric Dam.

The U.S. constructed the Panama Canal from 1904 to 1914 as a long-dreamed of shortcut between the Atlantic and Pacific coasts. The U.S. controlled the canal until 1999 when it completed turning over control to Panama and the Panama Canal Authority.

The practice of harvesting submerged timber has been around for decades, Dreyer said. But this area didn’t become eligible for harvest to a great extent until control transferred back to Panama, he said.

Estimates suggest that there are thousands of reservoirs worldwide with submerged timber that can be harvested. However, only a few have tropical hardwoods where the
reservoirs are within a band just north and south of the Equator, Dreyer said.

In fact, there are enough underwater harvests going on around the world that more than one company has developed an underwater logging machine that selects, cuts and floats the trees to the surface automatically.

Dreyer said Ardan is using more conventional means to bring up trees. He said divers use hydraulic chainsaws with 4-foot-long blades to cut the submerged trees, which have flotation attached to them so they will float to the surface. The trees are then towed to land using a small flat-bottom barge.

At the onshore processing facility, a cable is put around the logs and they are winched up a steel ramp at the shoreline where some of the water drains off the logs before they are stacked and sorted by species.

The market place

Some of the wood already is heading into the market place, said Red Kinney, U.S. sales coordinator for Ardan. “We’ve got wood stored all over the place down there.”

Though the trees have been submerged for nearly a century, he said the only real damage is surface discoloration. The logs are a blue-black color when they surface, but the wood itself isn't affected, Kinney said.

“The wood is absolutely beautiful,” he said. “As soon as you cut it open you realize there is absolutely nothing wrong with it.” He said they are working with nearly 30 different species of trees, Dreyer said.

Dreyer said he got involved in the Panama project after Ardan asked for help getting permits for the project.
“We came down at first to consult about environmental protection during tree harvest,” he said. “We went on to enter into contracts to solve that problem and show them how to harvest trees.”

Dreyer said he made the first of many trips to the Panama Canal in October 2005.

Phase I of the project has focused on investigating the resources in the lake, training people and beginning to harvest the first trees.

“Since May of this year we’ve been assisting them with the harvest of the trees,” Dreyer said.

Now that Dreyer and crew have some idea about the wooden treasures still rooted to the reservoir floor, he said they are ramping up for Phase II, the full-scale harvest operation, which is expected to last at least a couple of decades with multiple crews working.

They started their underwater timber cruise with a list of 29 species thought to stand in the long submerged forest, he said.

“We get different species every day,” Dreyer said.

So far crews have floated 25 species to the top, some of which weren’t even on the list of types of trees Ardan expected to find, he said.

According to the Smithsonian Institution, there are more than 200 species of trees in this region of Panama. Trees include species such as Spanish cedar, balsamo, laurel, cocobolo and quira woods.

Dreyer said the project is harvesting the kind of old growth tropical hardwoods that have all but disappeared from the market place.
**Local hire**

Underwater another tree trunk rises up from the lake floor every few feet, Dreyer said; some as big as 11-feet in diameter. Many of the old growth trees also stretch taller than the 80-feet of water that covers the former forest floor. At low water during the “dry season,” protruding treetops make the lakes almost impassable even for small boats, he said.

Kinney said Lake Bayano is located in a rural region home to the Kuna Indians of Panama. “I’m just really impressed with those folks,” he said.

Many of the people being trained and hired to help with the harvest are Kuna Indians, Kinney said.

As divers, they have advantages over others, he said. Kuna divers can work underwater for several minutes at a time without scuba gear, come up for air, dive down and just keep working. “They’re not even gasping for air,” Kinney said, clearly impressed.

Dryer said the Kuna don’t use this “breath hold” technique when actually cutting a tree underwater, but they do for locating trees, attaching buoys and tasks of that nature.

Communication also is interesting he said since he and the rest of the Alaska crew speak English mostly and the Panama Kuna workers speak a mix of Spanish and Kuna.

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*Kuna Indians are being hired and trained to help with the harvest.*

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*Photo: Courtesy of gunderBoom inC.*
Logs rest and the edge of Gatun Lake. In the background, several more logs attached to floats wait to be dragged ashore.

The Ardan International team works on early cuts of raw lumber harvested from Lake Gatun, Panama.
“It’s really quite an operation,” Kinney said.

Dreyer said while the project isn’t directly connected with the expansion work at the Panama Canal, removing millions of cubic meters of trees from the waters of Lake Gatun will increase the volume of the lake that operates the locks. He said the increased volume of water means more room for water to operate the eight additional locks the expansion will add to the canal.

Harvesting the submerged trees before they begin to degrade also reduces the release of methane into the environment, Dreyer said.

