NATURAL RESOURCES
How they drive the Alaska economy
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HYDRO POWER
Project taps water to meet energy needs
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TRUCKING LNG
Project aims to reduce Interior energy costs
Page 50
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**Winning Bids**

**Arctic & Western**
- Nome Richard Foster Bldg GC/CC SRVS
  - Value: $12,117,961

**Interior**
- Ft Wainwright Des/Bld Duplex COF
  - Value: $16,180,297
- Arctic-American JV
- Tanana Road Upgrades
  - Value: $10,560,282

**Southcentral**
- Ketchikan Airport RSA Extension/Culvert
  - Value: $58,222,247

**Special Notes:**
- Winning Bids and Construction Trends
  1. Source from projects advertised in the AGC of Alaska Bulletin
  2. Calculations based on date of bid
  3. Supply/Service; Non-Construction bid results are not always advertised in the bulletin
  4. RFP results are not always advertised in the bulletin
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**ANCH SIDING INSTALL**

$1,089,412

**WOLVERINE SUPPLY INC**

**ANCH TUDOR COMPLEX SIDING REPLACE**

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Where Alaska’s business dreams grow.
A few signs that Alaska is ‘open’ for business

The natural resources here in the Last Frontier should be viewed as the state’s bank account for all its residents. And with any bank account, the need to understand and evaluate the return we as Alaska residents are getting is a responsibility that cannot be left unchecked. So, how is our bank account doing these days? Are we getting a good return that can be shared among all of us who call Alaska home?

The 2014 Alaska State Legislature made strides during their session to make significant investments in our Alaska bank account. Thanks to them there were three big wins this session toward our state bank account’s future growth:

1) North Slope Natural Gas to Market — The passage of Senate Bill 138, which supports the governor’s large-diameter gas pipeline development, plans to move our state’s natural gas reserves from the North Slope to an ice-free tidewater port at Nikiski. The state of Alaska took a major step forward with passage of this bill. SB 138 affirms the commercial agreement between the state; producers BP, ConocoPhillips and ExxonMobil; and TransCanada. The bill also allows the project to move forward into a Pre-FEED (Front-End Engineering Design) phase as well as authorize the state to pursue an equity interest in the project. As manager of a large private company that has been doing business in Alaska since before statehood, I fully support the principles/beliefs found in the Heads of Agreement and in SB 138. The belief that the private sector, free-market principles are best suited to making development of natural gas possible is spot on. Unlike oil, natural gas has a much different downstream supply-chain path that needs both private sector expertise as well as public backing and support. Natural resource development is not a “one-size-fits-all” policy world. Having partial “skin in the game” by its state’s residents, Alaska’s bank account appears headed for added return and maximum benefit.

2) Knik Arm Bridge, Mat-Su/Anchorage Link — House Bill 23 was passed in the final hours of the legislative session but will have everlasting economic effects on Southcentral Alaska’s future. This bill establishes a new management structure as well as a new funding mechanism based upon revenue bonds, state appropriations and federal highway loans/STIP funding. Here is what the bridge will mean to our state economy and its future:
   • During construction, the bridge would create roughly 1,500 jobs each year; the project is anticipated to last approximately four years. After construction is complete, roughly 14,000 permanent jobs will be created through the increasing economic activity provided by easier access to once isolated resources.
   • The cost of freight from the Interior to the North Slope significantly decreases. The first 10 years are anticipated to produce truck freight savings of over $300 million.
   • Establishes an alternate route between Mat-Su and Anchorage for emergencies and evacuations. Alleviates congestions for over half of Alaska’s residents!
   • Commercial and residential development opportunities with access to thousands of acres of land. Without available usable land, economies become stagnant. This bridge will solve this issue.

3) AIDEA/AEA North Slope LNG to Fairbanks — As a result of this past legislative session, Fairbanks North Star Borough residents can begin to see the light at the end of tunnel on affordable energy. The Alaska Industrial Development and Export Authority (AIDEA) along with the Alaska Energy Authority (AEA) are poised to bring the Interior Energy Plan (IEP), which provides a solution to getting liquefied natural gas (LNG) to Alaskans. Why is this important to Alaska? Not only does IEP create jobs during and after construction but it harnesses an energy source that Alaskans are in need of. The project gets affordable gas to the Interior quickly and significantly reduces the monthly heating bills for residential and commercial customers. LNG is a clean-burning natural gas that would substantially improve the air quality in Fairbanks and the North Pole, which are otherwise not meeting the federal Environmental Protection Agency standards.

These signs seem to be pointing toward Alaska being “open” for business. And “open” in my mind means maximum benefits and opportunities for all Alaskans. Our residents enjoy a lifestyle and state services unparalleled and untouched by the other 49 states in the union. Since statehood took hold, this state’s constitution and success thus far has been rooted in our natural resources. Let’s keep the ball rolling for the next generation of Alaska residents who can continue to be proud when traveling out of state to say they live in Alaska!
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Dispelling fear, uncertainty and doubt — we could learn a few lessons from Portland

It’s fairly safe to say that the political complexion of Portland resembles very few places in Alaska — parts of Fairbanks near the university, downtown and the U-Med district of Anchorage, downtown Juneau and maybe Homer, but not much else.

I recently spent a week in Portland watching my grandkids — taking care of a 4-year-old and a 1-year-old is a whole different subject matter. I watched the local news every evening, and I was struck by a very different way in which the news was reported. The news was not negative, no sensationalism, no fingers were pointed, no conspiracies were alluded to, no nefarious motives were inferred. It was a factual, upbeat reporting of the news. Most of the news stories had a similar perspective.

A good example of this is one news story about a large lot that had been put to use for quite some time as a place for food trucks to locate — an outdoor food court — something Portland has done quite well with. The owner of the property had decided to make a considerable investment and develop the lot into a low-rise, mixed-use building: restaurant and business on the first floor and apartments on the next couple of floors.

Development would mean the eviction of all the food trucks, and a number of the mobile restaurateurs were interviewed for the story. Those interviews did mention having to relocate the food trucks “but, after all, they are trucks with wheels and could move.” The news story and those interviewed spoke of the positives of the proposed development — it would add more

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The 28th Alaska Legislature completed its work, adjourning its 2014 regular session on April 25. The session extended five days after the statutory scheduled adjournment of April 20. The extra five days allowed legislators to reach agreement on a couple of major bills, including education funding and the Knik Arm bridge.

The extra five days also had the effect of moving three initiatives from the Aug. 19 primary election to the Nov. 4 general election. These initiatives include legalization of marijuana, the minimum wage increase and the Bristol Bay initiative. I’ll be writing more about these later.

The state Constitution says that an initiative shall be placed on the ballot for the “first statewide election held more than one hundred twenty days after adjournment of the legislative session following the filing.” Going one day over broke that 120-day minimum, placing the three initiatives on the ballot in November.

There is a different waiting period for referendums. The “Vote NO on 1,” also known as the referendum to repeal SB 21, or Ballot Measure 1, will still be on the Aug. 19 primary election ballot. It’s good that Ballot Measure 1 is the only non-candidate item on the Aug. 19 ballot. It keeps a lot of potential for confusion out of it — Just Vote NO. It is the official position of the AGC of Alaska to oppose Ballot Measure 1. Both the AGC Executive Board and the Construction Industry Progress Fund Board have made financial contributions to a campaign against Ballot Measure 1.

The majorities in both houses established priorities of controlling the cost of government, moving a gas pipeline project forward, addressing education funding and investing in key infrastructure and capital projects. In addition, the governor added a priority to address the unfunded pension liabilities for public employees and teachers. Success was achieved on all of these priorities. There were a number of other good policy issues that we would have liked to see; however, we appreciate the focus and accomplishments achieved on the most critical issues facing Alaska.

During the two years of the 28th Legislature, 601 bills were introduced and 190 passed both bodies. Three of those were AGC bills. In terms of AGC’s priorities as well as the priorities established by the House and Senate majorities, it was a productive session. Following is a summary of numerous legislative issues important to AGC.

**Highlights**

*Operating Budget:* The House and Senate Finance Committees worked hard to turn around the unsustainable increases we have seen in recent years in the state’s operating budget. Building on the governor’s effort to control spending, the Legislature enacted a spending bill that reduced over $50 million in unrestricted general funds. This represents a 2 percent reduction.

*Capital Budget:* Focusing on completing current projects and investing in critical infrastructure needs, the $2.1 billion capital budget will continue to provide an investment in Alaska’s future and significant amount of work for the construction industry. Some highlights include:

- Knik Arm bridge $55 million
- Juneau access $35 million
- UAA Engineering Building $45 million
- UAF Heat & Power Plant $182 million
- School construction projects $43 million
- Susitna-Wantana Hydro $20 million
- Surface transportation funding (federal) $648 million
- Statewide federal transportation programs $145 million
- Airport projects (federal) $209 million

*Gas Pipeline:* The state of Alaska took a major step forward to advance a natural gas pipeline with the passage of Senate Bill 138. SB 138 affirms the commercial agreement between the state of Alaska, the producers and TransCanada. The bill also allows the project to move forward into a Pre-Front End Engineering and Design Phase as well as authorizes the state to pursue an equity interest in the project. Once the cost and other engineering aspects of the project are refined, the project can then move to a more detailed analysis of the technical and financial considerations.

If final project investment and construction are approved, the gas pipeline will help provide affordable energy to help spur economic growth, create many long-term, high-wage jobs in Alaska and provide revenue to help address the state’s budget shortfall. While achieving these goals will require a considerable amount of work and overcoming numerous hurdles, the steps taken this year represent a solid path to move the project forward. Construction could begin as early as five to six years from now.

*Education Funding:* One of the major issues this legislative session was education funding. School districts across the state are facing budget shortfalls and lobbied the Legislature for funding increases. The governor and Legislature committed to help our schools but felt changes needed to be made in the short and long term to our education system in order to see improvement in student achievement. The governor, the House and the Senate all had different ideas on how to accomplish this; however, they were able in the final days of
the session to come together in a conference committee to resolve their differences and enact a compromise.

The final bill pledged $300 million in additional financial support to be distributed over the next three years. Approximately half will go into the Base Student Allocation, which is generally considered the base funding for education. The other half is targeted to specific programs focused on increasing educational opportunities and innovation including charter schools, correspondence programs, residential schools and vocational training. The reform package also repeals the high school graduation exam and replaces it with more relevant assessments such as ACT, SAT or WorkKeys. The combination of these changes and funding should help better prepare our students for entering post-secondary education or entering the workforce.

**Pension Liability:** With declining state revenue and substantial pension liability and expense in the operating budget, the governor and Legislature reached agreement on a plan to address the issue. The result was a $3 billion infusion into the PERS/TERS system, which will help reduce the annual costs to the state going forward.

**Consumer Protection:** One of our legislative priorities this session was to enact measures to help protect consumers and provide them with better recourse in the event there was a breach of contract or other failure to perform or pay by a vendor or contractor. Early in the session, Sen. Peter Micciche introduced legislation to increase the license bond amounts. The current board amounts were established in 1982 and the proposed new bonds requirements have been increased to account for inflation.

SB 193 was introduced and referred to the Senate Labor and Commerce Committee, where there were numerous letters of support and positive testimony. Unfortunately, the bill was held for seven weeks for reasons likely unconnected to the issue. With a little more than a week remaining, we had three committees and a vote of the full House and Senate remaining. Working with Sen. Micciche and members of the leadership, we were able to maximize the legislative rules that allow bills to move more quickly toward the end of session. SB 193 passed the Senate with a vote of 18 yeas and 1 nay, and passed the House by 38 yeas and zero nays. This was a big victory on an issue we have been hoping to address for years. As of this writing, the bill is awaiting transmittal and signature by the governor.

**Metal Theft:** After a couple of high-profile and expensive copper thefts from members last fall, we began working on another priority to enact provisions to help address copper and other non-ferrous metal theft. Working with contractors, utilities, scrap metal dealers and law enforcement, we were able to reach an agreement on statutory changes aimed at deterring future theft as well as helping law enforcement connect the stolen material with the thieves.

We were able to include our language into existing House Bill 305 as a vehicle to enact the statutory changes. The bill passed the House by a vote of 35 yeas and 2 nays. We were able to garner strong support in the Senate to get the bill to a floor vote before the final adjournment. It is now awaiting transmittal and signature by the governor.
Mining on Prince of Wales Island: A last-minute committee substitute to an otherwise innocuous Alaska Industrial Development and Export Authority funding bill included authority to issue up to $275 million in loans for the development of the Bokan-Dotson Ridge rare earth mineral and the Niblack projects in Southeast; it passed the Senate 20-0. This is a great addition to the bill. It means AIDEA does not have to come back next year for authority to aid in the mine financing.

I expected some opposition from our “friends” in the environmental community to take notice and begin making noise, but they may have been too busy at the Alaska Folk Festival to notice what was happening. This is a good piece of legislation.

Knik Arm Bridge: HB 23 was one of the final items to pass this legislative session. The bill establishes a new management structure and a funding mechanism based on revenue bonds, state appropriations, and federal highway loans and Statewide Transportation Improvement Program (STIP) funding. The House and Senate took different approaches that required a conference committee to resolve the differences. The final version kept the operations and toll collection with the Knik Arm Bridge and Toll Authority; however, responsibility for construction was transferred to the Department of Transportation. There are numerous challenges facing the project including a few more permits and obtaining authorization of the federal loans; however, HB 23 has provided significant progress in making the bridge a reality.

Workers Compensation: Two bills made it through this session that deal with the fees a provider may charge for medical treatment or services under the Alaska Workers Compensation Act. Apparently if workers compensation medical services are provided out of state, the doctor in Arkansas can charge what an Alaska doctor is able to charge. We all know what medical services cost in Alaska compared with most other states. House Bill 141 says the fee charged for services has to be the usual and customary charge in the state where the services are rendered. House Bill 316 changes the medical services fee schedule from what physicians charge in a geographic area to what it costs physicians to perform the medical procedures. Thirty-two states currently use this model, which incorporates the relative value for services, including physician work, practice expense and liability insurance, adjusted by the corresponding geographic cost index.

Neither bill is a silver bullet that will bring workers compensation rates under control, but both are small improvements that will help make a difference. The House Labor and Commerce Committee will continue to propose many small reforms to reduce the cost to Alaskan businesses while keeping a good workers compensation program.

Disappointments

Transportation Fund: HJR 10, helping to establish a state-funded transportation program, introduced by Rep. Peggy Wilson, saw a similar fate this year as in the past two sessions. The resolution would have asked voters to change the state Constitution to allow a dedication of revenue to create a transportation infrastructure fund. It passed the House but did not reach the Senate floor for a vote. There was a push until the end of session to move the bill from the Senate Finance Committee but unfortunately there was not sufficient support. There were 13 different constitutional amendments proposed by legislators, with a smaller number pushing hard to receive passage and appear on this year’s ballot. The Legislature ultimately decided to not pass any constitutional amendment resolutions, including the transportation fund.

The champion of the efforts for the past five years has been Rep. Wilson, who has announced her retirement this year. I recognize the issues with the current proposal that have kept it from passing. I’ve already
Last year the Alaska Legislature made a controversial change in the oil production tax, the state’s largest source of oil revenue. The old tax, known as Alaska’s Clear and Equitable Share (ACES), was replaced with the More Alaska Production Act (MAPA), or Senate Bill 21 (SB21). Critics and supporters of the change strongly disagree about which tax structure would benefit Alaska the most over time — and in August voters will decide whether they want to keep or repeal the new tax.

