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Publication of the Associated General Contractors of Alaska
April 2002



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WINNING BIDS

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Chenega Management
\$7.3 million
Shishmaref, AK

2. Golovin K-12 School Adds/Upgrades
UIC Construction
\$6.5 million
Golovin, AK

3. Arctic Village Airport
Reconstruction Re-Bid
Brice, Inc.
\$5.3 million
Arctic Village, AK

4. Alakanuk Airport Relocation
Bering Pacific Construction
\$4.9 million
Alakanuk, AK

5. Atqasuk NSB Power Plant Upgrades
UIC Construction
\$4.8 million
Atqasuk, AK

Arctic & Western Alaska

Southcentral Alaska

1. Anchorage USS/APU Library
Addition
Cornerstone Construction
\$22.5 million
Anchorage, AK

2. Anchorage Chugach View Senior
Housing Renovation
Gamble Construction Co. Inc.
\$5.6 million
Chugach, AK

3. Palmer/Wasilla Hwy. Rehab
Summit Roads
\$4.8 million
Palmer/Wasilla, AK

4. Mat-Su Paving/Transfer
Alaska Roadbuilders

\$4.7 million
Mat-Su Borough, AK

5. Kenai Peninsula 2001 Paving Program
Alaska Roadbuilders
\$2.04 million
Kenai, AK

1. Interior Alaska Fairbanks Elliott Hwy. Miles 28 to72 Rehab
Wilder Construction Co.
\$12.8 million
Fairbanks, AK

2. Shakwak Highway Kilometers 1674 to1684
L.N.R. Excavating
\$5.8 million
Alaska Highway

3. Hunter Elementary School Remodel Phase II
Alaska Mechanical
\$4.9 million
Fairbanks, AK

4. Richardson Hwy. Miles 203 to 206 Reconstruct
Summit Roads
\$4.3 million
Richardson Hwy, AK

5. Steese Hwy. Miles 44-53 Rehab
Great Northwest Inc.
\$3.9 million
Steese Hwy, AK

6. Richardson Hwy. Mile 296 Slide Re-Bid
Wilder Construction Co.
\$2.1 million
Richardson Hwy, AK

Interior Alaska

Southeast Alaska

1. Southeast Alaska Juneau Motor Vehicle Tustumena Rehabilitation
Cascade General
\$5.7 million
Juneau, AK

2. Sitka Paxton Manor Reconstruction
McGraws Custom Builders
\$4.5 million
Sitka, AK



The Decision We Must Make



by **Marie Wilson,**
President



Is this the year when we as Alaskans will finally realize that it is time to face a balanced budget or bankruptcy? Most of us have been procrastinators at one time or another.

We all put off or postpone many things in our life that are difficult or not fun and hope that they will either go away or that someone else will fix them for us.

I have read articles in this magazine for at least three years about long-range fiscal planning, balancing the budget, cutting state spending and obtaining new taxes. We seem to write about fiscal responsibility, talk about it often, but go on with our daily living without changing much.

No one really likes to think about new taxes. We don't like to elect legislators that propose new taxes. We write letters to the editor about cutting the budget. That always seems a good idea until the proposed cuts take money away from a program that affects us personally. We don't mind taxes either, as long as they aren't taxes we have to pay.

It doesn't take a CPA to tell us that the state cannot continue to spend more money than it takes in. The latest report from the governor's office says we will need an additional \$115.5 million in general funds in 2003 just to maintain existing services.

If we wait until we face bankruptcy—like the City of New York did some years ago—will it be any easier to give up the entitlements that we

have become accustomed to getting? Letters to the editor complain about the lack of money for education, for the elderly and for the poor. Contractors complain about the lack of funds for capital projects. I'm sure there are many more areas that we would like to see funded.

The problem is we tell the government that it should provide more money for these needs without understanding who "government" is. It's you and me, and like it or not, we are going to have to give up something or pay more taxes. We could tax business, but unfortunately, when we do, the costs are passed on to the consumer. If they don't pass on the costs, it will inevitably result in store closures and job losses. This is not going to be easy.

Maybe it is time to make some decisions. Should we give up or reduce the Permanent Fund Dividend? Should we institute a sales tax or state income tax? Whatever it is, we need to get behind the legislators we elect that

support long-range fiscal planning, balancing the budget and some type of new taxes. We need to take a positive attitude in the decisions we make. It is a lot harder to find solutions than to complain. I think Alaskans are capable of facing our problems and using their talents to find the best solution for everyone. If everyone gives up a little, no one should have to bear an unfair burden.

"It doesn't take a CPA to tell us that the state cannot continue to spend more money than it takes in."



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A Lesson from the University



by **Dick Cattanach,**
Executive Director



In February, Bert Bell and I participated in the University of Alaska Academy 2002. Under the leadership of Pres. Mark Hamilton, this was the third year that the executive management of the University had met to discuss and chart the course of the University. This year's theme was "Building Alaska's Golden Future: The University of Alaska Meeting the Needs of the State." To assist the university executives, leaders from seven influential segments of the Alaska economy were invited to share their thoughts, hopes, insights, and needs as they envision their markets in the year 2009.

Bert and I talked about the need for workforce training and development, not just at the apprenticeship level, but at the supervisory and management levels as well. We talked about the need for a construction management program within the university. We talked about the need for better cooperation between the university and the industry.


On reflection, the importance of the meeting wasn't in what was said or done. The importance was in the very fact that the meeting was held. The relationship between the business community and the university has been strained in the past. Traditionally when the university came calling, it was with their hand out. Businesses were reluctant to initiate a dialog because the question was inevitably asked, "How much are you willing to put into the effort?"

Now the university was coming to Alaskan businesses seeking their views of the future.

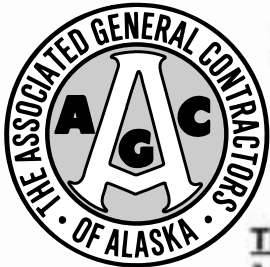
Will anything come of it? Is this just another veiled attempt to elicit support for a bigger university budget? For answers to these questions we will have to wait and see what develops. But knowing Mark Hamilton and his commitment to the state, the university, and the future, I expect that we can expect a more dynamic, responsive university in the future.

No matter what happens at the university, they are to be commended for at least looking to the future. Every firm in Alaska should take a page from their book. How will you be doing business in 2009? Who will your customers be? Why do you think they will want to work with you? What will your workforce be like? How will you replace your key employees? How will you be replaced? Answering these questions can take as little as 30 seconds or perhaps years. It all depends on how serious you are in getting

the right answer.

Rest assured, the construction market in 2009 will be different. Will you be able to compete? Will you grow and prosper? The actions you take today may well set the direction for your firm for better or for worse. Take a lesson from the university. Ask questions of yourself. Talk to others. Imagine life in Alaska in 2009. How will you and your firm fare? 

"No matter what happens at the university, they are to be commended for at least looking to the future."



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Friday
June 21st
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DEADLINE FOR ENTRY IS JUNE 11, 2002

THURSDAY NIGHT FESTIVITIES:

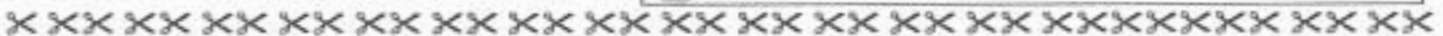
Have refreshments and snacks, check your pairings, meet your partners, plan your team's strategy, and play games. Door Prizes will be drawn for those in attendance.

FRIDAY TOURNAMENT:

The tournament is a scramble format with a 7a.m. shotgun start. Team selection will be blind draw based on handicaps. Players may choose their team; however, these teams will not be eligible for the team prizes. Rules sheets will be provided to all golfers.

AWARDS:

All awards will be announced and presented at the barbecue after the tournament. (BBQ will be held at Moose Run) In case of ties, golf cards will be matched by starting at a hole selected by the committee.



REGISTRATION FORM - 15th ANNUAL AGC INVITATIONAL GOLF TOURNAMENT SCRAMBLE

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AK DOT

The Monopoly Road

By: Rep. Vic Kohring

As Chairman of the Alaska Legislature's House Transportation Committee for the last two years, I have watched the entire transportation road building and political process unfold before me like a giant blob. Nothing can touch it; nothing affects it. The State Department of Transportation is unique. Unlike other departments which get a lot of publicity and the commissioner is a household name, the DOT—one of the largest agencies in the state—is large, dull, methodical and I'll bet very few people reading this can even name the commissioner.

Yet DOT is vitally important and slugs along. Roads and transportation-related infrastructure are considered a basic function of government. We drive over roads and bridges, use ferries, fly out of airports, and don't think much about it. Taxes pay for them. Yet the Glenn Highway from Anchorage to Eagle River, the Parks Highway through Wasilla and the Palmer-Wasilla Highway are all comparable to Winter Olympic luge runs, despite the fact that year after year, the department gets more money to accomplish its job—\$342 million this year alone.



The highway ruts are so bad it's difficult to maintain control of your car. On the Glenn Highway, the "luge run" developed in less than a year and the conditions have now become a safety hazard. Why the ruts formed so quickly is a matter of debate. One possibility is DOT's requirement that contractors use North Slope oil instead of higher quality overseas oil for manufacturing asphalt. This "Alaska preference" requirement creates a lower quality, more malleable pavement. The result is very unimpressive. For example, on the Glenn Highway near Eagle River, resurfaced last summer, it took only nine months for twin "luges" to appear. Someone's making money on this deal, but it's the taxpayer, of course, that loses big.

DOT, like the federal post office, is a classic inefficient government monopoly. Since it has no competition, with a few minor exceptions, it has little incentive to be efficient and provide the best possible service to the public. If you ran a business and your customers had no choice but to use your services because you were the only player in town, you might get a little complacent too. It's the nature of the beast. Such a scenario almost always proves costly to the public, just as when two traffic signal lights were installed on the Glenn Highway in Palmer, costing taxpayers \$1.2 million...ten years ago!

My moles inform me that DOT operates in permanent "slow mode." Because road work is seasonal, they do most of it in the summer and early fall. Does it then layoff most of its work force until the next season? No, instead, they create "make work" just to keep them on the payroll for the winter at a high cost to taxpayers. This is good for unions, but it rips off taxpayers.