Dreyer said the wood harvested can be used for anything from furniture and flooring to musical instruments – almost anything.

Already, Kinney said he’s shown some wood samples to Taylor Guitars, which might be interested in some of the wood for guitar making.

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Senior Editor Heather A. Resz is a longtime Alaska writer and owner of Infinite Designs, a writing, design and photography business.
On the heels of the Alaska Territorial Act in 1912, a federal commission completed its review of Alaska’s transportation network and concluded that the government must own the railroad in order to be successful.

So on March 12, 1914, Congress authorized the president to “locate, construct and operate” a railroad in the Territory of Alaska. At the same time, congressional leaders appropriated $35 million for the project and mandated the use of discarded rail equipment from the Panama Canal project.

“It’s a small world and a small world even back then,” said Gunderboom’s President Hal Dreyer, who is working in the Panama Canal area harvesting hectares and hectares of trees submerged when the canal was constructed.

Dreyer said some of the engineers and craftsmen who worked on the original Panama project also migrated north with the materials and equipment to build the railroad that connects Interior Alaska to the port in Seward.

A monument to this old tie still stands in front of the Alaska Railroad passenger depot at Fish Creek in Anchorage.

On a pedestal there in front of the depot rests Alaska Railroad No. 1. Built by Davenport
Locomotive Co., and finished in October 1907, the engine was delivered new to the Panama Canal Commission where she worked as No. 802.

This steam engine was among the surplus locomotives and equipment shipped to Alaska from Panama in 1917. The engine operated as No. 6 and worked the narrow gauge construction sites during the building of the Alaska Railroad.

This Panama-Alaska connection also brought Frederick Mears to head the newly created Alaska Engineering Commission due to his experience as an engineer on the Panama and Great Northern railroads.

James Steese, a West Point graduate who helped build the Panama Railroad Project, is another Panama transplant. The Steese Highway was built a decade later in 1927 and named after Steese, who went on to serve as the president of the Alaska Road Commission.

The U.S. Government continued to operate both the Panama and Alaska railroads until 1999 and 1984, respectively.

For more information, look at the historic photos online of the equipment arriving at vilda.alaska.edu.
AGC members' projects

**Fire Station No. 4 Addition & Renovations, Anchorage**
**Builder:** Criterion General
Criterion General was awarded the design-build public project with a low bid of $3,812,200. The project consisted of the design and construction of a 10,600 sq. ft. wood-frame structure, renovations to an existing 2,700 sq. ft. structure, a 480 sq. ft. outbuilding and all site work and utilities to support the development. (below)

**Glenn Square, Anchorage**
**Builder:** Dokoozian Construction, LLC
Dokoozian built the entire Bed, Bath & Beyond store, inside and out, and completed the interiors of Petco, Michael's and Famous Footwear at the new multi-million dollar Glenn Square mall and multi-use development in the Mountain View area of northeast Anchorage.

Photo: Danny Daniels
188 Northern Lights

Builder: Neeser Construction, Inc.
Neeser continues to work on 188 Northern Lights, a 120,000 sq. ft. high rise located in Anchorage’s midtown financial district. The building is scheduled to open in 2008, with two dedicated lobbies, three stories of covered parking, 20,000 sq. ft. of street-level retail storefronts and 10 stories of Class A office space. (above)
USACE $29.5 Million Large Airframe Maintenance Hangar and C-17 Support Utilities, Elmendorf AFB

Builder: Kiewit Corporation

South face of the hangar with approximately 75,000 SF access approach apron for aircraft. The 8-leaf operable hangar door is guided by steel rail which is part of a 150 CY concrete hangar door pocket that includes 4,500 SF of snow melt tubing. Interior side of the operable 8-leaf hangar door with 2-leaf aperture seal panels shown slightly open. The aperture panels were specifically sized for the tail of a C-5 military aircraft, whereas a C-17 aircraft would be fully enclosed by the hangar.

Photo: Courtesy of Kiewit Corporation

Abbott Loop Extension, Anchorage

Builder: Wilder Construction Company

Wilder Construction Co. completed the 3-mile, $39.5 million Abbott Loop Extension, since renamed Eimor Road, in November.

The state-funded road between 48th Avenue and Abbott Road, features two bridges, a moose fence, pedestrian walkways, a dedicated bike lane, multi-use and equestrian trails, and several traffic signals and turn pockets. (left)
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Davis Constructors and Engineers Inc. completed Providence Alaska Medical Center Creekside Campus Phase II – MOB2 and the Walter J. and Ermalee Hickel House, in Anchorage, November 2007.