This is a big issue for Alaska: Oil revenues pay for most state government services, and the industry accounts for roughly half of all Alaska jobs. Scott Goldsmith, professor emeritus of economics with the Institute of Social and Economic Research at the University of Alaska Anchorage, has analyzed the potential effects of the old and the new tax on state oil revenues and new jobs. His main findings are:

- The much-discussed “giveaway” of $2 billion in oil revenues this year under the new tax law doesn’t exist.
- Even without increased oil production, future oil revenues could be higher under the new tax, if current oil price and production cost trends continue.
- Based on reasonable assumptions about future market conditions, a modest increase in oil investment would create more state revenue under the new tax.
- New money invested in the oil patch creates long-lasting jobs and increases consumer purchasing power.

To view a presentation about the analysis, go to http://tinyurl.com/I228qv8.

Wrap-up

In spite of a reduced capital budget, I view this session as one of the most successful in a quite a few years. This is in large part a result of a successful election in 2012 and a change in leadership in the Senate. It is also a result of your support of AGC and all we do to help with the legislative process. Thanks to your help, we have an excellent relationship with the administration and the Legislature. We also have a top-notch lobbying effort in Juneau.

Most important, you have helped by your involvement in the process: contacting legislators on important issues, supporting the AGC PAC and being an AGC member and a 49er. If you aren’t involved and would like to be, give me a call. Thank you for your support of the construction industry in Alaska.
Sitka took steps to reduce its dependence on diesel fuel by expanding the Blue Lake Dam. STG Inc. provided three cranes, including the Liebherr 1600 crawler crane (shown), which is the largest crane in Alaska. Configured with an additional 400-foot boom to reach over the dam site, the Liebherr 1600 was equipped to operate at maximum capacity and efficiency. Two operators from Alaska Crane, an STG Inc. company, manned the three cranes to assist with the expansion and renovation of Blue Lake Dam. Cranes and operators will be on site until late 2014. Watch the crane in action at www.stgincorporated.com/services/crane-services in a two-minute project reel filmed using a video drone.
Alaska is clearly a resource development state, and when this sector of the economy thrives so do most other sectors — including construction. The abundant opportunities in Alaska are due in large measure to the state’s vast natural resources, which continue to be major economic drivers for the state.

Alaska sprawls across 365 million acres rich with largely undeveloped natural resources. The discovery of a massive oil field on the North Slope in 1968 altered the state’s economic landscape forever and led to a bonanza in jobs, personal income and revenues, and creation of the Alaska Permanent Fund.
Today about 17 percent of the nation’s oil production comes from Alaska.

“It’s fair to say that natural resources are the key driver, close to 100 percent of the driver,” said Bob Swenson, deputy commissioner of the Alaska Department of Natural Resources. “Besides oil and gas and the minerals that the state manages, we also have a natural resource of just the stark beauty of Alaska that tourism capitalizes on. There is also a significant impact from fisheries. If you look across the entire economy, the natural resources are the driver for the economic well-being of the state.”

Oil’s importance

Oil’s importance cannot be overstated. It supplies nearly 90 percent of state government’s general fund. It contributes $7.44 billion annually to Alaskans’ personal income and supports one-third of the jobs in the state. While the number of direct oil industry jobs is relatively small — about 14,700 including production, transportation and manufacturing — the industry supports 110,000 jobs statewide, according to a 2010 report by economist Scott Goldsmith of the University of Alaska Anchorage’s Institute of Social and Economic Research.

The construction industry particularly benefits from oil development by providing the skilled labor needed to build the development units and the infrastructure to support them. The Fairbanks Pipeline Training Center is unique because it puts all the trades and crafts together to work hand-in-hand to support the industry and keep Alaska strong.

And despite a steep decline in Alaska’s oil production, the North Slope still holds vast stores of oil and gas reserves — more than 30 percent of the nation’s recoverable oil and gas resources, according to the U.S. Geological Survey. The North Slope is estimated to hold about 40 billion barrels of recoverable conventional oil and 236 trillion cubic feet of natural gas.

“Natural resources are something that Alaska has figured out that someone else wants,” said Neal Fried, an economist with the Alaska Department of Labor and Workforce Development. “That’s how you have an economy; you have something someone else wants to buy.”

Mining plays big role too

But Alaska’s natural resources are not limited to oil and gas. The state ranks in the global Top 10 for important minerals. Alaska has six lode producing mines, including one of the world’s largest zinc mines, one of the 10 largest silver mines in the world, the state’s only operating coal mine and three major gold mines.

Mining is one of the oldest industries in the state, and it provides an economic engine in areas that don’t have much economic activity.

“Mining will never replace the revenues the state gets from oil and gas,” said Deantha Crockett, Executive Director of the Alaska Miners Association. “But what mining does perhaps better than any other industry is benefit the local economy. For example, the Red Dog Mine is the only taxpayer in the Northwest Arctic Borough, making it the sole revenue source for municipal services.”

The mining industry pays some of the highest wages in the state — an average of $100,000 annually, double the statewide average.

“These are stable, year-round jobs,” Crockett said. “Many of these jobs, as in the case of the Red Dog Mine, are in rural communities where economic opportunities are limited, so when you have $100,000 wages going into the community, you make a big local impact.”

Resource extraction — especially oil and gas — helps drive the state economy primarily by bringing in new money that supports jobs and income for Alaska households and businesses and helps the state economy grow, according to the ISER report.

Fueling economic growth

Oil has generated most of the economic growth in Alaska since statehood and continues to do so.

The oil and gas industry provides 89 percent of state government’s general funds through tax revenues, rents and royalties, according to the Alaska Department of Labor and Workforce Development in its June 2013 Alaska Economic Trends publication.

In fiscal year 2013, the state received $2.64 billion in oil and gas royalty distributions. Nearly 63 percent went into the state general fund, with 30 percent going to the Permanent Fund, the Alaska Department of Natural Resources reports.

UAA’s Institute of Social and Economic Research, which conducts public policy research in Alaska,
attributes roughly 72 percent of state government jobs and 40 percent of local government jobs to revenues generated by oil production.

Oil and gas spending is projected at $4.3 billion this year, up 34 percent from last year’s $3.2 billion. That sector accounts for 46 percent of all construction spending in the state, estimated to be about $9.2 billion, according to the 2014 Alaska Construction Spending Forecast.

“Petroleum revenues essentially finance the entire state general fund operating budget, and 40 percent of local government revenues come either through local taxes on petroleum industry property or state aid,” said the 2010 ISER report. “No other state depends so much on a single sector to support state and local activities.”

“Without the support and stability petroleum has provided since the 1960s, Alaska’s economy might be only half the size it is today,” the ISER report concluded.

**Strong source of new jobs**

Mining and oil and gas have been strong sources of new jobs since 2013, and that growth is expected to continue this year, according to Department of Labor in its January 2014 Alaska Economic Trends publication. Oil and mineral prices have remained relatively high, which will encourage development. Oil industry jobs are expected to drive most of the growth this year.

Oil and mineral development projects not only provide a large number of jobs during construction,
they provide operations jobs once the construction projects are complete. The construction phase usually employs more workers, but operations provide steady, stable employment, especially for residents of nearby communities, which are often cash-strapped or lack economic activity, according to Crockett, with the Alaska Miners Association.

Its revenues from resource extraction give Alaska the roads, bridges, schools, universities, dams, power plants, transmission lines, ports and airports it needs for its relatively young and expanding economy.

Winning bids for projects advertised in the AGC of Alaska Bulletin show continued steady growth, topping out at nearly $1 billion in highway and building construction, at the end of December. Some of last year’s largest projects included $26.3 million for Nome Airport safety improvements by QAP and $29.6 million for Parks Highway improvements by Great Northwest Inc.

Construction spending in Alaska is expected to total $9.2 billion this year, up 18 percent from 2013. The oil and gas sector alone will account for almost half of that growth — $4.3 billion — a robust 33 percent increase over last year, according to the 2014 Construction Forecast.

Overall construction employment is expected to remain stable again this year, at 16,300 jobs.

**Oil and mining jobs**

Alaska’s oil industry is known for paying one of the state’s highest average wages — $127,148 in 2012. That figure was two and a half times...
the statewide average, the Department of Labor reported in its Alaska Economic Trends for June 2013.

Alaska’s oil and gas industry continues to employ a record number of workers — the monthly average is 14,700 — and is one of the fastest-growing industries in the state, according to January 2014’s Alaska Economic Trends. The total payroll for those 14,700 jobs was more than $1.7 billion. Over the past decade, the industry has grown 37 percent.

The mining industry is expected to add jobs as well, but at a slower rate than in previous years.

No new mines are expected to open this year, and some current projects face challenges. Nixon Fork mine operations have ceased, and Anglo American and Rio Tinto have withdrawn from the Pebble project, but the industry still is expected to grow slightly this year, according to January’s 2014 Alaska Economic Trends.

“Stable is a good way to describe the mining industry,” Crockett said. “We have some very large challenges right now. The federal government is not particularly friendly to permitting, especially ours. Policies from the federal level make it hard to permit mining operations.

“On a global level, everyone is watching, especially with Pebble. It makes investors wary. It’s incredibly expensive to mine in Alaska. They might not have power; they may not have a road. It makes people think twice about investing here. In the global mining world, investment decisions are being made very carefully.

“For every job in the mining industry, there are 2.5 indirect jobs related to that one job,” Crockett said. “When we know there are around 4,800 people working in the mining industry, we know that means there are 10,000 jobs directly and indirectly tied to mining.”

Alaska has been described as “elephant country” for mining, Crockett said. “There is still so much mineral potential here. There are lots of places in the world where mines have been around a long, long time. Placer mining has been around for over 100 years in our state, but our current large-scale mines have only been in place since 1989.”
It’s a young industry here, she said. “There are large mineral deposits that we know about, and a lot that we don’t know about. The global mining industry knows there are big deposits to be developed.”

State government also benefits directly from mining operations. In 2012, the state collected $80 million in royalties, taxes, rents and fees from the industry. It collected $60 million in revenues for the Alaska Railroad for mineral transport, to AIDEA for use of infrastructure at the Red Dog Mine road and port site and the Skagway Ore Terminal; and $3 million to the Alaska Mental Health Trust.

Swenson, the deputy commissioner, cited the importance of mining to supporting the Mental Health Trust, which generates income for people with mental illnesses, traumatic brain injuries and developmental disabilities.

“Fort Knox is almost entirely on Mental Health Trust land,” he said. “Those are lands that were set aside so revenues can be used to fund that important service in the state.”

Renewable energy

Gov. Sean Parnell has called for half the state’s power to be generated by renewable energy sources by 2025.

Swenson said that renewable energy projects — such as wind and hydroelectric — are critical to Alaska. They bring energy to remote parts of the state, areas that face prohibitive energy costs or tremendous hurdles just to get the energy, and renewable energy projects also help the state reduce its carbon footprint.

The Eva Creek Wind Project near Healy is the largest wind project in Alaska and is designed to help the Interior reduce its dependence on oil.

“The wind farm near Healy is important to the Interior because Fairbanks becomes part of that grid,” Swenson said.

And while renewable energy is providing much-needed power to the state, Swenson said, exportable sources of energy — oil, mining and potentially LNG — generate revenue for the state.

“It makes sense that we do as much as we can to develop those resources to use locally, and then export what we can to generate revenue for the state,” he said. “It’s very similar to what Norway does. Norway has a tremendous oil and gas base and a tremendous hydro resource base. They use their exportable base to generate revenue for the country.”

The state in May moved a step closer toward construction of a large-scale North Slope natural gas pipeline that would generate both a construction boom and new revenues for state and local governments. On May 8, Gov. Parnell signed Senate Bill 138 to make the state one of the project’s owners. The bill contains a letter of intent to ensure Alaska residents, contractors and businesses are hired. When built, the construction project would be second in size to the trans-Alaska pipeline built in the 1970s.

The project would “open the door to a new generation of employment and business opportunities,” said Goldsmith in the summer 2012 issue of The Alaska Contractor.

Environmentally sound

Resource development projects can be done in a way that protects the environment, Swenson said.

“Alaskans are very proud of our environment,” he said. “We (Department of Natural Resources) work very hard to ensure that sound environmental practices are followed. The permitting of that can be challenging. But we facilitate development by the permitting process and ensuring that all permitting is done in a prudent manner while still protecting the environment.

“And I think we do an incredibly good job at that.”

Sharon Stockard is managing editor of The Alaska Contractor.
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You push-to-talk. We pushed it further.
Pat Cusick, president and principal engineer of AMC Engineers, loves his job. In a five-minute window he can condense his company’s history, highlights and accomplishments into a compelling tale of technological trailblazing.

For every mechanical and electrical design challenge presented to AMC, it found a herculean solution. Yet, the motivation toward constant technological advancement is not driven by some haphazard geek philosophy. For AMC, highly structured mechanical/electrical and telecommunication designs are born from its customers’ needs.

“Our motto is crafting safe, comfortable and efficient environments for people to live, work and play,” Cusick said. “We adhere to a value-added philosophy where we build quality into our projects instead of making it an afterthought.”

Dedication to its motto has resulted in a lot of “firsts.” Not long after Dave Adam and Boyd Morgenthaler started AMC in 1981, with Cusick joining in 1983, they began to set the standards in Direct Digital Control (DDC) building automation. After AMC successfully incorporated DDC into Mears Middle School, the Anchorage School District requested the technology be placed in all 80 of its buildings.

AMC continued to lead the way by becoming one of the first companies in the state to handle telecommunication distribution and become Registered Communications Distribution Designer (RCDD) certified. It wasn’t long before AMC began winning national awards. For Cusick, it’s a testament of his team’s resolve to find creative, functional solutions.

AMC incorporated its custom mechanical/electrical design in the University of Alaska Anchorage Alaska Airlines sports arena.
“Building a building is not like manufacturing a car or product. Everything is custom,” Cusick said. “And we fully believe in doing it right the first time, because if we don’t, then when will there be time to do it again?”

One of its most customized projects in recent years was the Alaska Scientific Crime Detection Laboratory in Anchorage. This 84,000-square-foot, two-story facility provides space for administration, laboratory training, criminal forensics, DNA testing, ballistics analysis and secure evidence storage. Orin Dym, forensic laboratory manager for the crime lab, explained that each investigative section required different heating/cooling, pressure and ventilation needs.

“For instance, if we open a baggie in a room with a lot of static electricity, then the contents could fly everywhere,” he said. “However, not every room needs the same amount of humidity. In rooms where we are dealing with contaminants we need more air flow, but that isn’t necessarily good in our indoor firing range where there are a lot of lead particulates flying around.”

To prevent this problem, laboratory zones are maintained at precise differential pressures with respect to their neighboring zones. The ventilation system’s variable air volume supply air terminal units and associated exhaust air valves work together to provide precise differential pressure control, minimizing the potential for cross-contamination of evidence while providing a safe working environment.

In addition, AMC carefully designed the labs’ central heating and ventilation systems to conserve energy utilizing fully modulating boilers, variable speed drive pumps and fans and efficient laboratory exhaust air heat recovery. These central systems can be “turned down” the majority of the time to save energy without sacrificing personal comfort.