In too many instances, there are charges of politics edging into the equation. There are two projects in the Mat-Su area with dubious backgrounds that come to mind. Years ago, a country road accessing Hatcher Pass on the Willow side was re-built into a paved,

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“Imagine if the present disgraceful conditions on our highways were the result of management of private companies. They’d be run out of town. Not so with a government monopoly.”

high speed roadway. The trouble was, there was only a handful of people who lived in the area, certainly not enough traffic to justify the millions spent. Did an influential politician have connections with the area? More recently, in 1994, at the end of Knik-Goosebay Road outside Wasilla, an eight mile extension of road was built and paved, going virtually nowhere. I remember watching a report on Valley News about it at the time. The reporter asked the DOT official on location what justified spending all this

money on a road that went to defunct dairy farms at Point McKenzie? The answer was classic bureaucrat. The man talked for a full minute and said nothing.

This phenomenon is not new. Every so often there will be a hew-and-holler for “reform.” A new commissioner will be appointed. New methods of management and accounting will be put in place only to have the same old problems crop up like potholes every spring. If the legislature attempts to put DOT on a financial diet,

the response is predictable. They’ll often intentionally select a highly traveled road, like Knik-Goose Bay, allow it to fall into dramatic disrepair, and then let out the cry, “The Legislature cut our department, and now look what happens!”

So what to do?

The goal is to make DOT a lean, mean, road makin’ machine. As customers of the transportation system, we Alaskans must demand the most for our hard-earned tax dollars. The answer is finding new ways to manage how facilities are built and maintained. Since DOT often contracts out to the private-sector to build roads, why not have them do maintenance as well? That way, if roads aren’t kept to high standards, the contract could be canceled and they could be replaced with another firm that would do a better job.

The idea is to create competition. Not just in the area of construction and maintenance, but in a way that creates a real financial interest for companies involved. If construction contractors both built and maintained roads, they would have the incentive to do so in a way where roads would last well into the future. Imagine if the present disgraceful conditions on our highways were the result of management of private companies. They’d be run out of town. Not so with a government monopoly. It’s like Uncle Jasper who came for a week and stayed for seven years...in the basement. Government hangs around with few new and innovative ideas.

Consider the effect if private entities managed Ted Stevens Anchorage International Airport. Millions of dollars were offered to expand it, including building a railroad terminal and spur to connect with downtown—even though very few, except a small number of big tour operators will ever use it. A private manager would have to ask, “It’s great that all of this money is available to spend, but who will pay for the upkeep and maintenance in five or ten years?” If such projects have no objective demand, they should be brought to a halt. My point is, we should not accept federal dollars and encumber future generations

with additional costs if a project is not economical, just because money's available.

The principle of competition I've outlined should govern all areas, not just maintenance. If it could be shown there's enough demand for the proposed Knik Arm Crossing, then why not encourage a consortium of private corporations to build it and make it profitable with the tolls it would collect? Why do we almost always assume only government is capable of doing this, underwritten by taxpayers? If there were more than one route for motorists commuting to Anchorage, fees would be kept to a minimum because of competition.

The effort to privatize when possible would also keep the costs of the Alaska Ferry System to a minimum. Routes could initially be contracted out on a trial basis,



and eventually the entire system could be run privately—the same as air transportation. Of course, the entrenched bureaucrats would strongly object and argue that the “earth would rend itself and the end would soon come upon us.” This is to be expected.

We ought to sell the Alaska Railroad outright. No more government infusions of a few million here and a few million there. A government-owned railroad

should not compete directly with the private trucking industry, especially with taxpayers' money. It should be a free market process where a railroad earns its way like everyone else. If it fails, entrepreneurs could acquire it and turn it into a profit making entity through competition. No more big, expensive, cumbersome union-controlled bureaucracies.

In every instance I've mentioned, from the Olympic “luges” in our major highways to the political pork at the airport to the railroad and the ferry system, all represent inefficient government monopolies that soak the taxpayer and do not provide the best service possible. That would change with competition. To visualize this, all we have to do is remind ourselves of the last time we painstakingly stood in line at the post office while the same number of clerks helped customers, regardless of how many people were

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waiting. Thanks to a government-created monopoly, the post office has no real competition with the exception of express mail. If it runs in the red, as it has for over a century, Congress simply steals more from taxpayers to make up the difference.

Compare this with Fred Meyer or Safeway when they become inundated with customers. New checkers and lines spring up immediately as if by magic. Only it's not magic. The private store owners are keenly aware that if customers are unhappy waiting in lines, they will spend their money elsewhere.

That's the main idea. Government could continue its role as guarantor that roads be built and maintained. But it can also create an atmosphere of competition that will make our roads a pleasure to drive on instead of making it feel like we're competing at the Olympics in the luge event.

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Rep. Vic Kohring

Vic Kohring is a 4th term Republican who represents Wasilla and Peters Creek in the Alaska State Legislature. He is Chairman of the House Transportation Committee.



Nuna Contractors

by Clark Ricks

In a period of less than five years, Nuna Contractors has gone from being an overlooked construction company to an award-winning general contractor specializing in military design/build projects.

When Terry Casdorff, currently general manager of the company, came to work at Nuna in 1998, the board had little to offer him except a dream of what they wanted the company to become: a company with a statewide presence and a reputation for competitive pricing, quality work, reliable performance, and good profitability.

Now that dream is well on the way to reality. The company has successfully completed projects throughout Alaska ranging from the rain forests of southeast to Kodiak to Fairbanks, and is currently working on projects near Anchorage and in Dillingham. In an industry where most companies win less than 10 percent of the projects they bid on, Nuna Contractors' success rate hovers around 28 percent.

The company is a subsidiary of Choggiung Ltd., a Dillingham-based village corporation established under the Alaska Native Claims Settlement Act of 1971. Nuna is a Yup'ik word meaning "land." The corporation has about 1,400 shareholders.

Nearly all of the projects they have undertaken in recent years are for either the military or for another government agency. One of the largest projects underway is a new design-build dormitory for airmen at Elmendorf Air Force Base. The concrete work was finished last fall and steel erection is slated to begin in March. The \$15 million



Photo courtesy Nuna Contractors, Inc.

Outstanding work on Aurora Elementary School earned Nuna "Contractor of the Year" honors.

project is designed to create a home environment, with game rooms, television rooms and study areas. The building will provide living quarters for 144 Air Force residents when it is completed in March of 2003.

Other projects include a 76,000 square foot, \$16 million Army National Guard maintenance facility on Fort Richardson, and a \$7 million Marine Corps Reserve Training Facility also located on the post. They were also responsible for the renovation of Aurora Elementary School

on Elmendorf Air Force Base, working closely with the Air Force, Alaska Corps of Engineers and Anchorage School District. The \$7.3 million project was completed six months ahead of schedule and within budget. Their outstanding work on this project earned them the Army Corps of Engineers "Contractor of the Year" award.

Among the most challenging projects the company has completed was the new \$7 million police station in Juneau. Casdorff says the project faced "unrelenting adversities," but went forward "under hostile weather, logistical, labor and political conditions that are hard to even put into words." Financially, the project was not successful, but it qualified them for an additional \$36 million of work, and the mayor of Juneau made Nuna an honorary Juneau contractor, calling the glass-faced building an "architectural landmark" for the city.

Currently, the biggest challenge facing the company is finding enough of the right kind of people. From adding depth to the management team all the way down to attracting enough qualified craftsmen, Nuna, like most contractors in Alaska, is looking for more

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workers.

Surprisingly, the company actually has an easier time locating workers for Bush jobs than it does for work around Anchorage. “We went to Kolignek for two separate projects,” says Casdorff. “The first was a school renovation, and only the superintendent came from outside the village. The project was delivered on time and under budget. The second project involved installing or replacing the water/sewer system for the whole village. Once, again, only the superintendent came from outside.” He attributes much of this to their status as a Native corporation, and Kolignek isn’t far from Dillingham, where the parent corporation is based.

And just as other companies have a hard time convincing workers to head for rural Alaska, Casdorff says these same workers are unwilling to leave the village to work on other projects elsewhere. Nuna Contractors usually relies on union labor on projects in town and local village labor on bush projects. Casdorff characterizes his relations with the unions as “very good” and has even prepared a two-page summary of information on how to join the Labor, Carpenter and Ironworkers unions, which he regularly distributes to interested job applicants.

Recently, Chugging created a subsidiary called Nuna Services with the twin aims to diversify and to increase employment opportunities for shareholders. It should also expand the capabilities the company has to offer. Much of the talent for the new company is already in place, including an interior designer to select furniture, fixtures and equipment. One of Nuna’s goals, like many Native organizations, is to increase long-term employment opportunities for shareholders. “That’s why we started Nuna Services. Our goal is to focus on shareholder hire, education and learning,” he says.

They are also putting together an internship program this summer for college-age architecture and engineering students.

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Ripping Up Anchorage

By Amy Marie Armstrong



Like it or not, road repairs—big and small—have to be accomplished during the same time frame that most Alaskans hit the road in search of outdoor adventure, and this year won't be any different.

The state Department of Transportation is planning to rip up a significant number of roads around the Anchorage Bowl this summer. Looking at the project list, it appears every major cross-town artery will be under construction. The Old Seward Highway, C Street, Arctic Boulevard and Lake Otis Parkway are all scheduled for work this year.

But before motorists get their mufflers in a bind, DOT spokesperson Murph O'Brien said it won't be that bad. "We are timing these projects to minimize the impacts on traffic," he said. "They won't all be going on at the same time." For starters, work on Old Seward and Arctic will end before the C Street project gets underway. The latter project, adding two lanes to the road between International Airport Road and Dimond Boulevard begins in mid-summer.

The 2002 work on the Old Seward Highway is a wrap-up of last year's major expansion that included new lanes, moving of utility lines and upgrading a storm drainage system between Dowling and Dimond. This year's work includes installing curbing and landscaping.

Workers will also be giving the road a "second lift." It's an industry term for the process of removing an inch or two of pavement laid the previous year to

Ah, the joys of summertime in the Anchorage Bowl. King salmon fishing at Ship Creek, a paddle down Campbell Creek, endless daylight hours to barbeque the day's catch and—oh yeah, road construction. Lots of it.

remove any soft spots that may have settled during the winter months, explained Tom Moses, a DOT construction manager responsible for the Anchorage region. Laying the second layer of pavement brings the road surface even to the curb and gutter.

Moses expects about a week of work on the Old Seward. The second lift being done on Arctic between Dimond and Raspberry Road should take about the same amount of time. "It should be relatively small and done by the early part of this summer," Moses said.