This is the second 110,000 sq. ft. five-story Class A medical office building of the Providence Southwest Expansion program. The Medical Office Building 2 (MOB2) houses the Cancer Center on the lower level, 1st and 2nd floor.

This project also includes a 133,000 sq. ft., 365-stall addition to the parking garage, a sky bridge connection between the parking garage and MOB2, as well as a 27,500 sq. ft., three-story long term stay hotel, the Walter J. and Ermalee Hickel House.

The aerial photo illustrates how large the Providence Alaska Medical Center campus has become. The inset map identifies the buildings making up the immediate campus; Providence has several other buildings off campus.

For more information go online to www.davisconstructors.com projects link, or www.providence.org/alaska where there are links to facilities, real estate and construction.
Several high school students from Chugach School District spent a day in October shadowing Davis Constructors and Engineers Inc. employees. “It was cool when we went to the top. That was my first time being on top of a 14-story building”—one student said in a thank you note to Luke Blomfield, a project engineer at the JL Tower project in midtown.

Chugach School District high school students George Kameroff and Patrick Morgan shadowed Blomfield the afternoon of Oct. 19. He took the students around the midtown project, including taking them to the top of the building, and had them visit in his office for awhile.

Jeffrey Hunter and Thomas Wassillie shadowed Dave Sierks and Dean Cagle at the Providence Alaska Medical Center project the same day. One student shadowed Cagle and the other student shadowed Sierks. The two also spent time at the job site office and did some “work.” Sierks said he set up some “take offs” for them to do.

Wassillie described the experience as one of the best he’s ever had.

Thanks to Blomfield, Cagle and Sierks for investing their time to introduce these young people to some of the careers possible in the trades.
PCL Construction tackles seismic retrofit

A long shot of the re-framing done by PCL Construction to the third floor of the Ted Stevens Anchorage International Airport terminal exterior wall, July 2006.

PCL Construction Services Inc. Seismic Security Retrofit Phase I at the Ted Stevens Anchorage International Airport is a multi-stage retrofit and remodel to the existing terminal, Concourse A & B. Work consists of selective demolition and abatement, the installation of seismic braces and structural upgrades, new storefront on the landside of the terminal, and new glass and window wall on the runway side of the terminal. Interior work will also consist of new TSA screening space, a bathroom remodel, along with improvements and upgrades to the HVAC systems.

N C Machinery has 231 year history

N C Machinery’s ancestry stretches all the way back to 1776, when Grigori Shelekhov began organizing commercial trips to Alaska by Russian fur merchants. Eventually he formed a trading company and when Russia transferred its interests in Alaska to the United States in 1867, Shelekhov sold his company and its new owners incorporated it under the name Alaska Commercial Company. 

N C Machinery split from the company in 1976 when it was sold to Skinner Corp. of Seattle.

Based on that shared history, N C Machinery also is celebrating the anniversary of its former sister company, according to N C Machinery spokesperson Scott Field.

N C Machinery has been the Caterpillar machinery and power systems dealer for Alaska and the Yukon Territory since
In Memoriam

- Longtime AGC member and past president George A. Williams, 89, died Oct. 18, 2007.

1926. Since that time, the company’s heavy equipment has been busy building the basic infrastructure of the new frontier. N C Machinery now employees more than 1,000 people at 12 branches in Alaska and Washington.

Mark Flanagan of Finishing Edge is reflected in the Atwood Building as he puts a broom finish on a concrete slab while working on the Linny Pacillo parking facility under construction July 25.
Founded in 1980 by brothers John and Harry McDonald, Carlile has grown from two tractors to one of Alaska’s largest trucking companies. Carlile Transportation Systems is based in Anchorage and employs more than 550 people, including 110 in Tacoma. Carlile terminals serve Alaska from Anchorage; Fairbanks; Kenai; Kodiak; Prudhoe Bay/Deadhorse; Seward; Forest Lake, Minn.; Tacoma and Fife, Wash.; Houston, Texas; and Edmonton, Alberta, Canada.

Carlile Transportation recognized 14 drivers for outstanding safety performance at its first annual driver safety awards banquet Sept. 22, in Anchorage. The honored drivers represented more than 93 million safe driving miles from Alaska to Texas.

The project is a joint venture of JL Properties and Venture Development Group, with KPB Architects and Davis Constructors and Engineers. The facility is scheduled for completion in September of 2008.

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West Construction Co., Inc.
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Follow construction of the $91 million Integrated Science Building being built by general contractor Cornerstone Construction Company Inc. at the University of Alaska Anchorage campus. Construction progress photos will be featured in upcoming issues of the Alaska Contractor magazine through the expected fall 2009 facility opening.
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