It wasn’t long after the completion of the project that national awards began rolling in. This project alone resulted in three: the 2013 Illuminating Engineering Society of North America Award of Merit; the 2013 ASHRAE Region XI Technology Award (First Place Other Institutional-New); and the 2014 ASHRAE Technology Award (Honorable Mention Other Institutional-New).
“AMC was great to work with,” Dym said. “They listened to our input in earnest, especially since I speak science and forensics, and they were able to translate that into a mechanical and electrical engineering design that works for us.”

Mark Champion, superintendent for Udelhoven Oilfield System Services Inc., one of the mechanical subcontractors for the crime lab, echoes this praise. “It was an intense project,” he said, “and they were good at listening. We had no change orders unless they were at the owner’s request. Overall coordination went smoothly.”

The depth and knowledge that AMC puts into its projects is the reason University of Alaska Anchorage Director of Facilities Planning & Construction John Faunce continues to work with the company. Before joining UAA, Faunce worked with AMC during the Concourse C renovation at the Ted Stevens Anchorage International Airport 10 years ago. With UAA, AMC has tackled a number of renovation and construction projects including the UAA Health Science Building, the UAA Ecosystem/Biomedical Health Facility and the residence halls and dining facilities to name a few. It is currently working on the university’s Alaska Airlines Center and the new UAA Engineering Building.

Many of the UAA projects have won numerous awards. And while Faunce said AMC is deserving of these awards, it isn’t the main reason he continues to work with them. Instead, he is more impressed with the way they continue to find effective solutions to heating and cooling issues that arise in older buildings on campus.

“AMC really dials into the root of the problem,” Faunce said. “Instead of replacing something and saying let’s see what that does, they fix the right thing.”

AMC has been a member of AGC since December 1991. Cusick said membership allows him to build a good working relationship with contractors, which leads to better collaborative work in the field and friendly, nonconfrontational discussion when issues arise. From Cusick’s perspective, collaboration is becoming more common on projects. He says everyone begins working together much earlier in the process to ensure things such as maintenance space and mechanical/electrical pathways are integrated into the building design.

As for the future of AMC, Cusick aims to keep getting better. Though AMC has provided telecommunication system design and commissioning services for some time, it is working at getting more staff certified in those areas.

More than anything, he is aiming to build a sustainable company, which means training the next level of employees to handle transitions as they come. Cusick said that AMC is selective, hiring only motivated engineers who demonstrate a strong attention to detail. They are trained on smaller projects before being sent to work on bigger jobs such as the current construction of UAA’s Alaska Airlines Center sports arena or the University of Alaska Fairbanks Engineering Building.

Rachael Kvapil is a freelance writer and photographer who lives in Fairbanks.

AMC designed the mechanical/electrical systems for the C Concourse replacement at the Ted Stevens Anchorage International Airport.

AMC is designing the mechanical/electrical systems for the University of Alaska Anchorage Engineering Building currently under construction.
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ConocoPhillips is on the forefront of a push westward on the North Slope, getting ready to bring the CD5 development on line next year, which is a new drill pad 6 miles west of its existing Alpine field. With successful completion of that project close at hand, the company is preparing to extend its operations further west to a drill site called Greater Moose’s Tooth 1.

If that development moves to production, it would be the first drill site entirely within the National Petroleum Reserve-Alaska to do so.

“We’ve been looking in NPR-A for a long time,” said Jim Brodie, a capital projects manager for ConocoPhillips. A development proposal by the company resulted in the completion of the Alpine Satellite Development Plan final environmental impact statement in 2004 that included the Greater Moose’s Tooth, or GMT1 development, he said.

Until recently GMT was on hold, but in July 2013 ConocoPhillips announced it would begin the regulatory and permitting process and advance the engineering for the project. GMT1 is planned with nine wells to start and a capacity for 33 wells. Its development cost is estimated at $900 million, and ConocoPhillips predicts it may produce 30,000 barrels per day at peak production.

PND Engineering is the civil engineer on the project, Michael Baker Jr. is engineering the pipelines and NANA WorleyParsons is engineering the facilities. Also working on the project is ABR Inc.—Environmental Research and Services, which is analyzing the impact of the development on caribou.
and birds; Environmental Resources Management, which is studying the potential for contaminants in subsistence food; Larry Moulton, studying fish impacts; Rick Reanier, who is obtaining archaeological and cultural clearances; and UMIAQ, providing project surveys.

Brodie said the success of GMT1 depends largely on what happens with the ongoing permitting effort and projects currently under way in the area, as well as exploration success and the business climate.

**CD5 is key to progress**

“The important thing to note is, it’s really predicated on CD5, which we are actively working on right now. It’s sort of like a chain that we’re extending to GMT1. We step out a little at a time, that way each project can share the infrastructure costs,” Brodie said.

Repsol is another company working near the NPR-A, Division of Oil and Gas Director William Barron said. While it’s too early to say other producers might head that way, Barron said that more wells, and more knowledge of the geologic makeup of the area, are always a boon to producers — and, potentially, to the state economy.

“We people think a lot of wells have been drilled, but from an industry perspective, it’s still an underexplored region. The better technology you have, the better you understand where you are,” he said. “Those kinds of activities … spur development.”

Rebecca Logan, general manager with the Alaska Support Industry Alliance, said Alliance members have reported a 20 to 25 percent increase in activity on the Slope that they attribute directly to the passage of Senate Bill 21.

The Alliance, on its We Are Alaska – No on One website, which encourages people to vote against the ballot measure seeking to overturn SB 21, said CH2M Hill has hired 68 new employees to support drilling, wells and related activities since the law was passed.

**Companies hiring new workers**

Northern Industrial Training has added 25 full-time employees, bought five new trucks, two pieces of heavy equipment and hired four new trainers due to the increase in activity, in addition to increasing the capacity to train new welders by 30 percent. Davis Block in
Kenai tripled its year-round workforce, from five employees to 15.

Truck dealer Kenworth Alaska hired eight new full-time workers, added a night shift in its Fairbanks shop and sold 75 trucks in the first quarter of 2013 alone, with 48 of those going to the Slope. Nabors added two new rigs in Kuparuk and 100 new employees.

In short, SB 21 has been — and will continue to be — a benefit for the Alaska economy, Logan said.

“We have to replace 7,500 workers in the oil and gas industry over the next six to eight years just because of retirement,” she said. “Add the increased activity on the North Slope, the Cook Inlet, Point Thomson and Alaska LNG and there will be a huge payroll impact on the state in addition to the new jobs.”

Prior links in the chain

ConocoPhillips has been heading west for a number of years, Brodie said. The site he mentioned, CD5, is 6 miles west of the company’s Alpine production facility.

Alpine, located in the Colville River Unit, is a roadless development with a landing strip for access. According to a Web page from ConocoPhillips outlining the project, it is “the first North Slope field developed exclusively with horizontal well technology to access greater than 50 square miles of subsurface from a single drilling pad.”

Equipment and supplies are trucked in on ice roads during the winter months — more than 1,500 truckloads each season, the company said. The site is 34 miles west of the Kuparuk River Field and 8 miles north of Nuiqsut, an Inupiat village where some residents have protested some of ConocoPhillips’ recent construction work.

A small group of Nuiqsut residents filed a lawsuit earlier this year seeking to block construction of the project, including a bridge over the Nigliq channel of the Colville River, one of four bridges that connect CD5 to the Alpine field. An injunction to halt construction and overturn a federal permit for the project was stopped in U.S. District Court on March 12, although the denial left open the possibility that residents could file again to block further construction.

The main development at Alpine is called CD1 (named for the Colville River Delta) and includes a processing facility
and a second drill pad called CD2. It came on line in the early 2000s. Two satellite drill pads, CD3 and CD4, came on line in 2006. So far, ConocoPhillips reports more than 450 million barrels of oil have been produced at the Alpine field. The oil travels to Kuparuk via a 14-inch pipeline connecting Alpine to Kuparuk, then to Pump Station 1 at Prudhoe Bay and into the Trans-Alaska Pipeline System.

**Neighboring CD5 pad being built**

Construction on CD5 is under way and expected to continue through next winter, with oil production expected in late 2015.

Natalie Lowman, director of communications with ConocoPhillips, said each link in the chain has been costly. The company invested more than a billion dollars to set up the Alpine field, which was designed to produce more than 80,000 barrels of oil per day. Building CD5, which is expected to produce about 16,000 barrels per day, will also cost the company an estimated $1 billion.

“An aerial view shows exploration activities in NPR-A this past winter.
She said SB 21, the oil tax reform legislation that passed the Alaska Legislature last year, has definitely helped Conoco-Phillips justify spending on costly projects.

SB 21 replaced ACES (Alaska’s Clear and Equitable Share), a progressive oil tax law under which companies paid higher tax rates when market oil prices rise. Instead, SB 21 includes an increase in the base tax rate from 25 to 35 percent and a sliding scale tax credit paid on barrels produced. It eliminated a 20 percent capital tax credit. The bill passed, but some object to the change. A measure to repeal the law will go before voters in the Aug. 19 primary election.

“In CD5, ConocoPhillips has invested so much. We acknowledged we were going to move forward regardless of SB 21, but the SB 21 legislation makes Alaska a more attractive place to invest and will encourage additional investment. There are only a few things you can control — the distance to market with oil and the incredible cost to develop are beyond anyone’s control. (States) can be tax-friendly or not. This helps,” Lowman said.

Brodie said that last winter nearly 1,000 people were working directly or indirectly for ConocoPhillips to assist in building the CD5 drill pad. More than 500 union jobs were sourced from Anchorage and Fairbanks.

Module fabrication to begin

“I think anybody who wanted a job had a job this winter,” he said. “We’re kicking off fabrication this summer and will be fabricating modules in Anchorage and Fairbanks. All of this (work) is done locally. We spend a ton of money in the local environment.”

CH2M Hill is fabricating the production modules, he said, and NANA Construction of Big Lake built a camp for the site. NANA is also building pipe racks for the facility tie-ins and working on
several other CD5-related jobs. NANA WorleyParsons performed the facilities engineering and design, PND Engineers assisted with bridges and bridge pipeline supports, Michael Baker Jr. designed the pipeline and Dryden and LaRue designed power and fiber-optic cables.

Aside from the CD5, ConocoPhillips’ capital projects manager for Alaska, Scott Pessetto, said since the passage of SB 21, ConocoPhillips has announced about $2 billion in capital projects. Many of those are related to the Kuparuk field, from new drill sites to exploration and designing or implementing new wells. A new drill site, 2S, with 14 wells, a drill site and roads, was one such project. It’s estimated to cost about $600 million. Two new drilling rigs are also among the post-SB 21 projects the company has taken on, and this winter it announced plans to begin permitting for a viscous oil project.

GMT1 must still be sanctioned

As Brodie said, the decision on whether ConocoPhillips moves forward with the GMT1 project, moving its production officially into the NPR-A, will depend on the success of the CD5 prospect and the outcome of the voter referendum on SB 21.

Part of the reason that’s the case, he said, is because the company relies on “sanctioning” of new projects by its board of directors. Sanctioning typically happens at the end of the calendar year when the board meets. The company has a lot to do before then, Brodie said.

“We have to do enough engineering, design and subsurface work to know where to put the gravel pad, road, pipelines and define what we want to permit as a project.”

Field studies, engineering and surveys are all part of the lead-up work, he said. The company is hiring for those duties now and working on an updated Environmental Impact Statement. As results come back, the drill site design is refined and the project cost comes more into focus.

“Then we get a permit and can approach our company on whether to support it or not,” he said.

A permit could happen by September, Brodie said. If everything goes smoothly, the well could produce its first oil by 2017.

Rindi White is a freelance writer who lives in Palmer.
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The annual scholarship information is listed on the AGC of Alaska website every January.

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Scholarship testimonials

**Greg Howlett**

Thank you very much to the Smith Memorial Foundation for the generous scholarship. This money will help me in my pursuit of a successful career in the IBEW. It is families and businesses like you that make me proud to be a part of this community.

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**Kerrick Eagle**

I would like to thank AGC for their generosity in helping me finance my college education. Thanks to their support, I am now pursuing a civil engineering degree at Gonzaga University.

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**Justin McVaney**

I look forward to many more years of learning, growing and building here in Alaska, together with all of you. Thank you.
As population and commerce continue to grow in Sitka, so does the demand for electricity. And with oil prices and heating costs increasingly on the rise, the city of Sitka has turned to its own natural resource.

Nestled on the west side of Baranof Island on the Southeast Alaska panhandle, Sitka receives almost three times more rain than Seattle. This water is used by two hydroelectric power plants to supply 100 percent of the required electricity to the town of nearly 10,000 residents.

To accommodate the city’s growing future, the solution is to expand Blue Lake Dam.

The expansion project will add a new powerhouse with three new turbine generators and extend the existing 210-foot dam an additional 83 feet. Together they will increase annual productivity by almost 30 percent, said project assistant Jessica Stockel of McMillen LLC, the construction management firm hired by the city of Sitka.

Creating own electricity

“We are doing the right thing and creating our own electricity,” Stockel said. “People here, when you say Blue Lake, they know what you’re talking about.”

This project is for the people, by the people, with Sitka residents paying for 75 percent of the upgrades that will directly result in future savings. The energy need is real and immediate to help the city avoid continued reliance on other, more expensive heating options.

Alaska has a long, successful history of using hydropower to generate electricity.

The Blue Lake expansion project will create more opportunity for growth in Sitka while maintaining energy independence. Not only does the dam get expanded, but there will be a new intake, surge shaft and powerhouse constructed. The project’s substantial completion is December, with final completion slated for February 2015.

“We have tried to market this project as an incredible, renewable resource, and yet it’s still not federally"
recognized as renewable energy, so we were not able to take advantage of any renewable energy grants, loans or funding or anything from the federal government,” Stockel said.

The Sitka Assembly stepped up by unanimously approving a $142 million expansion budget, making it one of the most expensive projects in the city’s history but also one of the most needed with oil prices expected to only go up, likely doubling energy costs for taxpayers down the road.

**Best natural resource**

“We just wanted to be a less dependent town on oil heating and on using oil for running electricity as a town, so we are taking advantage of our best natural resource in Sitka, which is rain,” Stockel said.

One Sunday afternoon each month, project managers offer Sitka residents an opportunity to register for a public tour of the Blue Lake expansion, with two buses packed with 100 people spending three hours visiting the job site.

“When I open the signup sheet it sells out in hours,” Stockel said. “People are excited to come up here. They have excellent questions. Everybody in the community, whether they agree with the project or not, I think comes away from the tour understanding why we are doing this and why it’s important. I think it’s got a really big support base.”

When it comes to pursuing renewable energy, Alaska is one of the more ambitious states in the nation. Gov. Sean Parnell is leading the charge, calling for half of the state’s power to be generated by renewable energy sources by 2025.

**Susitna-Watana project**

The Susitna-Watana Hydro project is part of the state’s long-term vision, a plan that moved closer to getting started after the Alaska Energy Authority, six Cook Inlet village corporations and Cook Inlet Region Inc. reached an agreement in April on land use to support an environmental study.

“This permit is the result of months of negotiations and is a step toward continuing a long-term positive relationship between AEA, the Cook Inlet village corporations and CIRI,” said Alaska Energy Authority executive director Sara Fisher-Goad. “This permit protects landowners while providing AEA the necessary access to conduct Susitna-Watana Hydro environmental study. We look forward to the continued development of this partnership.”