Then DOT officials will focus on bigger projects: the C Street expansion, the Dowling Road interchange at the New Seward Highway, a new on-ramp at Dimond Blvd. and New Seward, and the realignment of the Seward Highway in the Bird Flats to Bird Creek areas between miles 96 and 102. Several of these projects are still in DOT's bidding phase, but the agency hopes that work can still begin in June.

"It will be an adventure," admits O'Brien, who fields complaints from angry motorists and business owners during the construction season. "But I gauge the success of our construction projects by the number of phone calls I do receive. And last year,

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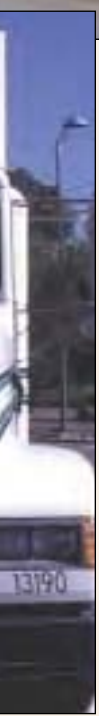
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I got very few phone calls from the projects in the Anchorage area."

It's a trend he hopes will continue, explaining that DOT officials are taking steps to assure it does. "Traffic plans are now a required part of the bidding process," O'Brien said. "We want to know up front how contractors are going to handle it."

In the case of the C Street expansion, DOT officials actually laid down some traffic laws before bidding began. Willie VanNostrand, DOT project manager for the upcoming C Street project, said traffic would remain on the two existing lanes while the two new lanes are being built. Then as reconstruction work on the two existing lanes is done, traffic will



switch over to the two new lanes. "We also are not allowing the contractor to drive on C Street until well after rush hour traffic has ceased," he said. "They will have to build their road as they go."

VanNostrand says he hopes this will help mitigate some of the traffic hassles, but he cautions motorists to be prepared for longer drive times. The C Street lane addition complete with left hand turn pockets at each intersection between International and Dimond and a new bridge spanning Campbell Creek is as big a job as the Old Seward renovation last year.

Some residents—like the trucking community based in that area—welcome the project. John Jolly, general manager of Mayflower World Wide Movers Inc., said his the road upgrades are needed. "Anything that improves the flow of traffic is good news to us," he said. VanNorstand said the DOT sought input from the trucking community throughout the entire planning process. One of the requests trucking companies asked for was a stoplight at 64th and C Street, included in this summers work. "They have been asking for it for quite some time," VanNorstand said. While Jolly himself didn't lobby for the new light, he is glad it is coming. "Anytime someone needs to turn left in there, it is just nothing but a bottleneck backing up way past the railroad tracks," he said.

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seasons, the new light will be a temporary one costing about \$10,000 to install. A permanent signal light valued at more than \$100,000 is slated for installation once an overpass over the railroad line is constructed. But that won't be for at least two more years, VanNorstand said.

The 2002 C Street project also includes a new seven-lane bridge over Campbell Creek. "It is going to wider than it will be long," he noted. "But we are doing that purposely because someday it is conceived that C Street will be six lanes – three in each direction – and this way we will already have a bridge ready for that. It is cheaper to build the bridge now than it will be then."

The new bridge is designed to not only make driving on C Street easier, but also enhance the biking and walking experience along Campbell Creek. The west side of C Street will have a sidewalk and the east side will have a pathway. Outlines of salmon will be painted on the bridge's walls to compliment a new lamp pole shaped like a fishing rod. The light of the pole is shaped like a lure. It is just one of many design features VanNorstand said DOT is experimenting with to make completed projects more aesthetically pleasing.

In the residential areas near the 76th Street intersection, DOT planners are opting to install translucent noise barriers instead of the traditional wooden ones. "What we have instead of those normal, ugly wood barriers that act more like a prison wall is a structure that lets the sunlight and heat through into folks' backyards," VanNorstand said. "It is very appealing and no one can see through it." The cost of the translucent barriers is nearly double that of wood – initially— "but our studies on wood maintenance are showing that it is very expensive to maintain and that this new product should in the long run be less costly to take care of," he said.

Further south on the Seward Highway, approximately 750,000 cubic

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yards of rock will be removed from the west side of Bird Creek to make room for a 160-car parking lot for anglers who frequent the popular salmon fishing venue. The rock material will be used to move about two miles of highway and railroad tracks about 90 feet into the Turnagain Arm from where the two now are located between miles 97 and 99 of the Seward Highway.

"It is an area prone to avalanche," said Jeff Brown, DOT manager for the Bird Creek project in 2002. Last year, Brown managed the Old Seward Highway upgrade between Dowling and Dimond. He also managed other phases of improvements to the Seward Highway between Indian and Girdwood.

He too realizes how difficult construction season is for everyone involved. "It [the Old Seward Highway project] was a bit cumbersome at times," he said. "But overall, we tried very hard to work with businesses and keep them involved in the process and we were able to keep the most disruptive activities to one summer season instead of carrying them over."

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Lynn Hosack, office manager of Mr. Prime Beef located at 76th Street and Old Seward Highway, said DOT officials did the best they could to ease construction pains. "The folks who worked with us bent over backwards and did a good job considering what had to be done," he said. But noting that business was done last summer, he added, "I am glad it is over. It looks like the whole project will be quite beneficial."

O'Brien would agree. "The key is to make an extra effort to let people know what the program is and where specifically their driving and shopping will be affected by work that is going on," he said.

That is why the state DOT regularly publishes Navigator ads in the Anchorage Daily News during construction season. Seasonal brochures describing upcoming activities are available to the public at DOT offices. 

UNDER CONSTRUCTION

A few projects the community public should be aware of for this coming summer season include:

■ Second lift paving jobs on Arctic Boulevard between Dimond and Raspberry Road, on the Old Seward Highway between Dimond and Dowling and on Business Boulevard in Eagle River. These are early season projects and should require less than a week to complete.

■ Paving on Northern Lights and Benson Boulevard between Lois Drive and Lake Otis Parkway. The intersections were completed last year; now the main sections of the roads are scheduled for the May and June time frames.

■ O'Malley Road from Old Seward Highway to Hillside Drive was leveled last year and will be repaved this year.

■ Intersection paving and utility relocation at Viking and Commercial Dr. and at Kincaid and Sand Lake. "There is a fair amount of work that needs to be done there, but it should be fairly confined allowing us to route traffic around it," O'Brien said.

■ New onramp at Dimond and New Seward Highway should be completed by the middle of June. Traffic should not be affected, other than the long-standing congestion in the area that warranted the project.

■ The Eagle River Bridge on Eagle River Loop Road will be repaved. Currently there are no plans to close the bridge. However, motorists should expect some delay, as the process for removing the older

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pavement is more time consuming than it would be on a regular road surface.

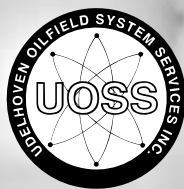
■ The Eagle River Urban Rehabilitation Project moves forward this summer with paving of the Old Glenn Highway from Artillery Road to the North Peter's Creek exit south of the main business area.

■ Installation of a "dog bone" roundabout traffic pattern on Dowling Road at the New Seward Highway will tie up traffic in that area for most of the summer season.

■ Mat-Su commuters can expect a repeat of last summer's slow-downs on the Glenn Highway as ruts between McCarrey, the inaccessible overpass between Boniface and Bragaw, and Hiland Road are repaired.

■ Installation of a \$40 million Weight In Motion device near the northbound weigh station might slow traffic down for about two to three weeks as lanes are moved over to accommodate worker safety and rubbernecking drivers who let curiosity get the better of them.

"It takes quite some time for that type of work to be done in terms of putting in instrumentation and pouring the concrete slab and letting that set up," O'Brien explained. The WIM will be a boost to truckers, whose loads are within limits, if they purchase a DOT transponder that registers their vehicle with the scale. "If they are legally loaded, then all they have to do is drive on and get the green light," O'Brien said.



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By Clark Ricks

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Alaska's lack of financial planning has finally become a crisis. Our state legislators have allowed expenses to exceed revenues every year since 1994—making up the difference by dipping into the Congressional Budget Reserve—and this “rainy day account” they’ve been dipping out of is about to run dry. This year the state will spend a billion dollars more than what it takes in, and has no made no plan to curtail spending in the near future.

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be reduced to less than 70 percent of their current value by 2010. As Marc Langland, president and CEO of Northrim Bank, says, "We can't go on the way we've been going on much longer."

Politicians in Juneau have been aware of the growing crisis for years, but under pressure from the spending lobby, have taken few real steps to remedy the problem. Now they are in a quandary. They either continue on the current path, spending every last cent of the state's savings, or they can solve it by ending the Permanent Fund Dividend, implementing a state income tax, or dramatically cutting back state services. None of the options are popular; legislators say any of the options amount to virtual political suicide. Afraid of public backlash, our fearless elected officials held a closed-door meeting in late January to discuss the issue.

Declining Oil to Blame

The problem stems from the fact that oil taxes and royalties pay for almost all general government operations—80 percent to be exact—and as North Slope oil production has dropped, so have government revenues. Even though the state has cut \$250 million dollars in the past five years from the General Fund, the deficit continues to grow.

That's because a significant portion of the "cuts" were accomplished by merely shifting programs from one part of the budget to another. No programs were eliminated. No major services were privatized. In fact, while the Majority was being praised for following through with their five-year plan, the fiscal gap nearly doubled from \$325 million to \$625 million. This year, the gap has nearly doubled again to \$1.1 billion.

But the plan was a step in the right direction. "I'm not saying that there weren't some cases of smoke and mirrors," says Rep. Lisa Murkowski "but I'm saying there were some very significant, very real and very substantial budget cuts."

Ernie Hall is president of Alaska United, a group lobbying for a balanced budget. He says, "People need to ask themselves, 'what are we going to do after oil?'"

The Legislative Response

Any solution to the looming crisis will have to come through the legislature. As holder of

the state's purse strings, only they have the authority to control spending, levy taxes and distribute Permanent Fund proceeds. Any proposed solution would be vigorously debated for weeks in Juneau, and Hall believes that's a benefit. "Debate ensures reason and logic behind it," he says.

Dick Cattanach, executive director of the Associated General Contractors of Alaska, agrees. "The AGC is not advocating a particular solution, but we strongly encourage the legislature to find one. Overall, they are doing an admirable job."

But Cattanach and the AGC are worried about the repercussions of one tempting, short-term fix. "Our biggest concern," he said, "is that if they cut the budget, it will be on capital items." Capital funds are earmarked to maintain buildings, roads, schools, airports and other government structures. Politicians could cut here without directly affecting government programs or eliminating jobs. Sure, the state infrastructure would eventually fall apart, but not right away, and not during the coming election.

Matching Funds

There has been talk of eliminating capital funding for just one year. It would save about \$100 million dollars, but the repercussions would be enormous. For every dollar the state spends on certain construction projects, like highways and airports, the federal government chips in another 10. For example, Alaska has \$140 million to spend on airports, but only \$10 million to \$15 million comes from the state. And if the state decided not to use the \$42 million it has set aside for highways, the state would lose \$450 million of roadwork.

Cattanach estimates that 40 to 50 percent of all construction work in the state is due to matching funds. "Imagine what would happen to your business if you had to go an entire year without revenue," he says. "Nobody could afford to stay open." That's why the AGC is lobbying hard to make sure that the legislature "funds the match."

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Of course, other organizations are also lobbying hard to keep their favorite spending provisions in the budget as well, and some say that's exactly the problem. Nobody will



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let anybody else cut their pet program. Scott Goldsmith, a UAA economist, says part of the problem is that many people do not understand exactly how much a billion dollars is. "If a billionaire died and left you his money," he writes, "you could spend a million dollars a year every year for 1,000 years." In other words, trimming the pork from the General Fund—though it would surely help—will not eliminate the deficit. In order to save \$1 billion in spending, every activity not mandated by the state constitution would have to be cut, including the Marine Highway, Pioneer Homes and all university campuses except UA-Fairbanks, and the remaining programs would be scaled back 25 percent. The resulting fallout would be every socialist's nightmare.

Most agree that a workable solution will require additional money from somewhere. Taxing outsiders through either an income tax or seasonal sales tax sounds good, but would it work? A non-resident income tax could realistically collect only \$50 million annually, and a seasonal sales tax aimed at tourists and visitors would garner roughly the same amount.

Corporate income taxes in Alaska are already some of the highest in the nation. Raising them still higher would do little to close the fiscal gap, while hindering economic development for years to come. Businesses have little reason to move to a state offering no financial incentives, high taxes, and an uncertain economy in the face of declining oil production. In a worst case scenario, even established corporations would leave the state for a more business-friendly environment, like Boeing did recently when faced with a similar situation in Seattle.

Raising oil taxes even higher would also be a bad move. "It's unrealistic," Goldsmith writes, "to expect that the state could take in an additional \$1 billion per year without seriously compromising the \$5 billion in new investment the industry has said it plans over the next five years."

Sen. Frank Murkowski, a leading contender in the governor's race, says the solution lies in economic development. A simple look at state history shows he's probably been living among politicians for too long. It would take several hundred top-notch mining operations, for example, to generate a billion dollars in tax revenues.

The recent booms in mining, tourism and the air cargo industry have had no effect on the General Fund. Economic development is not a stand-alone cure.

The "Alaska Disconnect"

That's because residents pay nothing to defray the cost of state services—such as education, health and safety, transportation and infrastructure—that they use. "Every time we create a job, we create a new liability," says Hall. This so-called "Alaska disconnect" means that without taxes of some sort, economic development would only make the problem worse.

Every other state in the Union has implemented some sort of broad-based tax as a simple solution. Four have no sales tax, six others have no income tax, but only Alaska has the luxury of being free from both.

That hasn't always been the case. Before Big Oil came to town, Alaska had an income tax and residents paid for the services they used. In 1969, the state budget for the entire year was \$150 million, funded by the citizens of Alaska.

Then, in a single day, North Slope oil leases brought in \$900 million. State taxes were discarded and spending was ratcheted up. By 1979, state spending had increased to 400 million. Two years later, the state was spending \$4 billion a year and still couldn't spend money fast enough. Even questionable projects like using chicken manure to heat houses in rural Alaska received tens of thousands of dollars.

Eventually, several billion dollars of earnings were put into a Permanent Fund. The idea was to replace a non-renewable revenue source—the oil—with a permanent, renewable resource for generations to come. Instead, a large portion of the fund's earnings—\$10 billion at last count—have been paid out every year, and now that the state needs the earnings, they're coming up short.

The dividend has come to be seen as an entitlement, and so has the high level of public services. Alaska now has at least a third more state and local employees per capita than the national average, and state spending per capita borders on ridiculous. Most states spend about \$3,700 per person. Not counting Alaska, the three highest states are Hawaii (\$5,285 per person), Delaware (\$5,229 per person), and New York (\$5,087

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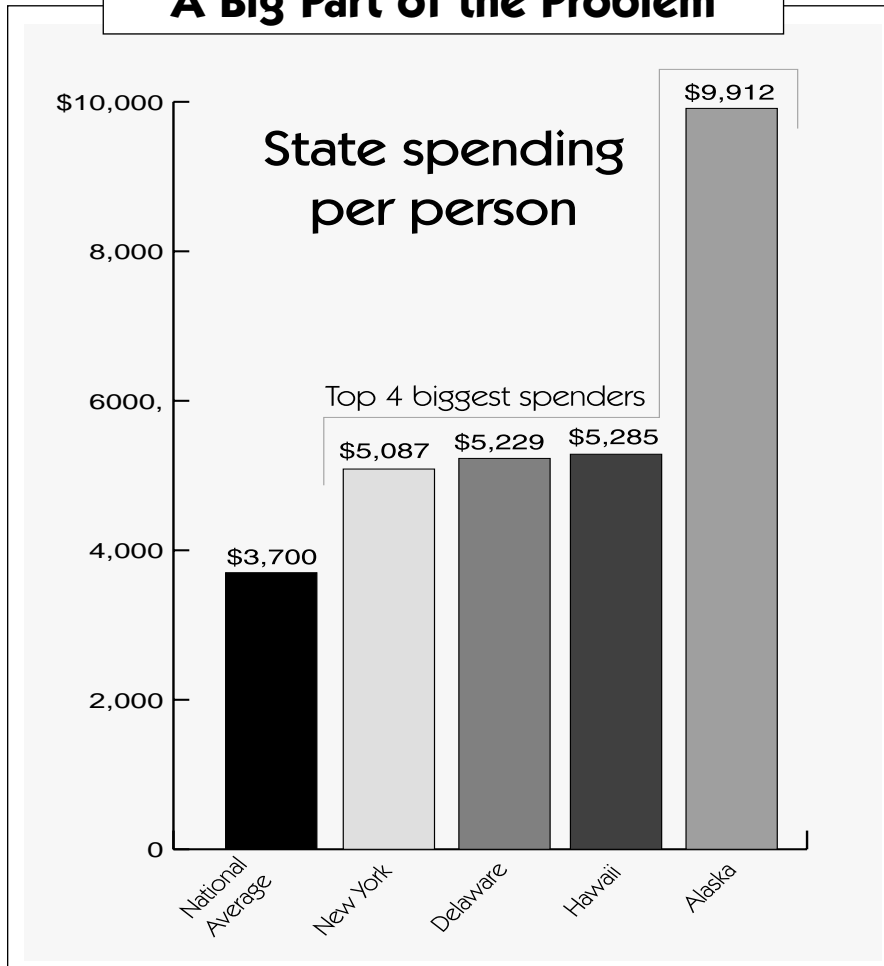
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A Big Part of the Problem



per person). Alaska, on the other hand, spends \$9,912 per person. No wonder we're finding ourselves in a financial crisis.

Possible Solution

This year's deficit, divided equally among state residents, is about \$1,600 for every man, woman and child in the state. The only source of that kind of money is either a statewide tax or curtailing the Permanent Fund Dividend. Neither would be popular, but Rep. Lisa Murkowski says, "This is not the time to have a bunch of sacred cows out there. We need to look at all potential sources of revenue." Here are a couple possible solutions:

Plan A. Eliminate the Dividend

The Permanent Fund still throws off enough earnings each year to cover the annual deficit—if no dividend is paid. Revoking the dividend would be extremely unpopular, but solutions to the looming billion-dollar shortage are extremely limited. By revoking the dividend, Alaska could put itself on a firm financial footing. The

earnings would cover declining oil revenues, eliminate the fiscal gap and still a little left over

Hall points out that most companies quit paying dividends when money gets tight, and Alaska should be no exception. Langland agrees. "The Permanent Fund was never intended as a dividend payout program."

Instead of eliminating the dividend completely, Rep. Murkowski proposes to "maybe cap the dividend at \$1,500 to avoid a state income tax." Would that be enough? Not this year, and not in the foreseeable future.

But eliminating or reducing the dividend would have major secondary effects on the state economy. UAA economist Goldsmith says it would cost about 3,200 jobs. More importantly, Alaskans—especially lower-income Alaskans—have come to rely on the dividend to support their standard of living. If the dividend is to be eliminated, it needs to be phased out gradually.



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Plan B. Implement an Income Tax

If the dividend is not revoked, a state tax of some sort is almost inevitable. Some say an income tax is the best solution. Low-income Alaskans that depend on the dividend would still receive the full amount while paying very little in state taxes. Upper and middle class citizens would shoulder most of the new tax burden, estimated to be slightly more than what they receive every October as a PFD.

This proposal isn't as perfect as it sounds. For starters, it creates a double bureaucracy. One government agency is established to collect tax monies, while the office down the hall is processing the paperwork to send it right back. If the end goal is to save money and increase government efficiency, this is a bad idea.

There are also other, less obvious sources of inefficiency. When the dividend is paid, it becomes taxable by the IRS. Given the current tax rate—about 20 percent—and the annual payout—say \$1 billion—the state would lose \$200 million a year. In addition, a fair amount of the dividend leaks out of the state down the Alaska Highway. Fourteen percent of Alaska's residents move from the

state every year, and the dividend savings—for a child's education, perhaps—goes with them. In the end, it would also cost about 3,000 jobs, about the same as the PFD plan.

The worst course is to do nothing. Then the economy takes a \$1 billion dollar hit all at once. Perhaps 10,000 jobs would be lost and the resulting recession could be the worst in state history.

Plan C. A Practical Approach


Solving this problem, says Rep. Murkowski, is "going to take some creative thinking." A viable solution with public support hasn't yet been developed, but its critical elements are fairly clear.

First off, any successful plan must cut government spending. "There's always room to make government more effective and efficient," says Langland. "We're doing okay compared to how we used to be doing, but we can still do better. It's something we constantly need to keep up."

Second, over a period of years, the dividend will probably have to be phased out. This could take as long as 10 years, but as the population grows, continuing the dividend in its current form will be unfeasible.

Third, some broad-based tax will need to be implemented to resolve the "Alaska disconnect." This tax could be implemented over a number of years as the PFD is gradually eliminated so families can accommodate the shift in their personal budgets. If the economic impact of the changes is too great, the state could be faced with a mass exodus similar to the one that followed the oil bust of the late 1980s. "A lot of people don't consider [Alaska] home," says Hall. With incentives to move elsewhere, too much too quick could be the proverbial straw that breaks the camel's back.