Susitna-Watana Hydro is in the midst of a Federal Energy Regulatory Commission licensing effort and implementing 58 environmental studies. A land-access permit is also necessary for the Alaska Energy Authority to conduct field work on private lands. The proposed project has an anticipated price tag of $5.2 billion and would include construction of a dam, reservoir and related facilities in a remote part of the Susitna River, above Devils Canyon.

It is estimated to supply approximately half of the Rail Belt’s electrical demand and provide the region with rates competitive with other sources of energy. A key benefit is that once online, wholesale power rates will remain consistent over the 100-year lifespan of the Susitna-Watana Hydro project. That means steady rates for Alaskans for many generations to come.

The Alaska Energy Authority hopes to file an actual license application next year.

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Van Williams is a freelance writer who lives in Anchorage.
Affordable Care Act brings complex web of regulations

The Patient Protection and Affordable Care Act, better known as Obamacare, was signed into law March 23, 2010. The adventure of navigating through the dark forest of benefit regulation and compliance truly began.

At its core PPACA is very broad and complex legislation and has not been well communicated to employers or individuals who will be affected. Confusion seems to reign supreme. Employers and individuals would be well advised to seek advisers and consultants who are versed in the requirements of the act.

Although PPACA was signed into law in 2010, only some of the requirements are in place. Other requirements will take effect between now and 2018. The requirements seem to be subject to change, and I will predicate what I say with “as we know it today.”

All the requirements initiated in 2013 were only a warm-up. Jan. 1, 2014, was when the ride really began and the largest part of PPACA started to impact all Americans, especially employers. For individuals I will make it easy: You should have been enrolled in some form of qualified health plan by March 31, 2014, or you will face tax consequences. For employers, it becomes much more complex.

I am sure some employers were relieved when the Obama administration announced that some of the PPACA mandates would be pushed out to Jan. 1, 2015, and 2016. The announcement certainly provides some relief to employers so they can get all the requirements figured out without fear of a penalty consequence for inadvertently not being in total compliance with the overabundance of PPACA requirements. Employers need to be aware, however, that not all requirements were pushed out to 2015; it was primarily the penalties for noncompliance.

In 2014 employers, especially employers with more than 50 full-time employees, are faced with making huge decisions regarding their benefit plans.

Do we stay the course and continue to seek solutions that incrementally offset annual national trend cost increases of 8 to 9 percent? This path has become more difficult due to the impact of cost-sharing requirements contained in PPACA. Employees may already shoulder a significant portion of health care cost increases. PPACA limits the portion of premium that an employee can be charged to 9.5 percent of the employee’s income. If the employee portion exceeds the 9.5 percent (rules do not apply to the cost of dependent coverage) and the employee decides to go to the exchange and qualifies for a subsidy, the employers will face a $3,000 penalty for that employee if the employer’s plan does not meet the minimum value standard required by PPACA.

• Pay and exit — Employers with 50 or more full-time employees may consider just paying applicable penalties under federal law, currently set at $2,000 per employee, and no longer sponsor health care benefits.

• Play differently — Our research indicates that a majority of employers are ready to play differently to achieve different health and cost outcomes. Employers may consider playing by new rules where they continue to sponsor a medical plan but migrate from a traditional “managed trend” approach to a “house money/house rules” (HMHR) approach that is more requiring of plan participants and integrates a pay-for-performance philosophy into their benefits programs. Our firm is helping employers by offering partially self-funded plans to employers with only 15 employees (play like the big boys). Another option is to play on a new field where they go from plan sponsor (defined benefit approach) to “coverage facilitator” (managed defined contribution approach).

Some of the PPACA requirements that were not pushed out to 2015 that will impact all plans renewing after Jan. 1, 2014, are as follows:

• There is a new definition of full-time employee. Employees must be considered eligible if they work 30 or more hours per week.

• There is a new maximum waiting period for eligibility. The waiting period cannot exceed 90 days, period.

• There can no longer be any pre-existing conditions applied to anyone, regardless of age.

• There will be a requirement for automatic enrollment for plans with 200 or more employees (Guidance for this requirement will not come out until sometime in 2014. Go figure.).

• There are new coverage requirements for “approved clinical trials.”

In 2014 employers will need to budget for a bit more. In addition to
the PICORI fee, which increases to $2 per bellybutton in 2014, there will be a couple more fees applied. One of the new fees applied to fully insured as well as self-funded plans is the Transitional Reinsurance Program Fee. The Department Health and Human Services estimates this fee to be $5.25, again per bellybutton per month ($63 annually). Employers must submit enrollment data to HHS by Nov. 15, 2014, and the fee must be paid within 30 days of notification from HHS. This fee could be significant. For example, if the plan covers 5,000 members (bellybuttons) the fee would be $315,000 annually. The other new fee, the Health Insurance Sector Fee, applies only to fully insured plans. The insurance carrier is responsible for this fee, but, rest assured, it will be built into your premium.

Moving forward, in 2015 the SHOP exchanges are supposed to be fully operational. Limited SHOPs are open in 2014. SHOPs are similar to the individual exchange only it is a marketplace for employers to find qualified coverage.

In 2016 the SHOP Exchange is open to employers with up to 100 employees. In 2017 large employers (more than 100 employees) may be allowed into the SHOP exchanges.

And finally, in 2018, if we can all remain sane that long, the “Cadillac” tax comes into play. Believe it or not, this tax will be imposed on employers who offer benefit plans that are “too good.” I cannot even guess what the philosophy is here.

This has been a brief review of PPACA, one of the most complex and far-reaching laws that we have. I have skipped over far more than I have covered. When the Obama administration decided to push the penalty phase of the employer mandate out to 2015/2016, it was announced by the CBO that the federal government would lose $30 billion in penalty-driven revenue budgeted for 2014. Please be advised, compliance has become critical. You will not want to be one who is contributing to that $30 billion.
After years of steady decline, Cook Inlet is seeing a surge of activity linked to natural gas and oil development. Much of that new activity is related to new players who specialize in revitalizing old wells and capitalize on smaller developments, said Alaska Division of Oil and Gas Director William Barron.

“In Cook inlet, for the first time in probably 20 years, oil production is increasing and not decreasing,” Barron said, adding that gas production is also on the upswing.

“You’ve got three or four new players that tried to step into that void of a gas market. They stepped in, made discoveries and said, ‘Where am I going to sell my gas?’ ”

New players in Cook Inlet

The new players Barron referenced are Houston, Texas-based Hilcorp, which Barron said is the region’s most active player; Furie Operating Alaska LLC, the operator of the 83,000-acre Kitchen Lights unit south of Tyonek in the inlet; Cook Inlet Energy LLC, owned by Tennessee-based Miller Energy Resources, which purchased the North Fork gas field near Nikolevsk from Armstrong Oil for $65 million and also plans to build an 8-inch oil pipeline from the west side of Cook Inlet to the Tesoro refinery at Nikiski; and Texas-based BlueCrest Energy Inc., which early this year became the sole owner of the Cook Inlet Cosmopolitan field.

Apache Corp., a Texas-based company with operations around the world, also holds leases on about 850,000 acres in the inlet and is conducting a three-dimensional seismic mapping program to gain knowledge about the subsurface and identify potential drill sites.

Another sign things are looking up for Cook Inlet: More than 114,000 acres in Cook Inlet were leased — netting the state $5.3 million in lease fees — in a May lease sale.

Getting gas to market

Warnings of a looming gas shortage are likely familiar to most Southcentral Alaska residents. In the winter of 2009, television and radio advertisements encouraged residents to be prepared to dial down their natural gas usage by setting thermostats back to 65 degrees, turning off unnecessary lights and electronics and lowering the setting on hot water heaters, among other measures. Local governments in the region have been participating in yearly “Energy Watch” tests by cutting back natural gas usage during a specific timeframe.

Barron said there were a number of reasons for the potential shortage.

“It’s truly an issue of supply and demand,” he said.

When gas was first produced in Cook Inlet, there was a huge amount of gas versus a fairly small demand, so gas stores seemed endless and further exploration unnecessary.

“There was not any financial benefit for gas companies to do any more exploration and development” because there was a small market for the gas, Barron said.

So every few years, utility companies that use that shrinking pool of gas would indicate their gas supply contracts with producers were going to expire, and the industry would step in and find a way to provide enough gas to meet requirements for another three or four years.
“That’s a cycle that has happened over the last 20 to 25 years,” Barron said.

In the last few years, though, those new players Barron mentioned have found new wells and reworked old wells. Now there’s more gas being produced than Alaska consumers need.

Enter ConocoPhillips, which operated the only liquefied natural gas plant and export facility in Cook Inlet. For many years, the company was the sole North American LNG exporter, shipping the liquid gas to Japan.

The LNG facility in Nikiski has been on “warm standby” since its last shipment in fall 2012, said Darren Meznarich, manager of ConocoPhillips’ Alaska Gas facility. The plant was initially scheduled to shut down in 2011 due to a lack of contracts, but the March 2011 tsunami off the Pacific coast of Japan affected that country’s growing nuclear program, and the demand for LNG increased. ConocoPhillips’ export license, however, expired in March 2013, and the company did not seek to renew it at that time.

The plant employs 50 people plus more than 120 indirect positions, Meznarich said, and brings about $20 million to the Kenai economy, in addition to generating royalties for the state of Alaska and the Kenai Peninsula Borough.

When the plant went on standby, Meznarich said, the workers performed plant maintenance projects to keep it in working order.

Six months after its export license expired, the gas supply in Cook Inlet began to change. Joe Balash, then acting commissioner of the Alaska Department of Natural Resources, sent ConocoPhillips a letter asking them to apply for a new export license.

“Meeting local needs first

Meznarich said that by reopening the plant, ConocoPhillips believes it’s encouraging gas development in the area. In December the company applied for a new two-year federal export license to export 40 billion cubic feet of gas over two years, or about 20 bcf per year, and that application was needed and had nowhere to sell it. Barron said Alaska’s gas use spikes in the winter to levels about 250 percent higher than summer use.

“Up until 12 months ago, there was a lot of gas choked back or shut in,” Meznarich said.

Gas wells can be damaged by being shut in. Producers prefer to keep them flowing year-round, if possible, because when a well is shut down, there’s a risk it might not come back online. The risk increases with the age of the well, Barron said.

Alaska is moving in the right direction

Since the passage of Senate Bill 21, the More Alaska Production Act, ConocoPhillips has announced the addition of two drilling rigs and the advancement of Drill Site 2S, GMT 1 in the NPRA and viscous oil development 1H NEWS.

The More Alaska Production Act is already resulting in new investments that will increase production. Alaska’s new business climate should lead to increased job and business opportunities for Alaskans, more oil production, more state revenue and increased contributions to the Permanent Fund.
approved in April. For now, the company will be shipping one shipment each month during the summer. The company’s agreement to reopen the plant includes a commitment to ship only after local gas needs have been met.

The 20 bcf license limit is a lot lower than the 64 bcf per year the plant was exporting at its peak, but Meznarich said it reflects current production levels.

“That’s really based on the amount of shut-in gas in Cook Inlet and what gas producers have available,” he said. “We’re really encouraged by all the exploration. Hopefully there’s a lot more gas out there.”

ConocoPhillips spokeswoman Amy Burnett said ConocoPhillips and its partners are pursuing more gas development at the Beluga unit in northern Cook Inlet. The company plans to find new places to tap the remaining gas and rework old wells to get them flowing again, she said.

**Hilcorp leading the charge**

The Cook Inlet oil and gas field is not what the industry considers a “green” field, ripe for development. The easy oil and gas has been tapped and it takes a little more work and sleuthing to find new deposits. Barron said that’s where Hilcorp excels.

“Hilcorp specializes in brown field developments,” he said. The company is privately held and not bound to meet shareholder demands, so it has smaller overhead and engages its employees differently.

“They really attack smaller development and smaller production, where majors might not,” Barron said. “They’ve turned the inlet around in terms of gas.”

Hilcorp Alaska spokeswoman Lori Nelson said the company sees a lot of potential in Cook Inlet.

“Hilcorp has a successful track record increasing activity and production in mature and challenging areas. The assets we acquired in Cook Inlet are world class. We feel, with the necessary investments, that Cook Inlet still has great long-term potential,” she said.

But Nelson said the company is feeling the fluctuations of the small Alaska market.

“The demand curve for natural gas production is seasonal. We work
very hard and will continue to make the necessary investments to meet peak demand during winter months,” she said.

The drop in demand during the summer, though, means the company flattens production over the course of a year, which could result in “shutting in” wells and risking damage to them.

“Further, the market for natural gas sales in-state is limited. The reopening of the LNG facility will provide more market opportunity for gas producers in Cook Inlet and, as a result, should spur more investment,” Nelson said.

**Furie brings new offshore platform**

Also on the forefront of Cook Inlet activity is Furie. In May the state approved its request to install and begin operations at a new offshore natural gas platform and to lay new natural gas gathering pipelines in the Kitchen Lights unit near Nikiski that the company leases. The plant is being designed in Texas and will be shipped by barge to Alaska this summer.

According to Furie’s summary of operations, the unit is expected to produce up to 200 million cubic feet of natural gas per day, and up to 30 bcf per year. Just one well is planned for production currently, but the company could drill several more to maximize gas recovery.

**More activity means more jobs**

Rebecca Logan, general manager of the Alaska Support Industry Alliance, a trade association of more than 500 businesses, organizations and individuals that provide products and services to the oil, gas and mining industry, said her Kenai chapter is booming.

“When I first started at the Alliance in October 2010 we had 40 members in our Kenai chapter. Legislation was passed that year to provide tax incentives and increase activity in Cook Inlet. … Four years later we have 100 members in Kenai, and our members are facing the challenges of finding skilled workers, finding housing for their workers and all of the things that come with a boom,” she said.

Rindi White is a freelance writer who lives in Palmer.
Company makes quality of work top priority on major projects

Asking Scott Bringmann to choose the projects Alcan Electrical & Engineering Inc. prides itself on most throughout its storied history in the Last Frontier is like asking a parent to decide which one of their children is the favorite.

It’s neither fair nor possible to pick just one.

“Alcan Electric is proud of all the projects that we have been involved in,” said Bringmann, president and co-owner of the Anchorage-based company.

Without a doubt, Alcan Electrical & Engineering Inc. has been involved in numerous construction projects throughout the state since Bringmann’s father founded the company more than 40 years ago. But rather than focusing on the quantity of work, Bringmann preferred to boast about the quality of workmanship and the foundation of trust this second-generation company has built over the years.

“Alcan Electric prides itself on developing a long-standing reputation and relationship within the construction community and owners as an electrical contractor that consistency provides high-quality work and helps maintain and drive the construction schedule,” Bringmann said. “That reputation and those successful relationships are simply a function of our outstanding employees treating every customer fairly and consistently.”

As one of the largest electrical contractors in the state, Alcan Electric focuses on major commercial and industry projects in Alaska. It is a full-service electrical contractor that provides construction and design-build services for electrical, telecommunications, access control, CCTV, outside line construction,
uninterrupted power systems (UPS) and maintenance systems.

**Finishes strong**

“Alcan is a dedicated subcontracting partner, responding quickly, always following up and finishing strong,” said Josh Pepperd, president of Davis Constructors & Engineers Inc., a company that has collaborated with Alcan Electric on more than a dozen projects.