After the tax is in place, an aggressive economic development strategy should be pursued to accommodate new revenues. This strategy could include new roads, tax incentives for new businesses and encouraging businesses that add value to Alaska's natural resources.

"We're going to have to create a new economy," says Hall. "We need to let our legislators work out a solution, and we need to do it now," he said, "if we do it right and do it smart, we've got the endowment to make it happen." 



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WHAT TO DO IN CASE OF A PIPELINE-RELATED EMERGENCY

The Trans-Alaska Pipeline System (TAPS) was designed and constructed to the highest standards to safely transport crude oil from the North Slope to Valdez. However, emergencies may still occur. TAPS consists of 800 miles 48" Oil Pipeline; 146 miles 30" Fuel Gas Pipeline from Pump Station 1 to Pump Station 4; Valdez Bypass Terminal, as well as other related facilities.

RECOGNIZING A LEAK

If you are near one of the pipelines during an emergency, you may detect an oil or natural gas leak by:

- SMELL:** Crude oil may have an odor similar to fuel oil or gasoline. Natural gas leaks may be detected by a pungent, rotten egg or sulfur odor.
- SIGHT:** A pool of dark liquid or discoloration vegetation near the pipeline may indicate a crude oil leak. A dense white cloud or fog and flames may indicate a natural gas leak.
- SOUND:** An unusual noise, hissing or roaring sound may be a sign of a leak.

IF A LEAK OCCURS

- Do not enter the area where the spill, leak or vapor cloud is located.
- Leave the area immediately.
- Do not touch leaking liquids or breathe leaking gases.
- Do not create sparks, light matches, start an engine, switch on a light, use a camera flash or cellular telephones. These actions may ignite the leaked or spilled substances.
- When return near to the possibility of a pipeline emergency.

From a safe location, call Alyeska Pipeline Service Company called at (907) 800-4138. You may also contact 911 or other local emergency response numbers.

Provide your name, location, description of the leak or possible leak and information on how you can be contacted.

EXCAVATING NEAR THE PIPELINE

Some portions of the Trans-Alaska pipeline and the fuel gas line are buried. Excavation-related activities are prohibited along all portions of the pipeline right-of-way, unless prior authorization from Alyeska Pipeline Service Company has been received. Contact the number listed above for information regarding excavation requirements near the pipelines. Alyeska's Damage Prevention Program was designed to reduce and eliminate excavation related accidents.



Anchorage Roofing

by Clark Ricks



Anchorage Roofing is quite possibly the oldest roofing company in Alaska, and it's not planning on disappearing any time soon. Started in Anchorage in 1948, the company specializes in all types of commercial roofing, including metal, EPDM, thermal plastic, and hot tar. The company is also a licensed and bonded general contractor, and has steadily expanded its range of capabilities in recent years.

Today, Anchorage Roofing and Contracting, Inc. is managed as a partnership by Rick and Gorden Purcella. Their father, Tony Purcella purchased the business from the previous owner over 20 years ago, and was active in the company until his death in March 2000. Under their ownership, the company has compiled an impressive list of accomplishments and worked on a number of prestigious projects. They installed the roof of the BP (Alaska) building on Benson Blvd. when it was first built as well as a number of box stores, shopping centers and schools throughout the state.

Gorden Purcella, project manager for the company, says the Anchorage-based business prefers working on local projects, but regularly does jobs in all parts of Alaska. The company recently won the bid to re-roof a pair of schools in the Juneau area. In the past, they have worked as far away as Shemya and Attu in the Aleutian Islands,

and as far north as Point Hope, 200 miles north of the Arctic Circle, where they faced the challenge of installing a roofing system in wind chills ranging to 80 below zero.

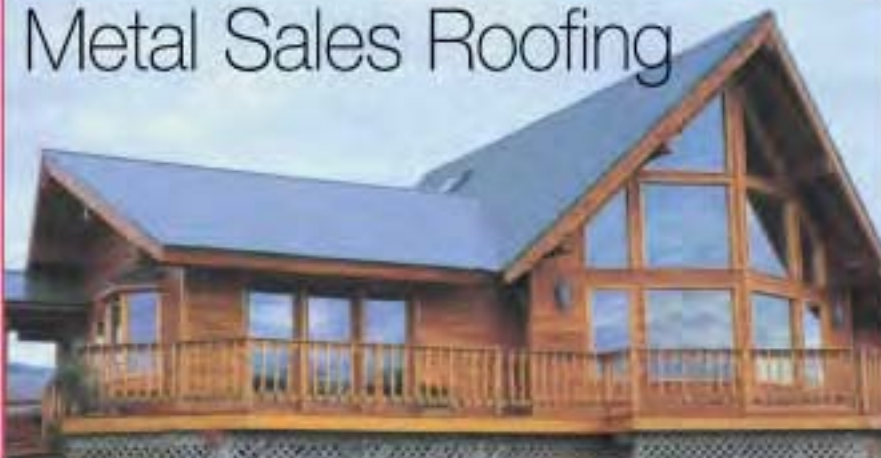
Purcella says that being able to work in that kind of environment is one factor that sets his business apart from the competition. The key to their continued success, he says, lies in "improvising to put systems down in extreme cold applications, and being able to overcome the elements." While reluctant to share the exact methods that make Anchorage Roofing so successful in cold-weather roofing, Purcella says that the secret lies in doing a lot of testing and preparation prior to installation, and using tents, heaters and other equipment onsite to "provide your own climate."

Because of their success in working in sub-zero temperatures, Anchorage Roofing—unlike most contractors—is able to work year round. Most of their work, though, falls between May and October, and that means that the company is starting to ramp up for what looks to be a busy summer season. Purcella says there is a lot of work still projected to come out of Anchorage, and his company is positioned to receive a significant portion of it.

Because of the cost of doing work outside of Anchorage, local

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business is almost always more profitable than out-of-town jobs. With no plans for company growth in the near future, the strategy is to get as many local jobs as possible and then fill in the gaps with other work to reach the \$6 million to \$8 million optimal workload.

“They faced the challenge of installing a roofing system in wind chills ranging to 80 below zero.”

Purcella says one of the major factors limiting growth is the lack of qualified labor. Not only is there a shortage of what he terms “competent craftsmen,” but he says it’s difficult to find people willing to work hard and get trained. “I don’t think the younger generation understands they have to work for a living,” he says. Anchorage Roofing is trying to overcome that challenge with in-house training, but as a small shop, it isn’t big enough to start training from the ground up and prefers to hire workers that are already at the journeyman level.

So what exactly do the Purcellas see in the company’s future? “We’re already getting into more small general contracting work where roofing is a significant part of the contract,” says Gorden. “This way, we can maintain tighter control of scheduling and the overall project.”

For over 50 years, Anchorage Roofing has been keeping businesses waterproof, and even with the recent move to diversify, Purcella sees the company continuing for a long time. “We’re already a second generation business,” he says, “I’d like to be able to pass it on to the next generation.”

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PACIFIC ALASKA FORWARDERS, INC.

EXPORTING OUR BEST IDEAS

By Dennis Nottingham

Homegrown Solutions Solving Problems Outside the State

Sometimes the best ideas are homegrown. National design awards recently given to one Alaska-based engineering firm are proof of that. And the company continues to develop innovative solutions that earn widespread recognition and application outside of the state.

Anchorage-based Peratrovich, Nottingham & Drage, Inc. was recently honored for design work on the Bell Street Pier in Seattle. The special recognition award was presented at the Deep Foundations Institute's 2001 Outstanding Projects Award Program. The key to the design was the use of PN&D's "spin-fin" pilings to support another proprietary development, the "permeable wave barrier." This innovative barrier is currently being used in construction at the port of Astoria, Oregon.

PN&D also developed the "open cell sheet pile," hailed by reviewers at the University of Michigan as "possibly one of the best civil engineering innovations of this century." This technology has won a number of awards including the 1998 Construction Innovation Forum's annual NOVA Award, often referred to as the "Nobel Prize for construction." Most recently, the open cell system earned PN&D the Driven Pile Project of the Year Award for design work on the Northstar Gravel Island Dock, located in the Beaufort Sea near Prudhoe Bay.



PN&D's "spin-fin" pile

The spin fin, permeable wave barrier and open cell are the results of ongoing in-house research and development efforts at PN&D. Here's a look at how these innovations work.

Spin Fin Piles

Spin fin piles are metal pipe pilings with heavy fins welded at an angle near the tip. When these piles are driven into the ground, they rotate and literally screw themselves into the soil. When the piles are connected to a structure and prevented

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from unscrewing, they are considerably stronger than conventional pilings. In fact, spin fins more than double the safe pile tension capacity when compared to standard piles.

When a ship comes into contact with a dock structure, it tends to lift the nearest piles out of the ground. The traditional method of resisting this force is to counteract it with gravity by adding heavy concrete caps. This cast-in-place concrete is expensive and the extra weight means additional piles are needed. Spin fin piles, on the other hand, do not require large concrete caps because the spin fin anchor provides the necessary resistance. The result is a very functional structure that costs less to build. To date, PN&D has designed numerous marine structures with spin fin piles and they are performing their desired function.

Spin fin pile structures have been successfully load-tested on numerous occasions and have met or exceeded load predictions by PN&D engineers. In one instance, a large out-of-control cruise ship demolished a nine-pile and six-pile dock fender, but stopped when it encountered a PN&D three-pile fender with spin fins and a prefabricated steel cap.

Pipe piles with spin-fin tips work well in varying soil conditions. If a steel pipe pile needs to be driven deeper than anticipated, it can be easily spliced by welding. This is not the case with concrete piles. Pipe piles can also be easily adapted for rock anchors, if the required uplift resistance cannot be met with the spin fin.

Since they first developed in the mid 1980s, an estimated 3,000 spin-fins have been used successfully on projects worldwide.

Permeable Wave Barrier

Traditional rock breakwaters have several drawbacks. First, they prevent water flushing and cause harbor stagnation. Second, rock breakwaters occupy vast areas of the sea floor, hampering or preventing future basin development.

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Prompted by the need to improve harbor sanitation and the desire to minimize the tremendous costs associated with large rock fills, PN&D began to investigate permeable wave barrier systems, partially funded through a State of Alaska Science and Technology grant.

Preliminary tests were performed using scale models of breakwaters in a wave tank measuring 16 feet long, one foot wide, and two feet deep. From these tests, a range of solutions were developed for different soil conditions, water depths, and other factors. All involved a permeable barrier that minimized wall pressure and allowed for improved harbor flushing, while still providing desired wave protection for the harbor.

The permeable wave barrier is constructed with steel or pre-stressed concrete piles and faced with treated timber or concrete panels. Because the methods and materials of construction are similar to docks, the system can be readily removed to enable future modification or expansion. The barrier can be attached directly to an existing dock or used as a foundation for a future dock, and is strong enough that boats can be moored directly to the breakwater.

The permeable wave barrier has shown a number of other advantages over traditional rock breakwaters. They are cheaper to build and easier to install, as it doesn't require rock quarrying and related activities and is better for the environment. Because the system is "permeable," it allows natural basin flushing. Much lighter than the traditional rip-rap, the system minimizes the weight load on submarine soils and reduces the breakwater's susceptibility to seismic damage.

The first such barrier was constructed at Garibaldi, Oregon in 1980 and was designed to withstand three-foot, short-period waves. The system withstood a major storm in 1986—with six-foot waves in Garibaldi Harbor—and has performed favorably with no maintenance to date.

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Open cell bulkheads were developed by Peratrovich, Nottingham & Drage, Inc. in 1980 for the express purpose of meeting the demand for an economical, easily constructed, extremely strong retaining wall.

PN&D solved this challenge by designing a structure made from flexible sheet steel and anchor piles. Viewed from above, the structure resembles a series of U-shaped cells formed by the vertical membranes, which are then back-filled for stability and support. The open ends of the "U" are anchored into the ground for additional support. The result is a structure that can withstand considerable settlement and support a variety of loads. In seismic regions or weak soils, the tail anchor walls can be extended as required to guarantee fill



Typical open cell layout

mass stability.

Compared to alternative structures, several cost savings are realized from this design such as reduced sheet pile area, greater construction tolerances, minimal pile penetration, and reduced back-filling procedures.

More than 100 open cell structures have been built for various uses including docks, bridge abutments and erosion control structures. The design has a patent pending.

Dennis Nottingham is president of Peratrovich, Nottingham and Drage. The firm, established in 1979, currently has offices in Anchorage, Juneau, Seattle and Astoria, Ore.

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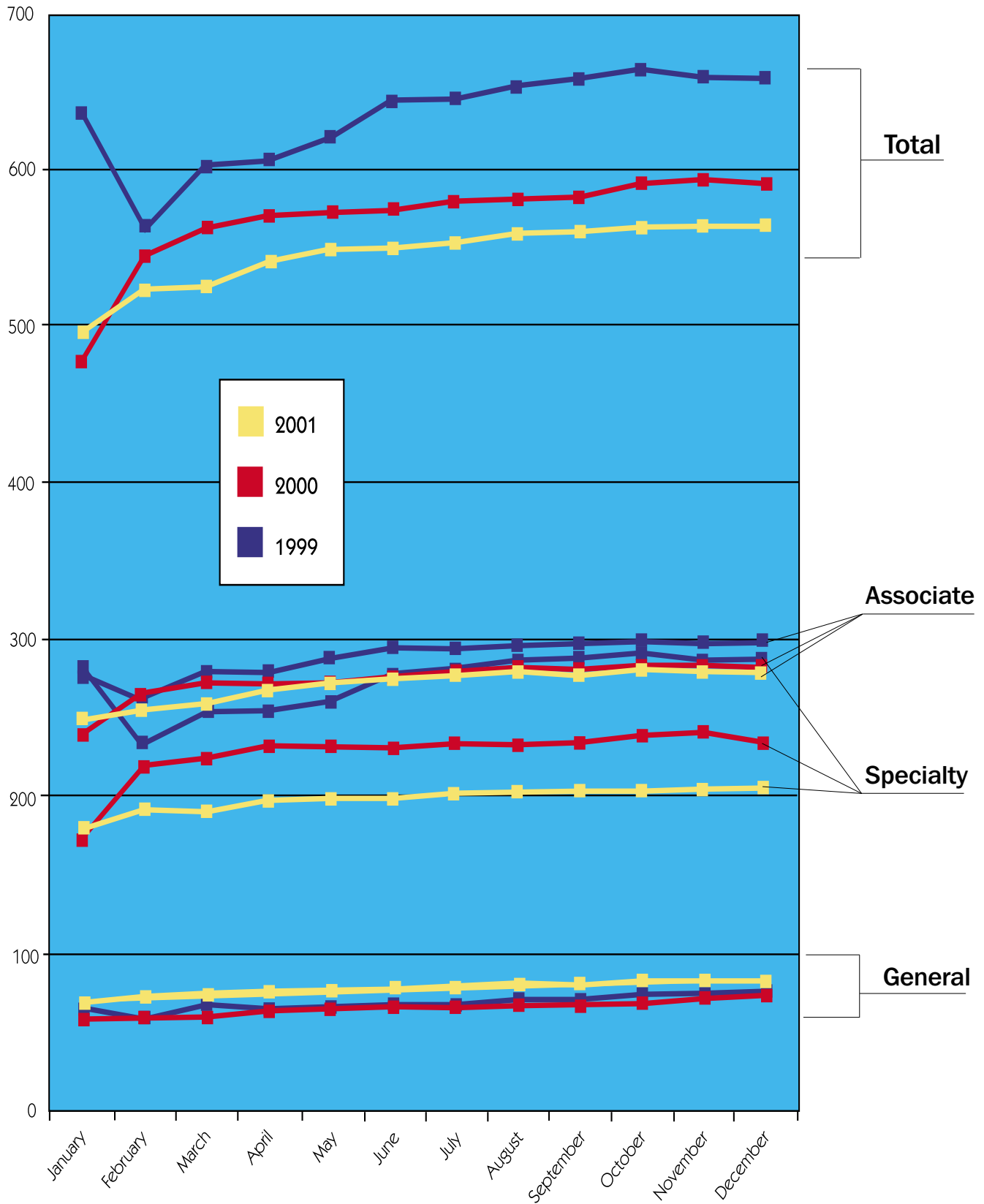
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Nobody wants the negative press that comes from an underground utility cable cut. Imagine the repercussions of your company's name broadcast on the radio and evening news as the party responsible for a cut cable that delivered internet services to 20,000 customers and businesses. It's a frightening thought for the contractor, but customers and the utility company don't like the thought either.

This year, the Matanuska Telephone Association is trying to reduce cut cables by partnering with contractors to create a win-win-win situation.

Angry business and property owners are not the only motivators of this new program. An increasingly competitive business environment and simple economics require that all companies be more protective of their investments. In most industries, when equipment is damaged, costs must be recovered from the responsible party, and the utility industry is now one of them. Instead of tolerating cable cuts as an inevitable part of construction, MTA feels it's something that must be carefully avoided.

Buried telephone cables used to be the exception to the rule. Typically, they were strung from poles—often within inches of electric lines. But not anymore. Now, they're commonly buried just like television coax, sewer and gas lines.

In addition, more people rely on the lines than ever before. "Before, a 50-pair cable was only capable of carrying 50 simultaneous telephone calls" says Mitch Vieu, MTA's outside plant operations and maintenance supervisor. Now, state-of-the-art electronic upgrades have increased the number of people who depend on a 50-pair cable

MTA GETS SERIOUS ABOUT ACCIDENTAL CABLE CUTS

by up to 24 times. Vieu adds, "We serve larger businesses and smaller home offices who all rely on uninterrupted communications. We even have customers who are serious stock traders and are affected immediately when they have suffered a disruption of service. It costs them money."

The Law and Some Statistics

Alaska State Law has long recognized the need to protect utility lines from damage. Alaska Statute 42.30.430 on Obligations Concerning the Conduct of Excavations, states in part:

- (a) An excavator shall use reasonable care to avoid damaging an
 - (1) underground facility. The excavator shall;
determine, without damage to the facility, the precise location of
 - (2) an underground facility whose location has been marked;
plan the excavation to avoid damage to and minimize interference
 - (3) with an underground facility in or near the excavation area; and
to the extent necessary to protect a facility from damage, provide support for an underground facility in and near the construction area during the excavation.

MTA's cable damage for 2001 added up into the tens of thousands of dollars. The types of cables that were damaged ranged in size from an individual home up to major 900-pair distribution cables with as many as 500 subscribers. Considering the high volume of construction projects taking place on a regular basis and the number of cables in the ground, a contractor's chances of causing damage are high unless the *Call Locate* service is used.

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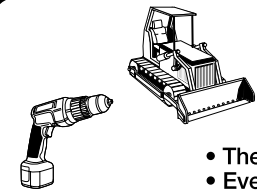
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Call Locate and Training

Last year, MTA responded to a total of 17,434 requests for cable location services. It's a number they'd like to see increase even more. Cable cuts are expensive to repair, and happen more frequently than anyone would like. Vieu says that one reason construction crews don't even think to contact *Call Locate* is because wild alder bushes grow up over buried cables so quickly. Sometimes it's difficult to imagine the area was ever excavated. This season, when contractors do seek the services of *Call Locate*, improved technology will be at work. MTA has invested in new locating equipment with finer frequency control – giving an operator the ability to tune into a better and stronger signal, resulting in more accurate cable location.

This year and in the future, MTA plans to gather more data about cable cuts to more accurately track the costs of cable damages. To help accomplish this goal, Bill Schultz of Utility Business Services, Inc. will be training company maintenance technicians and accountants. Schultz's philosophy is that utilities must be willing and able to collect for damages and must stubbornly fight for cost recovery. It's part of the new, more serious approach to plant damage – one that MTA supports and believes will lead to lower damage statistics in the long run.

The Bottom Line

- ❖ Contact *Call Locate* 48 hours in advance. The statewide toll-free number is 1-800-478-3121. Local Anchorage-area calls can be made to 278-3121.
- ❖ Follow up as often as needed.
- ❖ Hand dig when close to a line.
- ❖ Pay your damage bill before it goes to collections or court. MTA only invoices for the actual costs of repairing the damage plus any credits made to customers as a result of service outages in excess of 24 hours.

If contractors follow these guidelines and avoid cutting utility lines this year, MTA promises to do its part to protect Alaska's contractors from the headache and embarrassment of cable cuts.

MTA is a full-service communications company with over 60,000 access lines located in the Municipality of Anchorage, Kenai Peninsula, Matanuska-Susitna, and Denali Boroughs. MTA's Public Relations Department (907) 761-2455 submitted this article.