Alcan Electric also operates AlcanTel, a division that Bringmann said supplies turnkey telecommunication, access control and CCTV systems to customers from the initial engineering and design to the installation of the equipment, cabling and end-user devices.

Another one of its customers, Cornerstone General Contractors Inc., has become oh-so familiar with the diversity of services Alcan Electric provides.

“Alcan Electrical has shared in many successful projects with Cornerstone General Contractors Inc. and has some of the same standards that help

![Alcan Electric & Engineering Inc.](image)

Goose Creek Correctional Facility was one of the largest and most complicated projects for Alcan Electrical & Engineering Inc., according to Scott Bringmann, company president and co-owner. The building had a subcontract value of more than $30 million.

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a project succeed,” said Cornerstone vice president Mark Palmatier. “If all stakeholders on a project are responsible and dependable, almost any difficult situation can be dealt with in an appropriate manner.”

Over the past five years, Alcan Electric and Cornerstone have teamed up on three multimillion dollar projects in Anchorage’s U-Med District.

Those projects include the Alaska Airlines Center, an $89 million sports arena being built on the University of Alaska Anchorage campus; the Health Sciences Building, a $31 million project also on UAA’s campus; and the ConocoPhillips Integrated Science Building, a $70 million project.

“Every project involves a variety of degrees of challenges,” Palmatier said. “If any individual on a team cannot be trusted because of lack of integrity, the entire team suffers and the entire project suffers. Open and honest discussions of any situation allow everyone and the project to benefit. Those standards have formed a successful relationship between our company and Alcan Electrical.”

Strong relationship with union

Alcan Electric, which is a union contractor, maintains a strong relationship with the IBEW 1547. The company currently employs about 160 people, but Bringmann said that number could jump closer to 200 by summer. With satellite offices and resources in Juneau and Fairbanks, its employees are scattered throughout the state.

“We work on the North Slope as well,” Bringmann said. “We haven’t been out on the Aleutian chain in a while, but we’ve done a little work out in Nome recently.

“It all depends on the opportunity.”

These moments for creating business partnerships and state-of-the-art facilities have only grown since Bringmann’s father, George Bringmann, established Alcan Electrical & Engineering Inc. in 1972.

Military work lured the older Bringmann to Alaska nearly a half a decade ago. He traveled to Alaska via Oregon in 1968 to work as an electrician on an atomic testing project in the Aleutian Islands. But Bringmann eventually went his own way, taking with him a few other electricians, to start his own company.

From that initial group of men, Alcan Electric has blossomed into a second-generation company with annual revenues of over $40 million. When Bringmann retired in the early 2000s, his two sons, Scott and Skipp, bought the company.

He credits a strong management team for the continued success and growth of what Alcan Electric has become today.

Pride in work, dedicated staff

“The constant theme in our company’s success throughout all these years is our highly skilled, motivated
Alcan Electrical & Engineering Inc. is collaborating with Cornerstone General Contractors Inc. to help construct the 196,000-square-foot Alaska Airlines Center at the University of Alaska Anchorage. The $89 million facility is scheduled to open in August.

and committed people who provide a quality product to our customers,” Bringmann said. “We all take pride in our work and the great reputation of the company.”

Case in point: More than half of Alcan Electric’s employees have been with the company for 12 years or more. Bringmann and his brother started working for their dad when they were 20 years old, working their way up from apprentices to journeymen to foremen to co-owners.

“Our company’s not about my dad or my brother,” he said. “It’s about the people who work for us. That’s what makes our company what it is.”

Alcan Electric has been a member of Associated General Contractors of Alaska since March 2002. Bringmann said of the biggest benefits in being a member is the networking and ability to give back to the construction industry.

“AGC provides opportunities and venues to meet with an array of members from individuals and companies that share a common goal of succeeding,” he said. “Sharing our success as well as some of the challenges in our industry benefits all of us. I believe you need to share with the young group coming up.”

Alcan Electric is also a 40-year member of the Alaska Chapter of the National Electrical Contractors Association (NECA), and Bringmann is the president of the Alaska chapter.

“NECA and AGC work together on legislative issues and common goals because we’re all in the construction industry,” he said. 

Kevin Klott is a freelance writer who lives in Anchorage.
The Interior Energy Project’s (IEP) core objective sounds simple enough: Reduce energy costs in Interior Alaska by producing liquefied natural gas on the North Slope and trucking it to the Interior.

The complexity comes in the execution. Even as negotiations and legislation over an Alaska gas pipeline continue, the plan to truck LNG to the Interior could move from legislation to delivery in just three years.

It began with passage of Senate Bill 23 in 2013, which authorized the Alaska Industrial Development and Export Authority (AIDEA) to provide a financing package to attract private partners to the project. That year, AIDEA also determined that a North Slope LNG plant that produces 9 billion cubic feet per year was technically and economically feasible as a means to meeting heating demand in the Fairbanks North Star Borough.

Natural gas would save an estimated $3,000 for residential ratepayers, according to projections, while also improving air quality in the Fairbanks area by reducing reliance on oil and wood for heat. The challenge comes in building an LNG plant and distribution system that will move gas over the Haul Road by 2016.

**Leveraging finances**

With the location for the pad selected and pad completion expected this fall, the goal “is to make sure we line up the plant with the demand we anticipate,” said Mark Davis, deputy director of infrastructure development for AIDEA.

To that end, AIDEA approved Sustainable Energy Transmission and Supply Development Fund (SETS) loans to several gas utilities in April to allow them to develop gas distribution systems while plant build-out is going on, he said.

A $15 million loan to Fairbanks Natural Gas will fund an expansion of its gas distribution system within its service area, including the construction of 32 miles of pipe to 100 commercial

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**By DAWNELL SMITH**

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AIDEA created a financing package to attract investors.

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**SUMMER 2014**

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**TRUCKING LNG**

Project aims to reduce energy costs for Interior with shift to natural gas

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**The Alaska CONTRACTOR**

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and 2,500 residential customers. A second loan of just over $8 million will allow Interior Gas Utility to do the engineering design, permitting and program management work for a distribution system to 11,000 residents. It will take about six years to fully expand the distribution systems in the area.

Prior to these loans in January, AIDEA approved a loan participation to Fairbanks Natural Gas and Cassini LNG Storage for $20 million as part of a $35 million loan originated by Northrim Bank — which backed the loan with $15 million — to finance a storage and distribution facility in Fairbanks with a capacity for 5 million gallons of liquefied natural gas.

AIDEA’s role centers on working with the financial tools of the state to put together a public partnership with commercial participants, said Davis. “We’re responsible for the financial structure, the legal structure.”

The state’s financing package includes a $57.5 million appropriation from SETS as the state’s equity stake in the project, plus up to $125 million in low-interest SETS loans and $150 million in state-backed AIDEA bonds.

Selecting the commercial partner

At the beginning of this year, AIDEA selected MWH Global as the commercial developer tasked with securing private financing and managing contractors for plant operations; project engineering; procurement; and construction.

The challenge is integrating all the pieces into a compatible timeline, said Chris Brown, vice president and Alaska regional manager for MWH. “The Interior Energy Project is a project with parts not yet in place.”

Right now, MWH and AIDEA are still in the negotiation phase in terms of due diligence efforts, with financing and contracts still in the works. Brown expects to reach financial closure later this year and hopes to reach an agreement about how AIDEA participates as a lender within weeks.

The company’s commercial and financial group is based at its headquarters in Bloomfield, Colorado, but the project delivery team is in Alaska tackling the logistics of selecting and procuring contractors to build and operate the plant, and developing the LNG demand to make the project
viable. MWH is also assisting AIDEA with determining how to best integrate the LNG plant with the trucking, storage, and distribution components of the IEP. To accomplish these tasks, MWH is working with Interior Gas Utility, Golden Valley Electric Utility and Fairbanks Natural Gas, and reaching out to other potential customers, including industrial customers in remote areas such as mining operations.

The project’s engineering, procurement and construction contractor is Kiewit, a global Fortune 500 construction and engineering firm with an office in Anchorage. MWH will put out other requests for proposals soon.

The state provided incentives for private companies to tackle the project because trucking gas to the Interior can reduce energy costs quickly, said Davis of AIDEA.

The state’s involvement makes all the difference, said Brown. “The state is taking a project that would be a real challenge for a private enterprise alone to do and has done a good job providing financial resources and the backing of the state. If a pipeline comes, what happens to this project? A private company might not want to take that risk, but the state can help with risk management. The backing of the state is critical to this project’s success.”

One of the principle parameters of Senate Bill 23 “was that trucking gas is compatible with whatever gas projects happen, including pipelines,” noted Davis of AIDEA. “We believe there could be a use for trucking gas even if a gas line goes through because of demand by industrial users.”

Brown said that MWH will have a small ownership in the project, “but our main role is to manage it for the primary investor.”

Making the pieces come together

The company’s Alaska-based team includes partners with strong North Slope infrastructure development experience, including NANA WorleyParsons.

Getting stakeholders on board is part of the process, noted Karsten Rodvik, the external affairs officer for AIDEA. “We’ve been very active in community outreach. Recently we had an open house in Fairbanks with standing room only. It was well attended with great participation, and all the key entities were there. There was a lot of interest as people looked at the practical cost issues.”

A demand study indicates “that the price of the product is most critical for convincing people to convert from oil to gas,” said Davis. “It’s a paradigm shift for people using diesel fuel and wood.”

Getting gas to customers at the lowest prices means spending a lot of energy “getting people together at the technical level about what they need to do to align the plan with the needs of the community,” said Brown, a longtime Alaska resident. “It has to incubate, and it all has to happen together at the right time. One component not happening right will impact the whole system.”

The utilities and the state have been good partners, and that’s critical, he continued. “This project needs to be done in a planned and integrated way, and that’s what we’re endeavoring to do — to have all the pieces come together in an orchestrated way.”

Dawnell Smith is a freelance writer who lives in Anchorage.
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The “site investigation” clause is found in most, if not all, commercial construction contracts and places on the contractor a burden to acquaint itself with the job site conditions. Under a 1975 Alaska case, the contractor would have this obligation in any event under Alaska law. Under that case a contractor has an additional duty to advise the owner (even one who has engaged a design professional) of obvious design flaws that are apparent from a reasonable inspection of the site. In that case the court held that the contractor had a duty to advise the owner that the owner’s plan of putting in asphalt roads without a sufficient subbase over what essentially was swamp land would not work.

The typical “site investigation” clause that is broad, short and part of the “boiler plate” will result in the contractor being held to know whatever conditions of the entire job site that would have been disclosed by a reasonable visual onsite inspection. The contractor will be held to know what a reasonably prudent contractor experienced in the particular type of work at issue and experienced in that kind of work in the particular area where the job site is located would know from a reasonable visual inspection. In addition, the contractor will be held to know not only what was patently obvious from a visible inspection of the surface of the site but also will be held to know whatever could be concluded about the subsurface from reasonable inferences drawn by a reasonably prudent contractor experienced in that work in that location from what was apparent on the surface.

Contractors should assume that courts will enforce the language of the “site investigation” clause as written. But generally, most “site investigation” clauses do not require prospective bidders to make independent subsurface investigations. To the extent that the language of the “site investigation” clause expressly attempts to impose on the contractor the risk of unknown subsurface conditions, the contractor’s ability to recover costs caused by unanticipated subsurface conditions has been generally held to depend.

Pre-bid site investigations should always be documented with photos and descriptions.

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Quality Fuels and Lubricants
upon three factors: 1) the time available to conduct the subsurface investigations; 2) the cost of such testing; and 3) the specificity and completeness of the soils data contained in the owner’s contract documents. The less time between the issuance of the IFB and the time for bids, the less likely the court would allow the “site investigation” clause to bar the contractor from recovering additional costs caused by unknown subsurface conditions. The same would be the case as the cost of such pre-bid subsurface investigations becomes more expensive.

Although most commercial owners include a clause that purports to disclaim any responsibility for the subsurface data included in the IFB package, to the extent that there are sophisticated soils reports with boring samples, courts are more likely to conclude that it was reasonable for the contractor to rely on such soils information in developing a bid. Thus, the more complete, extensive and sophisticated the soil reports and information included in the IFB package, the more likely a court will allow the contractor to recover for conditions differing from what is reflected in the soils reports despite a “site investigations” clause.

Pre-bid site investigations should always be documented with photos and descriptions so as to avoid, when disputes arise later, any question about whether a site investigation in fact had been done, and also of what was seen and not seen during that investigation.

This column provides information about the law designed to help users safely cope with their own legal needs. But legal information is not the same as legal advice — the application of law to an individual’s specific circumstances. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a lawyer if you want professional assurance that our information, and your interpretation of it, is appropriate to your particular situation.

Robert J. Dickson is a partner of the Anchorage law firm Atkinson, Conway and Gagnon Inc.
Work zone safety —
Summer travel requires extra caution

Summer means the construction season is at full speed and road crews are out in force working on streets and highways. It also means more motorists are traveling the roadways to get outdoors and enjoy Alaska. This can be a deadly combination if motorists are traveling too fast or are distracted.

Speed and distracted driving are the biggest hazards in work zones, according to the Federal Highway Administration.

Work zones should be taken seriously as the construction season peaks. The Parks Highway will see a lot of improvements, with a dozen projects popping up between Anchorage and Fairbanks. On the Kenai Peninsula, the Sterling Highway near Ninilchik will get pavement work. Four Seward Highway pavement projects are scheduled from near Hope Junction to near the turnoff to Portage Glacier.

These projects require extra care from motorists, who should slow down, observe warning signs and obey flaggers who direct traffic safely through work zones.

Driver inattention and speeding are the biggest factors in work zone accidents, with rear-end crashes the most common type. Other facts from the Federal Highway Administration:

- In the past five years, 4,400 people have been killed nationally by work zone crashes and 200,000 people were injured.
- More than 600 people were killed in work zones nationwide in 2012.
- Most work zone crashes occur in the summer and fall.
- Most fatal work zone crashes occur on roads with speed limits greater than 50 mph.
- Stopping distances for motor vehicles at 50 mph:
  - Dry roadway: 300 feet
  - Wet roadway: 400 feet
- A loaded 80,000-pound tractor-trailer requires almost 50 percent more stopping distance.
- It takes only 25 seconds more to travel one mile at 45 mph than at 65 mph.

Unfamiliar driving patterns
When entering work zones, drivers encounter unfamiliar road situations, changes in traffic patterns, closed or narrowed lanes, a slowdown in traffic and the presence of construction equipment and workers. Motorists should travel cautiously through these work areas; pay attention to signs, cones and flaggers; and slow down. Doing so will save lives, prevent injuries and avoid costly damage to vehicles and construction equipment. Remember that traffic fines double in work zones.

Thirty-eight percent of highway contractors nationwide reported motor vehicles crash in their construction zones in the past year, according to a study by the Associated General Contractors of America. The study found that work zone crashes are more likely to kill motorists and passengers than construction workers. But that doesn’t mean there aren’t risks for those in hard hats — more than 18 percent of work zone crashes injure construction workers, and 8 percent of those crashes are deadly.

Motorists are key to safety
Work zone safety and awareness are critical, for drivers and for construction workers. Everyone is responsible for keeping work zones safe. Many drivers may be surprised to learn that most work zone fatalities — 85 to 90 percent

Tips for driving in work zones

By driving safely in work zones, motorists can help ensure everyone gets home safely.

- Expect the unexpected: Things may change overnight. Normal speed limits may be reduced, traffic lanes may be closed, narrowed or shifted, and people may be working on or near the road.
- Don’t speed: Speeding is one of the major causes of work zone crashes; obey posted speed limits.
- Don’t tailgate: Keep a safe distance between you and the car ahead of you and the construction workers and their equipment. Rear-end collisions account for 30 percent of work zone crashes.
- Obey road crew flaggers and signs: Flaggers and warning signs are there to help traffic move safely in the work zone.
- Stay alert and minimize distractions: Dedicate your full attention to the roadway and avoid changing radio stations or using cellphones and other electronic devices while approaching and driving in a work zone.
- Keep up with the traffic flow: Do not slow down to “gawk” at road work.
- Know before you go. Check radio, TV and websites for traffic information and schedule enough time to drive safely. Expect delays and leave early so you can reach your destination on time.
- Be patient and stay calm: Work zones aren’t there to inconvenience you. Crews are working to improve the road as well as your future driving experience.
- Wear your seatbelt: It is your best defense in a crash.

Remember — Dads, sons, brothers, moms, sisters and daughters work here!
— are motorists and their passengers each year. Drivers play a key role in making work zones safer for everyone, especially themselves.

Factors that affect work zone crashes include speeding; distractions from cellphones, texting and radios; inattentive driving; and aggressive driving. Avoid rear-end collisions by keeping an adequate distance from the vehicle in front of you. Don’t tailgate. When motorists are alert, observe signs, maintain the posted speed limit and pay attention to traffic patterns the safety of everyone is enhanced.

Work zone crashes also affect construction schedules and costs. More than 20 percent of contractors reported that work zones crashes forced them to temporarily shut down construction activity in the past year.

**Avoid delays, plan ahead**

Plan ahead and leave a few minutes early when traveling through a work zone. And be patient. Delays from construction can be frustrating, but slowing down and taking a few extra minutes will get you to your destination safely. Learn more about Alaska roadway conditions with these trip-planning resources:

- ADOT&PF posts weekly construction updates and how construction will affect drivers at www.alaskanavigator.org.
- The Alaska 511 system provides statewide road conditions information on road closures, alerts to emergency incidents and weather conditions affecting drivers by calling 511 or by going online to http://511.alaska.gov, @alaska511 on Twitter or www.facebook.com/Alaska511 on Facebook.

AGC of Alaska urges drivers to stay alert, be cautious when driving through work zones, follow signs and flaggers, and reduce speeds. Keeping work zones safe is a shared responsibility of everyone on the roadways — including motorists, bicyclists, pedestrians and construction workers.
New owners breathe life into Fairbanks business

Strong, durable and cost effective — ready-mix concrete is the building material of choice for everything from skyscrapers and stadiums to driveways and dams. According to the National Ready Mixed Concrete Association, a nonprofit organization that advocates for the ready-mix concrete industry, concrete offers significant energy savings over the lifetime of a building or pavement.

Concrete’s thermal mass, when coupled with insulating materials, offers high R-factors (thermal resistance) and regulates temperature fluctuations in homes and buildings by storing and releasing energy for heating and cooling. This environmentally friendly building material is easily reused and recycled and actually gains strength over time, conserving resources by reducing maintenance and the need for reconstruction.

Founded in 1948, FS&G Redi-Mix (formerly Fairbanks Sand & Gravel) has supplied Interior Alaska’s ready-mixed concrete needs for more than 65 years. Land was purchased from the Bureau of Land Management in 1956, and operations moved to FS&G’s current location in south Fairbanks that same year. In the early 1970s, to allow for the direct shipment of materials, FS&G negotiated with the federal government (which owned the Alaska Railroad Corp. at the time) to construct a spur off the existing Fairbanks International Airport line to tracks on FS&G-owned land.

Over the years, FS&G’s operations grew to include not only sand and gravel but ready-mix, a concrete block plant, asphalt and building materials. The 1980s and 1990s, however, brought a series of ownership and management changes and divestment: The asphalt company sold in 1987. The block plant and building materials became a separate entity in 1994, and aggregates split off in 1996.

In the mid-1990s Charlie and Mary Silvey, who had been passively invested since 1992, acquired and began managing the concrete and precast operations. Jim Perrizo joined the company as partner and operations manager in 2001. In 2013, the concrete and precast operations were sold to FS&G Redi-Mix, owned by Cal Morton and Lori Bishop. Jim Perrizo continues his role with the new company as operations manager, and Lori Bishop...
now serves as president and general manager.

“I’d been working for Cal for three years, but I’ve been involved in the (ready-mix concrete) business since 1998,” Bishop said. “When the chance to acquire the company came up, I jumped.”

Bishop said FS&G hasn’t gone through any “huge, noticeable” changes since she purchased it. “Of course we’re always working to acquire new clients, but we kept the majority of the employees, and Jim (Perrizo) is still running the front of the shop.” Bishop said the company employs two full-time employees year-round, but that number jumps to approximately 15 during the summer months.

Notable recent past projects for FS&G include Golden Valley Electric Association’s Eva Creek wind farm project, the largest wind farm project in Alaska; the College of Engineering and Mines building at the University of Alaska Fairbanks; and the N C Machinery building on Van Horn Drive in Fairbanks. Bishop said that most of FS&G’s projects are in Fairbanks, but the company does a fair amount of remote work. Traveling outside Fairbanks isn’t a problem, Bishop said, because FS&G has two mobile plants it can use to mix and deliver concrete virtually anywhere. The company’s clientele is varied, from large commercial contractors to individual homeowners.

FS&G is committed to sustainable building practices, which involves reducing a building’s impact throughout its life while controlling costs and preserving aesthetics and comfort. To this end, the company ships slag cement via rail from Seattle. Slag cement is hydraulic cement formed when granulated blast-furnace slag is ground to a fine powder. Substituting slag cement for a portion of portland cement (hydraulic cement usually containing calcium sulfate) offers customers a competitively priced product with, among other qualities; high density; reflectivity; and improved freeze-thaw performance. Slag cement has been used in numerous structures to help achieve Leadership in Energy and Environmental Design (LEED) points.

Bishop comes from a longtime construction family with roots in civil and heavy highway construction. She started working at a ready-mix concrete company in summers during school,
“and I never left,” Bishop said. “It’s what I know and what I do.”

“Lori served as quality control manager on a major project at Eielson Air Force Base and as assistant secretary for the American Concrete Institute, Alaska Chapter, so she’s very well qualified,” Mary Silvey said. “She has great leadership skills — she does what needs to be done and jumps in with both feet. I have a lot of confidence in the company going forward.”

Silvey isn’t the only one impressed with the direction Bishop is taking FS&G. Steve Kreinheder, field superintendent for the UAF College of Engineering and Mines, said FS&G’s staff “has been really good to work with. They’re at almost every pour, coordinating trucks and staging equipment. They’ve been great.”

The Engineering and Mines building is a 120,000-square-foot, five-story structure with research and classroom space. The building includes a “strong floor,” a 4-foot-thick concrete slab with massive bolts and anchors to which materials can be attached and their strength tested. FS&G poured the
strong floor as well as a 450-cubic-yard continuous concrete floor and 20-foot concrete walls.

FS&G also provided concrete for the N C Machinery building in Fairbanks. “They were excellent to deal with — a great Alaskan-owned company for sure,” said Tom Gibbs, superintendent of Roger Hickel Contracting Inc. The 60,000-square-foot building is made entirely of concrete, which required FS&G to pour the walls on the ground. The walls were then lifted and put in place by crane.

FS&G has been a member of AGC of Alaska since 1993. Bishop said membership has benefitted the company by putting it in touch with other industry players and providing training and educational opportunities. As for the future, Bishop said the focus will remain on providing ready-mix concrete to clients in Interior Alaska. “It’s great driving around and thinking, ‘I built that.’ That’s the rewarding part of this job — being part of something larger than yourself.”

Carly Horton Stuart is a freelance writer who lives in Anchorage.
Many successful leaders use a technique commonly referred to as “management by walking around” (MBWA). The essence of this concept is that managers go into the field and keep in touch with workers and conditions, identifying areas of strength (providing opportunities for positive reinforcement) and helping to solve problems.

This is just one element in a robust safety management system; there are many additional components required such as engineering, training, procedures, inspections, behavior-based safety, written plans, communication and much more. While these elements are all good and necessary, the bottom line is that safety is ultimately a line management responsibility, and managers set the tone and expectations for safety.

There are many benefits of this technique, including addressing unsafe practices, reaffirming standards, showing concern, improving communication and understanding, enhancing morale, driving engagement, building consensus between managers and workers, and challenging organization improvement in safety culture.

MBWA can be one of the single most effective methods to promote safety. Many organizations (General Motors, Honeywell, DuPont and others) successfully use this technique to instill and promote a culture of safety excellence.

This process is used a bit differently in other organizations and is known by terms such as safety audits, walk-abouts, safety contacts, advanced safety audits, management safety observations, safety tipping and many more. But the concepts of the process are all very similar — namely to get managers into the field talking to workers about safety.

On a recent cross-country flight I met a plant manager who worked for a large international manufacturing company. His job was to “rescue” underperforming plants. He would go to a plant for six to 18 months and get it back on track.

We were talking about the importance of safety, and he shared a surprising observation with me. “I spend 50 percent of my time on safety. I am out on the floor every day, talking to employees about safety, finding out how I can help make their jobs better and getting commitments from workers.”

This was an astonishing level of effort — that a plant manager would spend 50 percent of his time on safety. He felt that his efforts to get the plant performing again were dependent on building a strong safety culture.

In October 1987, the new CEO of Alcoa, Paul O’Neill, gave his initial speech to shareholders. O’Neill took over Alcoa at a time when it was struggling with performance and stock value. He started out by saying, “I want to talk to you about worker safety.”

“Every year, numerous Alcoa workers are injured so badly that they miss a day of work. Our safety record is better than the general workforce, especially considering that our employees work with metals that are 1,500 degrees and we have machines that can rip a man’s arm off. But it’s not good enough. I intend to make Alcoa the safest company in America. I intend to go for zero injuries.”

Many of the shareholders were aghast that the new CEO was talking about safety. They wanted to hear his plans for restructuring, for bringing the company back to profitability, his plans for the future. Many walked out of the room, and several sold their stock in disgust.

Those who held onto their Alcoa stock were handsomely rewarded. Within a year of O’Neill’s speech, Alcoa’s profits hit a record high. By 2000, when O’Neill retired, Alcoa’s market capitalization was five times more than what it was in 1987. And Alcoa is still regarded as one of the industry leaders in safety.

There are important considerations when developing or enhancing this process:

• Remember the axiom, “What gets measured gets done.” Setting a performance expectation that managers will conduct these discussions is critical, along with a tracking mechanism to ensure accountability.

• These encounters should be based on the work — not just conditions or behaviors. It is not a behavioral audit, it is not an inspection, it is a discussion. The focus should be on communication, not compliance.

• There are just two recommended actions as a result of these conversations — commend or gain commitment for correction. Recognizing that over 95 percent of the time workers are performing safely, the bulk of
your feedback should be positive reinforcement for safe behaviors. Discipline should be a last resort, unless there is a life-threatening situation. And where there are substandard or at-risk behaviors, the emphasis should be on asking the worker to make a commitment to change, not issuing a citation.

• One excellent way to start a discussion is to use questions. These can vary from worker or job but might include such topics such as:
  — What are ways you could be injured doing this job?
  — If you were teaching your son or daughter the job, what would be the most significant risk you would warn them about?
  — How do you fight complacency on this job?
  — Has anyone been injured doing this job?
  — What’s the most hazardous thing you do off the job?
  — If you saw someone rushing or doing something unsafe, would you feel comfortable talking to the employee about it?

• Always think of asking, versus telling. In the book “Difficult Conversations, How to Discuss What Matters Most” (Douglas Stone, Bruce Patton, Sheila Heen of the Harvard Negotiation Project, 1999), the authors state “telling someone to change makes it less rather than more likely that they will. This is because people almost never change without first feeling understood.” Asking helps develop ownership for the issue.

If these conversations are conducted on a regular basis, perceived positively by the workforce and establish a true partnership between management and workers, fabulous things can happen to your safety culture. ☑️

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The Engagement Effect, a division of Ross Performance Group LLC, offers solutions in organizational results, safety and health, leadership, talent management and culture change. Learn more at www.theengagementeffect.com or email the author at chris@theengagementeffect.com.
On schedule and within budget — five little words every general contractor loves to hear.

And that’s exactly where Neeser Construction Inc. and its design-build team came in on the Natural Pantry’s new 45,000-square-foot Midtown store on the corner of 36th Avenue and A Street.

Architecturally pleasing with modern colors and abundant natural light, the Natural Pantry project is a collaborative effort among owners Rick and Vikki Solberg, design-builder Neeser Construction and the Spark Design LLC team of consultants, according to George Tuckness, one of Neeser’s senior project managers.

Design began in October 2012 with construction starting the following spring, Tuckness said. Construction was substantially completed in January 2014 at a project value of $12.8 million, he added.

In design-build projects, the design team is hired by the general contractor and the design and permit processes
are paced with construction goals, Tuckness said. It can be a complex process because of continuous owner input and scrutiny and the challenges of schedule, budget and customer satisfaction, he added.

This collaborative team was led by the project’s design-build coordinator, Royal Field. Neeser’s team consisted of senior project manager Neil Bhargava, superintendent Glen Kolberg, architecture and interior design firm Spark Design LLC, civil engineers DOWL HKM, structural engineers Engineering Development Services led by owner Mike Neeser, mechanical engineers General Mechanical Inc. and electrical engineers Coffman Engineers, according to Tuckness. Special consultants were William Caruso & Associates and Contract Hardware Inc.

A place of their own

The stress of building a home can push a married couple to the brink. Imagine designing, building and furnishing a 45,000-square-foot uniquely designed organic and natural food store that’s greatly enhanced from its current location at the University Center.

That’s exactly what the Solbergs have done, and after 43 years, 11 children and the completion of Anchorage’s new Natural Pantry, they’re still married.

“We’ve never had anything built in our life,” Vikki Solberg said. “This was a huge undertaking, and the Neeser Construction and Spark Design team did a great job for us and creating a beautiful store for Anchorage.”

“I love the colors and the fun glass inside and out,” she said. “Of course, the soft round curves are very fun and intriguing.”

“We had our challenges, but all in all, we are very grateful for the experience and we love our new building,” Solberg said.

Asked to name the project’s biggest challenge, she said it had to be the kitchen and all its equipment.

The Solbergs initially had a difficult time seeing eye-to-eye with the firm hired to design and equip the kitchen. “We didn’t want junk, but we just couldn’t afford what they recommended,” she said.

The store’s cafe and juice bar features a cozy fireplace in winter and a spot for customers to step outside and enjoy the sunshine during the summer.
Considering the task, it’s understandable. The regular kitchen is approximately 5,000 square feet, and a gluten-free kitchen is in a 500-square-foot room with its own ventilation system. The cafe area will still offer Natural Pantry favorites: tasty quiche, homemade soups and sandwiches on freshly baked bread from its bakery, Solberg said.

But the Solbergs knew what they wanted, and in the end, it was done “their way.”

The Solbergs started the Natural Pantry 37 years ago. Back then, the two found it difficult in Anchorage to buy bulk food to feed their growing family and maintain a food and water stockpile, part of their Mormon beliefs.