Safety First vs. Safety Last

Where does your firm place it?



by Don Weber

Don Weber is director of AGC Safety Inc., which provides safety instruction and training classes to Associated General Contractors members, non-members and government personnel.

AGC Safety Report

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Whenever AGC Safety or any other safety training/consulting organization in the United States and Alaska delivers safety programs or performs safety audits and inspections we will always hear how vitally important it is to have a good safety program for that particular organization. And, to that specific contractor, company or organization it quite often is “very important”. Most safety-conscious firms have consistently placed a relatively high value on the safety factor for the type of work being performed by their crews.

This well-deserved set of values may have developed as a result of knowing that a good safety program has added benefits, or it may have developed as a result of a recent increase in the workmen's compensation insurance rates, an accident could have occurred on the job, or even fear of the accident potential with the work involved. Or, it could have occurred when the company finally decided that “not having a good safety program” would be detrimental to their long-term business growth. Whatever the case may be, there are those organizations that do put safety first and it shows in their employee's attitudes, in their productivity and even in the safety awards received over time. It is an absolute fact throughout the working world that having a good safety program is in itself an incentive to increase worker productivity and profits for the company. It is not necessarily for awards, the kudos and the reduced insurance rates. It is primarily for an adjustment in attitudes on the job and respect for a life.

What value have we, the construction industry as a whole, put on safety here in Alaska? Our insurance rates should tell us something. Compared to many other industries and their accidents rates, our

rates are way up there. What should we do about this? Absolutely nothing if you're planning on going out of business in the not too distant future.

However, if you're like some of us and care about what is affecting this industry, you will get on board the safety bandwagon and begin caring about what your cohorts in construction are doing. Are they low bidding you because they aren't concerned about buying the safety equipment needed for the job or because they're cutting the unseen corners closer than most and creating future safety problems for the owners? There are a thousand reasons why some companies get these bids and get by on the borderline safety shoestring... until something catastrophic happens.

We could ask the contractors in Greece or Turkey if they would build shoddy apartment buildings again. But we'd have to get their prison addresses first in order to write them.

One current solution that we are now seeing more often is the owners, architects and engineers drafting plans and specifications with far more attention safety issues and then insisting that the companies get in compliance with the safety regulations before they are awarded the project. These owners and engineers are very tired of the courts and the family attorneys trying to dip into their “deep pockets” after an accident involving an injury or a death.

Another solution that should be considered by all of us in the industry is to get a bit tougher on those cohorts of ours that are always just getting by and skirting the regulations by doing nothing or nearly nothing to protect their workers on the job. By waiting for your good buddy or your competition to have an accident, when you see that something is amiss, is tantamount to contributing to the



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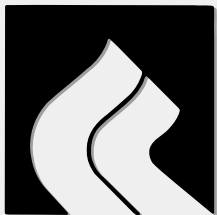
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problem or accident. And, as the old saying goes, "If you're not part of the solution, you're part of the problem."

Just because OSHA isn't there today or they haven't caught the problem, doesn't mean that it's OK to place people in harm's way. Our legal system is full of cases of those that have chosen to ignore the OSHA standards (which are considered to be the bare minimums) for their industries. Please don't take the stance, "If OSHA catches me then I'll do something but until then it's business as usual." This adopted attitude will come back to bite you sooner or later.

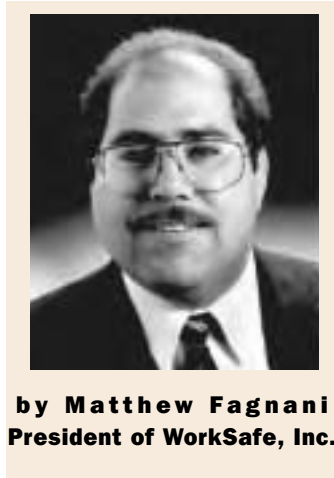
So, what are we as an industry going to do? The statistics tell us what we have done in the past: The construction industry employs only 4 percent of the U.S work force yet is responsible for 26 percent of all workplace injuries and fatalities.

Are we just going to wait like the fishing industry did? They (the commercial fishermen) told the U. S. Coast Guard they would police themselves. It never happened. Finally the hammer fell and severe penalties for non-compliance were set. Now the U.S. Coast Guard has set mandates on life rafts, rescue beacons and immersion suits. As an industry, we need to "belly up to the bar," get the safety programs started, get the designated "competent persons" trained in your organizations, get the necessary safety equipment and quit bellyaching about how much safety costs. It's going to cost a lot more if your firm and your friends ignore it. It is not going to go away and it's ultimately up to each of us to place safety first or safety last. If you decide to place it last, rest assured you will have some good friends in the legal profession seeking you out eventually.

Please don't wait until an accident happens to start a good safety program. Get started now on a top quality program and take advantage of the training offered in your community. You can start by checking out the AGC Safety website at: www.agcsafetyinc.com.



Choosing the Right Drug Test



by Matthew Fagnani
President of WorkSafe, Inc.

At WorkSafe, we know there are choices when it comes to selecting the type of drug and alcohol tests companies want to employ to be in compliance with state and federal regulations. However, in addition to knowing the types of tests available, there are several factors to consider before selecting a program for your company.

Currently, there are four types of tests available: urine, saliva, hair, and sweat. Sweat testing is not appropriate for most businesses due to the nature of the collection process and will not be reviewed. However, urine, saliva and hair samples are used and, depending on the circumstances, all three may be appropriate for consideration for use in Alaska.

Before selecting a collection method, companies should determine the reason they are testing. If testing for a Department of Transportation-regulated industry, urine is the only sample accepted. Alaska Statute 23.10 does not recognize hair or saliva testing. Under state guidelines, companies must determine the goals for a testing

program. The company should decide what type of testing technology is most suited to meeting those goals.

One of the most important decisions to consider is the limits of detection for the drugs being tested.

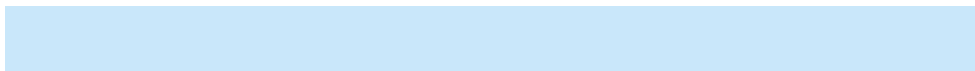
The term “limits of detection” refers to the time period the drug may be found in the sample. The drug detection timeline extends from the earliest point it may be detected to the latest. For instance, hair testing has limits of detection up to 90 days or more, depending on the amount of hair cut. Urine testing’s limits are 4 hours to 10 days, and the limits of detection for saliva testing are from 1 to 24 hours. While the sample’s limitations are important to consider, it is also interesting to note that various substances have a wide range of detection times. For instance, because marijuana is stored in the fat cells, it is metabolized by the body at a slower variable rate than that of the other drugs. The limit of detection for other drugs (considering the standard five drug panel) ranges from 32 to 48 hours following ingestion.

Saliva

 1-24 hours

Urine

 4-36 hours (Cocaine, PCP, Opiates, Amphetamines)

 4 hours-30 days

Variables include body weight, frequency of use, amount of use in each “sitting”, potency of drug

Hair

10-90 days 

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Some companies may find that one type of testing is not sufficient for its needs. WorkSafe often counsels clients to incorporate multiple collection methods for their various needs. Some companies need saliva testing to be used in certain situations where a shorter window of detection is important and urine or hair testing in other situations when a longer window of detection is important. For example, companies that operate isolated North Slope camps with bunkhouse rules demanding a zero tolerance policy may find that saliva testing is the best choice for random testing. This is particularly true if they have discovered drugs on site. The same company that has chosen the saliva method for random testing may decide to use urine or hair testing for pre-employment, where a longer window of detection is its goal.

Companies should not mix-and-match technology during the same test. For example, a company should not conduct a saliva test, then try to confirm that test with a urine test. The technologies are different and may yield different test results. Companies should choose one technology and follow through with both the screening test and the presumptive positive confirmation test.

For ease of use, there are non-instrumented drug test kits available for urine and saliva testing which allow the test to occur onsite with immediate test results. To be consistent with Alaska Statute, any presumptive positive resulting from a non-instrumented drug test kit must be confirmed by a certified laboratory prior to taking any employee action. Additionally, the saliva non-instrumented drug test kit is not recognized by the Alaska Statute as the technology itself is not recognized.

WorkSafe provides in-depth training for companies regarding drug and alcohol testing by providing consultation services, return-to-duty services and follow up testing when needed. If you are interested in more information regarding the promotion of a drug-free workplace, please contact Matthew Fagnani, C-SAPA with WorkSafe at 907-563-8378. Alaska General Contractor members receive reduced rates. Please mention that your company is a member of AGC to qualify for the discount. 🐾

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Supreme Court Closes Rock Quarry



by **Bob Dickson**

Robert J. (Bob) Dickson is a partner in the Anchorage law firm of Atkinson, Conway & Gagnon, Inc. He concentrates on civil litigation with an emphasis on construction contract disputes and construction bonding matters.

In a recent, closely divided decision, the Alaska Supreme Court treated natural resource extraction as a disfavored land use, to be eliminated even by manipulating the plain meaning of land use ordinances if necessary.

The story begins over 50 years ago when the Alaska Railroad, then under federal ownership, began rock quarrying operations on a hill it owned near Eklutna. The quarrying operations ran continuously in multi-year cycles. A quantity of rock would be blasted and processed in one summer, and applied to the railroad's needs over several later seasons. At the time, the land was unzoned.

In 1969, the Greater Anchorage Area Borough enacted its first comprehensive zoning ordinance and included the Eklutna area. The ordinance designated the area where the quarry was located as "unrestricted." Under the ordinance, natural resource extraction was a permissible use in unrestricted zones. The ordinance provided for "grandfathering" these uses by saying that if at the time the ordinance was enacted a use was permitted as a special exception, then that use "shall not be deemed a nonconforming use in such district, but shall without further action be considered a conforming use." In short, if a use would have been permitted by special permit, it was thereafter automatically considered a "conforming use."

There were other gravel pits existing at the time that ended up being in the middle of districts zoned R-1. Under the ordinance, there could be no gravel pits under any circumstances in such zones. The new ordinance provided in a second section that in those cases the gravel pit owner had to submit within a year a plan for development and reuse of the site in a conforming way over a specified period. In other words, those owners of gravel pits that were then in completely incompatible areas had a reasonable time in which to phase out their operations.


That was in 1969. The rock quarry in question was owned by the federal government which is immune from local land use regulations. Further, the ordinance told it that since quarrying in that district was

permissible, it was automatically deemed a "conforming use." Consequently, the federal government did nothing.