To solve their problem, the Solbergs opened Natural Pantry on Fireweed Lane. Before having a new place of their own, the couple relocated the store seven times over the years.

**Not without challenges**

Tim Potter, director of planning for engineers DOWL HKM, said he would put the Natural Pantry project up against any in Anchorage.

“We’re very lucky in this town to have a large group of very capable architects and contractors,” Potter said. “Neeser Construction tackled the project, opened on schedule and within budget. There were lots of moving parts to put together.”

Potter said his firm played several roles in the project, but he is particularly proud of assisting with the complexity of getting a creative design to come out the other end as functional to the community and the client. “I think the community will be very responsive,” he said.

DOWL HKM provided planning assistance for the large retail establishment and prepared the traffic impact analysis and site plan review application, including grading and landscaping plans.

One interesting feature created by Spark Design that he mentioned is the position of windows to allow sunlight into the store year-round. At night, pleasant interior light accentuates the building’s facade, adding to the aesthetics of the structure, he said.

One large hurdle Potter’s firm was able to overcome was the traffic circulation issue.

The store fronts A Street, 36th Avenue and Barrow Street, he said. Previous subdivision restrictions prohibited access from A Street or 36th Avenue. Shoppers coming from the south on C and A streets would have to almost circle the site to enter from Barrow Street. Securing a driveway from A Street into the site will reduce congestion at the A Street and 36th Avenue intersection.

**Job well done**

The Neeser team is proud of Natural Pantry’s unique design and pleasing atmosphere.

“The cafe fireplace could be called the loveliest feature, but you may find that the one-of-a-kind gluten-free bakery with a completely controlled environment is the feature (we’re) most proud of,” Tuckness said. “The Natural Pantry will not only be your favorite place to shop but a gathering place to meet friends.”

**Reputation acknowledged**

Neeser Construction has been recognized as the most experienced and successful design-build contractor in Alaska.

Recent awards, statewide and on the national level, include:

- 2008 Design Build Institute of America (DBIA) National Merit Award projects over $15 million for the Ted Stevens Anchorage International Airport Consolidated Rental Car Facility.
- 2008 Contractor of the Year, Alaska Business Monthly
- 2010 DBIA National Merit Award projects over $50 million for the Dena’ina Convention Center.
- 2012 Alaska AGC Excellence in Construction for the Goose Creek Correctional Center (GCCC).
- 2013 Engineering New Record National Merit Award, GCCC.
- 2013 Build America Best Design Build Project AGC of America National Award, GCCC.

An AGC member since 1999, Neeser proudly stands behind a mission statement of “Where quality, integrity and budget meet.”

Nancy Erickson is a freelance writer who lives in Seward.
Mike Shaw  
Roger Hickel Contracting Inc.  
AGC affords me the opportunity to work with my competitors on the various AGC committees. Helping to solve the industry problems together is good for the industry and good for Alaska. Helping to build relationships as we build Alaska is an important element of value from being an AGC member.

Steve Percy  
Alaska Interstate Construction LLC  
AGC means having a voice and forum as a contractor in Alaska. AGC provides collective advocacy for our industry through training, networking and scholarship opportunities; sponsorship of community activities; and addressing industry-relevant issues.

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
Klebs hopes panels on senior apartments will warm others to solar energy

By Van Williams

When Coronado Park Senior Village in Eagle River opens its doors this summer it just might change the way Alaskans look at renewable energy.

The apartment complex will feature the state’s largest solar-heated domestic hot water system, based on size and number of solar panels. It is designed to increase energy efficiency while decreasing energy costs for the building.

Klebs Mechanical Inc. is the prime contractor on the solar scope working directory with the owner and operator, Cook Inlet Housing Authority. The project is a source of pride for Klebs.
“Coronado is going to be the banner for solar projects because it’s in the skyline. You can see it for miles and miles away,” said Mike Martin, Klebs’ commercial construction manager. “It’ll capture people’s attention.”

Seven arrays stacked with 56 solar panel collectors — each the size of a garage door — can be seen clearly from Eagle River Road. Each panel collector stretches 4 feet wide and 10 feet tall and together will provide half the energy needed for hot water.

Coronado Park features a mix of studio, one- and two-bedroom apartment homes that will be fully accessible and include sight and sound equipment. Senior tenants are 55 years and older, many of whom raised families and made their lives in Eagle River and nearby communities. They want to live independently, close to family and friends in a way that is affordable on a fixed income.

Cook Inlet Housing worked diligently to develop a highly energy-efficient building. The system designed and installed at Coronado Park will provide at least 50 percent of the building’s projected annual domestic hot water use by residents, resulting in a 10 percent reduction of natural gas use in the building.

“Lowering operating costs is one component that allows CIHA to keep rents affordable for senior residents living on fixed or modest incomes,” said Sezy Gerow-Hanson, director of public and resident relations for Cook Inlet Housing.

Coronado Park is a four-story housing complex built by Neeser Construction Inc. and perched on a
hillside. As the design of the building was coming together, kpb Architects and Cook Inlet Housing looked to local engineering consultant Andy Baker for professional guidance on achieving annual savings in energy usage for the building. A solar thermal array was recommended as the best way to reach that level of energy efficiency at this development.

Klebs Mechanical went to work on installation, first designing the solar rack needed to support the large solar collectors. Each rack was required to withstand 120 mph winds while supporting the weight of the collectors and piping. When installed, the collectors create a “sail” to further increase the uplift of the racks and the stresses of the anchors and tie downs.

Klebs turned to PND Engineers to assist with the structural design and anchor details. The result was an innovative design using a truss, a frame constructed from aluminum square tube. Installation of a solar hot water system in Alaska brings several unique challenges; wind, collector angle, temperature and pressure extremes, as well as expansion and contraction are
just a few areas of the installation that must be carefully planned.

This is Cook Inlet Housing’s second thermal system in an affordable housing development. Both times they turned to Klebs Mechanical to incorporate a renewable energy component to its facility.

Klebs prides itself on being a leading advocate for alternative energy applications in Alaska and already has completed several solar-related projects.

At Klebs, embracing renewable energy is a personal mission because company owner Gary Klebs is fully committed to solar/alternative energy and encourages his employees to jump onboard with the innovative idea.

“It’s something foundational to the culture of the organization in that Gary really feels strongly about the ability to use alternative energy within his own life,” Martin said. “He doesn’t just have solar hot water and solar electric, he has a wood-fire boiler that he has gone the extra mile and added additional components to make it a super-efficient running system. He has an automatic generator kick on, and his power levels drop with battery...
backups. He has it all. I don’t think there’s another additional system or component in alternative energy that you can add. This is a primary residence out in the Valley.”

Martin, who has worked at Klebs Mechanical for two years, believes it’s important for his company to practice what it preaches.

“Clients look at you closely because you have a passion,” he said. “I think it adds a level of credibility to what we are saying. We believe in it enough that I’m investing in it personally in my own residence. I’m not just selling it, I use it.”

Klebs even offers his employees discounts for going green, allowing them to gain certain buying power that the company has established with vendors. The federal government also has several programs to help offset costs by using alternative energy projects.

“What we are seeing now is alternative energy is moving northward,” Martin said. “There are a number of people that have added alternative energy applications. … There are people that have small hot-water electric systems in Anchorage. There just aren’t a lot of them yet.”
The Coronado Park project could change that.

The solar thermal system creates hot water with radiant energy from the sun. Residents will experience nothing different in the delivery of their domestic hot water for showering, tap water, laundry or dishwasher use than they would with a traditional hot water heater.

What they don’t see behind the scenes is happening on the roof and in the boiler room, allowing for the delivery of their hot water in an energy-efficient manner. The Coronado Park system allows for solar energy to pre-heat the water coming into the building so that the natural gas boilers will have less heating to do to reach 120 degrees required for hot water use.

“Our commitment is to increase the amount of quality, affordable housing available in the Cook Inlet region,” Gerow-Hanson said. “When alternative energy systems help us in achieving this goal, we implement them.”

Van Williams is a freelance writer who lives in Anchorage.
Alaska outdoor enthusiasts collectively rejoiced in April when Cabela’s opened its doors for business on the south side of Anchorage.

Some说 it was a long time coming for the retail giant to finally build a store in Alaska’s biggest city. After all, the Nebraska-based company dubs itself as the World’s Foremost Outfitter of hunting, fishing and outdoor gear — a motto synonymous with the lifestyles of many Alaskans.

A customer who walks into the 139,000-square-foot building near the corner of Minnesota Drive and C Street will quickly see that Cabela’s isn’t just a place to purchase outdoor clothing and gear. Going to Cabela’s is an event. The store features an indoor archery range, gun library, bargain cave, aquarium and deli. It even has a fake mountain and a fudge shop.

“You get excited when you go inside the store,” said Scott Ivany, operations manager for PCL Construction Services Inc., the general contractor in charge of constructing the store.

Though it’s certainly easy to feel the excitement inside, the project was hardly a cakewalk. Workers faced tight deadlines to finish construction by February and even tighter deadlines to complete the building’s exterior work.

PCL broke ground in April 2013. Ten months later, it turned the building over to a team of Cabela’s employees in mid-February so they could start stocking the store and training staff members in time for the grand opening on April 10.

“That was an aggressive schedule,” Ivany said. “The most aggressive part was getting all the site work in before the end of September.”

When PCL won the bid to build Cabela’s in fall 2012, Ivany knew that for the store to open in time for the summer of 2014 his crew would have to endure an unorthodox method of construction. Faced with just five months of weather warm enough for paving and landscaping, workers had to finish all the site work by September. They even had to paint lines for the 660-space parking lot before the building was finished.

“Those things you normally finish at the end of the project had to be finished well before the end so we would be ready for the opening,” Ivany said. “We were in a tight crunch to order all the landscaping and to have it installed before the end of the (2013) summer season.”

A bush plane equipped with a self-rotating propeller hangs from a cathedral ceiling at Cabela’s. To create the ceiling, PCL Construction Services Inc. cast 10 steel moment frame columns into concrete below grade. The columns flank the atrium of the main corridor and create a 43-foot-high ceiling.
To facilitate the short schedule, PCL managers did some early procurement, such as ordering landscape materials and specialized steel beams well ahead of time. The landscaping was purchased two months before workers even broke ground. And the steel beams — only milled a couple of times a year at a mill in British Columbia — were also ordered months ahead.

“Missing a manufacture date can have a huge impact,” said PCL project manager Kaz Robertson, “especially here because these particular pieces of steel had to be installed early in the project.”

Blueprints called for workers to cast 10 steel moment frame columns into concrete below grade. These columns flank the atrium of the main corridor through the center of the store and create a 43-foot-high cathedral ceiling that features skylight roofing, circular chandeliers and beluga whales dangling from cables.

The lifelike whales are made of plastic, unlike the dozens of taxidermy mounts scattered throughout the store — all of which give Cabela’s customers the opportunity to feel like they are taking a walk on the wild side.

Aside from the North American animals perched high above, Cabela’s has another unique feature that could easily go unnoticed. The retail walkways are made of highly polished concrete that took a well-planned effort to get it done right.

“They have very high expectations on their floor finish,” Ivany said. “It’s such an important feature of their stores.”

Cabela’s is so concerned with the look of its polished floors in each of its 50-plus stores throughout North America that the company employs concrete flooring specialists. One of those specialists traveled to Anchorage and worked with PCL and APC Construction Inc., a concrete company based

Based in Sidney, Nebraska, Cabela’s opened its 53rd store recently in Anchorage. The exterior includes a large glass facade, log construction, stonework, wood siding and green metal roofing. PCL Construction Services Inc. was the general contractor in charge of constructing the 139,000-square-foot building.
The new Cabela’s store is on an 11-acre site on the south side of Anchorage near the corner of Minnesota Drive and C Street. Known as the World’s Foremost Outfitter of hunting, fishing and other outdoor gear, Cabela’s awarded PCL Construction Services Inc. the bid to build its 53rd store in North America.

out of Wasilla, to explain how Cabela’s wanted the job done.

The retail floor concrete slabs had to be placed by tailgating — not pumps. The roof also had to be on and the slabs had to be wet cured. Once in place, the slabs had to be protected from damage and chips. Otherwise stains in the concrete would have transferred to the staining process and affected the final finish, Robertson said.

“We had to develop a slab protection plan that included constant checking of the wheels on lifts for embedded screws and having spill cleanup kits in multiple locations on the job site to try and minimize any spill damage,” he said.

Once the slabs had been ground, stained and burnished, a floor protection called Skudo was rolled onto the concrete. The gluey material was then covered with a heavy felt. When it was ready, it was pulled up like a piece of tape and didn’t leave any residue on the floor.

“You burnish it again and — bam — you have a super shiny floor,” Robertson said. “The desired outcome is a salt-and-pepper finish that is uniform throughout. I would say that our floors are the best I have ever seen.”

The Anchorage store was the first Cabela’s that PCL has constructed, Ivany said. Since winning the bid in 2012, however, the Denver-based company secured bids to build two Cabela’s stores in Canada: a 50,000-square-foot store in Edmonton, Alberta, and a 70,000-square-foot store in Barrie, Ontario.

The 139,000-square-foot Cabela’s in Anchorage is one of the largest of its kind, mostly because of its warehouse, Ivany said. The project was PCL’s third-largest project completed in Alaska, behind the State Library Archives Museum (SLAM) in Juneau and renovations to the Ted Stevens Anchorage International Airport.

“We’re definitely excited to have been the contractor that brought it to Alaska,” said Ivany, who has worked for PCL for 17 years. “It’s a cool end product, and it’s going to be a lot of people’s favorite place to shop.”

Kevin Klott is a freelance writer who lives in Anchorage.
AGC Sporting Clays Shoot
FRIDAY, August 22
Birchwood Recreation & Shooting Park
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TEAM NAME: ____________________________________________

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(Please print clearly)

ADDRESS: __________________________ CITY/STATE/ZIP: __________________________

FEE: Individual [ ] Team [ ] Cash: _____ Charge: _____ Invoice: _____ (Members Only)

Visa__ M/C__ Card No. __________________________ Exp. Date: _____ 3-Digit Code _____

SIGNATURE: __________________________

ENTRY: Please complete the form and email or fax to AGC of Alaska. All entries include range fees, lunch, ammo, gift, and gratuity for the trappers. Space is limited, and all entries are on a first-come basis. Eyes and ear protection are required (limited availability onsite). A limited number of shotguns are available at the range for a $7 rental fee.

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Find a registration form online at www.agcak.org under the AGC Events icon, Sporting Clays Shoot
Company’s strength lies in practical regulatory solutions

For engineering and construction companies in Alaska, the permitting process is one of the most daunting tasks a company faces. From the initial planning stages to the long-term industry effects and impacts, companies must factor in environmental engineers and scientists to assist with wading through the regulations that are designed to protect environmental quality and public safety. At times an environmental consultant can seem nothing short of a superhero.

“Permitting is very complicated. It’s a regulatory labyrinth,” said David Nyman, professional engineer and founder of Restoration Science and Engineering LLC. “It’s our job to boil it down to the basic elements that help our industry clients easily comply with regulations, to anticipate and, if possible, prevent problems they may have.”

Nyman said whenever possible RSE tries to engineer projects out of regulations — to eliminate or reduce regulatory requirements through pollution prevention by means of good facility design. An example would be facilities that are regulated under the Multi-Sector General Permit Stormwater Pollution Prevention Program (SWPPP). To comply, the operator is required to conduct routine assessments of stormwater discharges and document the

RSE founder and environmental engineer David Nyman photographs the water, sewer and roads at a green subdivision site in Homer designed by his RSE team.
facility’s stormwater prevention practices. A simple solution of providing covered storage or placing a shed roof over fuel dispensing areas can result in the operations not being exposed to precipitation, which can eliminate some of the regulations that would otherwise have to be adhered to.

“We help clients design facilities to minimize future environmental compliance costs through pollution prevention, and it’s a win for the client as well as the resources the regulations are intended to protect,” Nyman said.

Permitting is a substantial part of RSE’s identity — many midsize engineering companies don’t bridge the permitting process — but it’s just one part of this full-service engineering and environmental science company.

On the environmental side, RSE does a fair amount of work with water and wastewater, site planning and pre-site development. This includes assessing wetlands, hydrolysis, drainage, surface water and understanding the constraints someone might have with developing a site.

“We’re very good at recognizing site or project constraints and help create smooth development so something doesn’t get messed up right at the start,” Nyman said of his team of 10 scientists and engineers.

Often Nyman and his team are called out to help when a company overlooks permits, gets in trouble or has an accident involving a hazardous material such as a diesel spill. In fact, RSE is considered one of the best cleanup crews in the state.

“We’ve done hundreds of cleanups, and almost every single one has closed out with a regulatory agency,” Nyman said. “We get a call about every two weeks. I guess it kind of pigeonholes us.”

But RSE can’t be pigeonholed. There’s too much work to be done
and too much that they do well, including habitat restoration, wetland delineation and wetland mitigation banks.

RSE has set up a number of wetland banks in the state. Wetland banking is a way to manage the preservation of ecosystems in certain wetland habitats by allowing landowners with land that is environmentally rich but with low appraisal value to turn it into credits that can be sold to developers needing compensatory mitigation.

For instance, if a company is building in a waterway, such as a dock or in onshore wetlands and finds it has to fill 20 acres, mitigation is required. The mitigation may be satisfied by purchasing wetland credits from a wetland bank. The regulatory process for setting up wetland banks is complex and relatively new to Alaskans; RSE has worked through this process for the two most recent wetland banks established in South-central Alaska.

Nyman said the first mistake developers often make is to think that online maps such as the National Wetland Inventory or Anchorage Wetlands Management Plan maps are the final word. Rather, these are only for general planning purposes and are not sufficient to get permits for development. Trained scientists such as those on Nyman’s staff provide boots on the ground to inspect and document conditions to provide an accurate wetlands delineation to obtain an official jurisdictional determination from the U.S. Army Corps of Engineers, the first step in preparing to obtain a permit to develop in waters or wetlands.

Nyman takes his work to heart. Whether preserving land, restoring natural environments, or designing and permitting development projects he finds his work is important not only to himself but to an entire community.

“I was the first environmental engineer for Alaska Railroad Corporation 30 years ago. I had to manage everything: PCBs, pesticides, spills, water quality, permits, construction projects, hazardous materials, asbestos. It was the first time I realized I can make a difference,” said Nyman, whose father worked as an environmental engineer in Alaska for over
50 years. “Even though I was a young engineer at the time, I realized what I said mattered because employees’ and the public’s health was on the line. I also realized that it’s great to be specialized, but you need to be a generalist too.”

Being a generalist means the company he founded 20 years ago covers a lot of bases. They don’t do everything — for instance, they don’t do structural engineering — but they work on site and cover what a lot of midsize engineering firms do not.

Arran Forbes, a recent addition to RSE, came to the company after working two years at AECOM, an international company with 45,000 employees worldwide. Forbes said Nyman’s philosophy of being a generalist in the field is a perk not just to the clients but to the rest of the team as well.

“One of the most approachable people in the field, which is amazing considering the amount knowledge and experience he has. He’s brilliant.”

Rog was referring to a legendary incident in 1989, three weeks after the Exxon Valdez oil spill. During a climbing incident, when Jim Sweeney fell 100 feet down Elevator Shaft on Mount Johnson in Denali Park, Nyman pulled his partner out, climbed down, contacted assistance, then returned. The two then continued on a harrowing eight-day descent through numerous avalanches and 100-mph winds. The experience resulted in a book for Sweeney and a BBC documentary, and Nyman was awarded the prestigious Hero’s Medal of Honor by the Carnegie Hero Fund Commission.

“It really illustrates his commitment,” Rog said, “and how far he will go for his clients.”

Nyman is modest about his accomplishments but is proud of the work RSE does. With pride he nods to the work they do with the Ted Stevens Anchorage International Airport; Eva Creek and Fire Island Wind Farms — the largest wind projects in Alaska.

“We’re one of the best cleanup crews in the state,” he said with a grin and then shrugged. “We’re a niche service. I’m not aware of anyone else in Alaska that offers the same mix of services and skill sets for this size of firm.” He is quick to point out that RSE’s work is not done alone, that it is done in cooperation with a number of different firms.

“We’re team players. We want to be a part of team. We like to help the whole team succeed by doing our part and getting the heck out of your way.”

Teeka Ballas is a freelance writer who lives in Anchorage.

“The Alaska CONTRACTOR
Clear drug policy helps maintain safe workplace despite relaxed new trends

By Adam Hall, C-SAPA, and Brennen Portalski, Beacon Occupational Health and Safety Services

Today, employers are facing new challenges in the field of drug testing. The use of synthetic drugs is on the rise, and laws prohibiting the use of medicinal and recreational marijuana are disappearing. With these changes, it appears that employers will be forced to succumb to substance abuse in the workplace; however, this is not the case. There are a few key things employers can do to combat these growing drug trends, specifically for non-regulated (non-DOT) testing.

Understanding synthetic drugs is the first step toward minimizing their existence in the workplace. While there are multiple brands of products, synthetic drugs mainly fall into one of two categories: cannabinoids and stimulants. These drugs are manufactured in underground laboratories by people commonly referred to as basement scientists. These scientists take a chemical compound and spray the mixture over other products that are intended to emulate other drugs. For example, a synthetic cannabinoid compound might be sprayed over a leafy product like oregano to resemble marijuana. Unfortunately, testing employees for synthetic drugs has proven to be a challenge. As laboratories learn to test for one specific compound, basement scientists have already developed 10 more compounds to take its place. In addition to having a limited ability to test for certain synthetic substances, the process is expensive.

Marijuana is slightly different, so it is necessary to review state statutes when deciding on a marijuana policy. Alaska allows the use of medicinal marijuana; however, the statute pertaining to marijuana states that employers are not required to make accommodations for employees who use medical marijuana. The proposed statute that would allow the legal use of recreational marijuana states this as well. Even with Alaska statutes explicitly stating that employers do not need to accommodate a marijuana user, a company policy should also clearly state the company’s stance on marijuana use.

Lastly, the items that have been addressed thus far pertain to non-regulated testing. However it is important to know the Department of Transportation has taken a solid stance on its marijuana policy. Marijuana is still classified as a Schedule I substance; therefore, there is no accommodation for marijuana use.

Overall, it is important to understand that, even with the rise of synthetic drugs and the potential to legalize recreational use of marijuana, a company can still maintain its drug-free workplace.

Actively updating and distributing your company policy to all covered employees is the best way to ensure that employees understand the company stance on use of prohibited substances. Inform employees of the dangers and consequences of using these substances in the workplace, and ensure that supervisors are aware of the signs and symptoms of drug abuse. Following these steps will help your workplace remain safe and drug-free.
Double down

Alaska Railroad hosts contractors

The AGC Associates Council’s annual spring casino train ride ferried AGC members, prospects and guests on a scenic ride north in April. The train had a casino car that featured blackjack, roulette and keno.

The train ride is not only a time for fun and an opportunity for contracting professionals to mingle but also an opportunity to support AGC of Alaska’s Operation Opening Doors program. At least half the proceeds from the train ride went to Operation Opening Doors, which supports wounded Alaska veterans by making improvement to their homes to make them more accessible. Train riders also got a chance to bid on the Arctic Doghouse, with auction proceeds also going to Operation Opening Doors. To see photographs of the Arctic Doghouse, go to page 86.
AGC’s doghouse project raises $$$ for disabled veterans

Talk about man’s (and woman’s) best friend.

AGC’s Spring Train that pulled out of the Anchorage Depot in April was far more than just a good-times jaunt for members, families and friends: It also raised money to make life better for active-duty disabled Alaska veterans — and one lucky dog.

Above: The canted roof was designed with a solar panel that can power a light or small heat lamp on the interior of the dog house as well as provide a protected entry. The roof can also incorporate a small roof garden.

Left: The BIM program Revit was used to calculate the appropriate position for the photovoltaic panel.
Kiewit Building Group Inc. linked one of its top project teams and three carpenters with an array of designers, among them two architects and an interior designer, from Spark Design LLC to produce “Sparky’s Hundehaus,” or “Sparky’s Hound House.” Train riders pushed auction bids for the deluxe doggy digs to $550 on behalf of the wounded vets’ Operation Opening Doors, an AGC volunteer program that remodels disabled vets’ homes to meet their changing needs. The winning bid came from someone with Automatic Welding & Supply.

The Arctic Doghouse Design-Build 2014 project is Alaska-tough, with a roomy carpeted central space lit by windows, heavily insulated walls, what amounts to an arctic entry formed by a panel slanting from edge to base, and an Alaska Sheet Metal pan that supports a roof garden. The entry panel is fitted with a solar panel for a light or heat lamp inside.

Design, materials and building all were contributed by Kiewit, Spark and Alaska Sheet Metal.

In addition to the full $550 auction take from the Hundehaus, half the proceeds from the train ride went to Operation Opening Doors as well.

Not arf bad.
AGC members' project

MEA Electric Power Block
Contractor: Roger Hickel Contracting Inc.
Project Location: Eklutna
Project Manager: Russ Miller
Photo courtesy of Roger Hickel Contracting Inc.
AGC HIRES NEW ACCOUNTING DIRECTOR

Tanya Higgins has joined the AGC of Alaska as the new accounting director, effective April 1.

Tanya has an extensive background in accounting in Alaska and Hawaii. She served as the controller with Rural Energy Enterprises in Alaska. From there she moved to Hawaii in 1996, purchased a coffee farm and worked as a staff accountant with Tuttle Financial Services in Kailua-Kona on the Big Island. She moved back to Alaska about 2½ years ago and joined Fairweather LLC as a senior accountant.

Although she greatly enjoyed and felt very fortunate to have worked with these organizations, she is thrilled and very enthusiastic about joining the team at AGC. She is a believer in their cause and fully supports AGC’s position as “pro jobs.” She already feels part of a close-knit, hard-working staff.

Tanya enjoys working on building a cabin with her fiancé, Brian Atkins, on their property in rural Alaska, riding her motorcycle and spending time with her blue heeler, Ranger.

NEW AGC MEMBERSHIP COORDINATOR

Megan Matthieu is the new membership coordinator for the AGC of Alaska office in Anchorage. She comes with extensive experience from the world of transportation.

Megan was born in Alaska, where she grew up involved in the community and sports. After graduating from East High School, she went on to study global logistics and marketing. Since 19 she has worked in all aspects of transportation: customer service, operations, logistics, and her most favorite, sales and marketing. At the same time she worked closely with the government and construction arenas.

Megan is also involved in the Air Cargo Association and Rotary Club. She enjoys the outdoors, including camping, fishing and hiking. She also loves coaching softball, figure skating and hockey. She is in love with Alaska and looks forward to continuing to advocate for the state and its beliefs and aspirations.

ALASKA RUBBER COMPLETES WASHINGTON ACQUISITION

The Alaska Rubber Group, with three locations in Alaska, has purchased five locations in Washington, effectively doubling the size of its employee-owned organization. The five new locations were formerly known as the Pacific Rubber Group and consist of stores throughout Washington serving the Pacific Northwest region. The new locations are Pacific Rubber Inc. in Seattle, TIMCO Inc. at the Port of Tacoma, North Sound Hose and Fittings in Everett, Central Hose and Fittings in Pasco and Inland Pacific Hose and Fittings in Spokane.

Alaska Rubber Group is the largest distributor of hydraulic and industrial hose, fittings and rigging supplies in Alaska.

CORNERSTONE MEMBER MIXER AT UAA SPORTS CENTER

AGC and Cornerstone General Contractors Inc. hosted a Member Mixer in May to show off the nearly completed UAA Alaska Airlines Center and to give fellow AGC members a chance to mix and mingle while they enjoyed hamburgers, hot dogs and beverages. Cornerstone, which is building the 196,000-square-foot facility, gave tours of the new arena, which features lots of natural light and a 5,600-seat multi-tiered arena for basketball, volleyball, graduations and other community events. The sports center is scheduled to open in August. To host a Member Mixer, contact Kimberley Gray at 561-5354 or Kimberley@agcak.org.

ASRC ANNOUNCES NEW ACQUISITION

Arctic Slope Regional Corporation in May announced the acquisition of Little Red Services Inc. (LRS). LRS has been in operation for more than 30 years and provides “hot oil” and other well services on the North Slope.

“It’s an exciting day for ASRC,” said Rex A. Rock Sr., president and CEO of ASRC. “I believe the nature of LRS’ services positions the company for long-term growth as North Slope producers seek to increase production as a result of oil tax reform.”

As a wholly owned subsidiary of ASRC, LRS will be operated separately from ASRC Energy Services Inc.
GOVERNOR’S SAFETY AND HEALTH AWARDS

Six AGC members were recognized at the 2014 Governor’s Safety and Health Conference in March. The conference, sponsored by the Alaska Safety Advisory Council, focuses on emerging safety and health issues, and advanced safety needs unique to Alaska.

The conference recognizes Alaskans and Alaska businesses that exemplify good corporate citizenship and a commitment to the health and safety of their workers.

- Kirk Foster, American Marine, Everett Award
- American Marine International, Governor’s Safety Award of Excellence
- ASRC Energy Services’ Houston Contractor Co. Inc., Governor’s Safety Award of Excellence
- Cornerstone General Contractors Inc., Governor’s Safety Award of Excellence
- Granite Construction Co., Governor’s Safety Award of Excellence
- Weaver Bros., Governor’s Safety Award of Excellence

ALASKA PRESS CLUB HONORS AWARDED TO THE ALASKA CONTRACTOR

The Alaska Contractor staff earned two awards at the 2014 Alaska Press Club Awards. The awards recognize work done in 2013, and the competition includes media from across the state.


See the winning work and read the articles online at www.agcak.org by clicking on the News & Media tab and selecting an issue from The Alaska Contractor archives.
Welcome new AGC Members
from March to June 2014

GENERAL CONTRACTORS

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AGC of Alaska

2014 Calendar of Events

AGC Executive Board Meeting
July 10 in Fairbanks

AGC Golf Scramble
July 11 in Fairbanks

AGC Sporting Clay Shoot
Aug. 22 in Anchorage

AGC National Leadership Conference
Sept. 28–Oct. 1
in Washington, D.C.

AGC Chili Feed
Oct. 15 in Anchorage

AGC Annual Convention
Nov. 12–15 in Anchorage

AGC Executive Board Meeting
Dec. 10 in Anchorage

AGC Members Christmas Open House
Dec. 10 in Anchorage

AGC Members Christmas Open House
Dec. 11 in Fairbanks
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