Then in 1985 the railroad was transferred to the State of Alaska. The quarry was transferred to the Alaska Railroad in 1989. The multiple year cycle quarrying operations continued. In May 1995, the Alaska Railroad entered an exclusive license with a private contractor to quarry and sell the rock from the quarry. In 1997, the Native Village of Eklutna

and some individuals filed a lawsuit seeking to prohibit the operation. The lower court granted the injunction.

Three of the five members of the Alaska Supreme Court ruled that the federal government's use of the quarry in 1969 and later was a "nonconforming" use, despite the plain meaning of the ordinance that an existing use permitted by special exception in a district would "not be deemed a nonconforming use." The court acknowledged that because the land was owned by the federal government in 1969, the quarrying operations could perfectly legally continue because of the government's "supremacy immunity." But the court deftly characterized the government's use not as a "lawful use," but rather as a "prohibited use immune from... enforcement." It was not a lawful use, it just did not actually violate any laws. The use therefore came under the second provision, which meant that because no plan had been submitted or approved, and it was now too late to do so, the quarrying operations could not continue.

The result was that the quarry was not only completely shut down, but the material that had been previously shot and processed could not even be removed and sold because such operations fell within the definition of natural resource extraction, which was by the court's decision forbidden. The court held out the possibility that the railroad could apply for a conditional use permit under the current municipal zoning regulations. 



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Construction Affects Education



By Vicki Schneibel
AGC Training Director

STP (Supervisor Training Program)

We recommend these classes for anyone in your organization wishing to expand and grow in responsibilities. Think about encouraging employees in your organization to attend! Watch for a schedule that will be published soon.

Build Up!

Build Up! toolboxes are being used in 43 Anchorage-area classrooms so far. It has also been introduced in 44 new classrooms in rural Alaska.

On Site!

To date *On Site!* is going into Clark, Goldenview, Hanshew and Romig middle schools. The *Young Constructors Forum* is contacting AGC members who are willing to sponsor and supply a volunteer for the middle school classrooms. We've held a total of three *Train the Trainer* workshops for the volunteers and look forward to orienting more. Our last workshop was January 30.

In rural Alaska, so far we have 33 *On Site!* toolboxes going into classrooms.

Toolbox Orientation for Rural Teachers

On January 31 in Girdwood we oriented the teachers of Iditarod Area School District to *Build Up!* and *On Site!* We've refined our process and have made the workshops even more helpful for the teachers.

Iditarod Area School District is the first school district placing both toolboxes throughout its district. Another district is considering placing both toolboxes districtwide as well, but we haven't confirmed everything yet—stay tuned.

Construction Site Visit

A second group of rural high school students toured an Anchorage construction site on February 21. Mr. Nigel Norton of Iditarod Area School District asked if his group of about 10 students could visit a construction worksite.

We asked Alcan General if they would show us through the new Dimond High School in south Anchorage. Terry Fike, Steve Jelinek, and John Hester of Alcan General graciously agreed to host the group.

We met in a conference room at the site where Jelinek and Hester answered questions from the students. We then donned hardhats and toured the area of the project closest to completion before moving on to the areas the least finished.

Both Jelinek and Hester encouraged the students to think about construction as a career and shared with the students what they liked most about construction.

Let's give huge thank you to Jelinek and Hester for taking the time to host the group as well as for the great job they did in promoting construction!

Certified Professional Constructor

A press release issued by the American Institute of Constructors states "Constructor Certification is a national, voluntary credential for the professional constructor." This organization, along with AGC of America, endorses the certificate.

Alaska is now a test site for the Certified Professional Constructor qualification. The test will be offered in November, but registration for the test is July. Please contact David Gunderson at Alcan General or Ben Northey of Goodfellow Bros., Inc. for more information.

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General

School Visit: In February I was invited to the Kenai Peninsula School District to visit two schools, Ninilchik and Nikolaevsk. Both schools have high school students interested in construction. I shared information with several classes in each school and learned that none of the students understood apprenticeship programs.

Cook Inlet Regional Tribal Council, Inc. This organization has a youth opportunity grant in which they are working with school-age young people who may or may not be in school in an effort to help them with their employability. They have 40 training sites around rural Alaska. They've expressed interest in the *On Site!* Toolbox for middle schools. *On Site!* will be used in a pilot program at 10 of their sites this year. It could be a positive relationship for everyone involved.

NASA Virtual Reality: Earlier this winter, we participated in bringing the Mobile Aeronautics Education Laboratory trailer to Alaska. It was in Anchorage for a few days and some of us adults were able to see it. Heather Miller and I were shown around all 10 learning stations. As of November a young girl from the Mat-Su Borough School District took the record in designing a viable aircraft in record time at one of the workstations!

Airport Site Visit Recap: Kiewit agreed to show a group of rural high school students their airport project in December. Again, thank you Shane Durand and Joe Hotko of Kiewit!



Iditarod Area High School Students on a guided tour of Kiewit's airport project.

If you have an interest in helping with the education activities of this chapter for the benefit of our industry, please contact me. There are opportunities for us to wave the flag for the industry! 🇺🇸

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American Fast Freight

by **Clark Ricks**



Photo courtesy of American Fast Freight

American Fast Freight offers containerized cargo movement to Hawaii, the Lower 48 and beyond.

For more than 20 years, companies in Alaska have relied on American Fast Freight Inc. for their transportation and shipping needs. And while a large portion of their business is shipping commercial cargo for Alaska businesses, AFF also offers a full range of household moving and storage services for individuals who are relocating to or from Alaska.

Most of the cargo the company deals with goes to a wide range of retail companies selling everything from steel beams to ice cream, but a significant part of their business is shipping items directly to contractors and construction sites. They also handle intrastate trucking and offer airfreight service within Alaska.

American Fast Freight, Inc. is a wholly-Alaskan creation. This \$75 million corporation began as a shipping division of Omni Enterprises, which ran a chain of convenience stores in bush communities. About 15 or 16 years ago, a group of four entrepreneurs acquired the transportation portion of the business, Omni Freight Services, later changing the name to American Fast Freight.

Matt LePage, president, and Tim Jacobson, CEO, along with other partners still own the company today. Over the years the company has grown, both through acquisition and internal expansion, into a larger and more diversified company.

Until the mid-1990s, nearly all of the growth was due to internal expansion. In 1994, the company purchased Northern Consolidators, Inc. With consolidation facilities in Anchorage and Tacoma, and sales offices in Fairbanks, Anchorage and Kenai, they were set to handle any kind of shipment between Alaska and the Lower 48.

During this period, AFF was also expanding to serve a broader geographic market. AFF Hawaiian Ocean Transport began in 1991 as an internal start-up, followed by the 1997 stock acquisition of what

is now AFF Transconex. Together, they provide seamless containerized cargo movement to Hawaii, Guam, Puerto Rico and the U.S. Virgin Islands. AFF stands alone as the only pure ocean freight forwarder serving all three “Jones Act” markets.

Over the years, the company has also built long-term relationships with air, rail and road carriers to deliver cargo to destinations just about anywhere in Alaska and to the other 49 states, meeting customers’ demands for service

in a timely, cost-effective manner.

The company shows no sign of slowing down anytime soon. “It’s a great business to be in,” says Mike Jones, general manager of Alaska operations. “Nothing is made in Alaska. Everything is brought here from somewhere else, and that’s really not going to change in the foreseeable future.”

In addition to transporting wholesale goods, American Fast Freight can move personal belongings as well. For over 15 years, AFF American Relocation Services—formerly known as RELO Alaska—has been handling company and individuals moving needs in Alaska. American Relocation Services is certified to handle military relocations as well as consumer-residential moves. The service-oriented company will even handle the necessary governmental paperwork, making sure it is completed correctly and on time to make the move as worry-free as possible.

“We’re one of those companies who believes that customer service actually means serving the customers,” says Chris Jett, vice-president of sales. “We really don’t sell a product, we sell a relationship, and like all relationships, you’ve got to work on it.”

Jett compares the client relationship to a marriage, where partners rely on trust and commitment to each other. A large number of AFF’s customers are long-term clients that have been with the company for

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Whether you are a regular customer, occasional shipper, or just need a price estimate for moving out-of-state, the company is committed to providing exceptional service at a reasonable cost. "If we're not the best value, we'll refer you to somebody who is," says Jett.

Jones says that these values come easily in a company where the owners are "honest and forthright" and committed to the employees. Jones says one of the best things about his job is the feeling of camaraderie that exists among the workers. "It's a family. They treat you like family. I love working here."

AFF's commitment to excellence affects their shipping partners as well. If a load is destined for somewhere besides Anchorage, Fairbanks or the Seattle area, odds are good that it will be handled by a shipping partner. These partners are carefully selected to ensure they can provide the level of service AFF is known for.

Even with the best care, though, problems inevitably arise in moving freight around the world. Ships are late. Trucks break down. Storms occur and sometimes cargo is damaged. "It's how you respond to these situations that matter," Jett says. AFF relies on the relationship it has established with customers to work through the difficulties.

American Fast Freight counts the AGC of Alaska among the customers it has a good relationship with. It's difficult to determine what portion of their total freight is construction related, but by all accounts, it is significant. "We ship everything from carpet to three-tab roofing," says Jett, adding that most goes either to a retail store or straight to the job site. AFF hosts the AGC Family Fun Night every year at their distribution plant in Anchorage. "We shut down the entire facility for the whole day before in order to set up," Jett says. "We do it to give back to an organization that gives to us."

So what does the company see in its future? "We'd like to be perceived as one of the best in the business, where the customers are handled with extreme professionalism and timeliness," says Jones. "We want to give the customer the biggest bang for the buck." 

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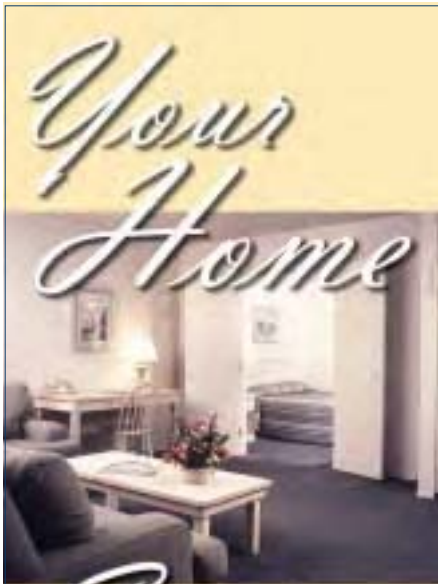


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Capacity: 200

Cargo Deck Area:
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