



Fall 2004

# The Alaska Contractor

Publication of the Associated General Contractors of Alaska

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The Alaska

# Contractor

The Official Publication of the Associated General Contractors of Alaska

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FALL 2004

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# The Alaska Contractor

The Official Publication of  
the Associated General Contractors of Alaska

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Knik Construction  
\$6,687,530.00  
Bethel

### Clarks Point Airport Relocation Phase II

Bering Pacific Construction  
\$3,863,295.00  
Clarks Point

### Cold Bay Airport Crosswind Runway Reconstruction

Knik Construction  
\$8,650,510.00  
Cold Bay

### Dillingham Community Mental Health Facility

SKW/Eskimos  
\$3,049,500.00  
Dillingham

### Ekwook Airport Improvements

Knik Construction  
\$4,255,430.00  
Ekwook

### Mountain Village Airport Improvements

Brice Inc.  
\$5,867,954.00  
Mountain Village

### Nome Jr./Sr. High School Cafeteria/Gymnasium

Hankal Construction  
\$4,998,000.00  
Nome

## ARCTIC & WESTERN

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### Sand Point Airport Runway Extension

Nugget Construction Inc.  
\$9,043,853.00  
Sand Point

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Quality Asphalt & Paving  
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Unalaska

## INTERIOR

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### FBKS FIA Taxiway A Rehab/Apron Improvement

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### FBKS UAF Biological Research Facility

Kiewit Construction  
\$12,861,000.00  
Fairbanks

### Galena Emergency Streambank Protection

Cruz Construction  
\$4,601,292.00  
Galena

### Galena Water Expansion

Rockford Corporation  
\$5,653,800.00  
Galena

### Shakwak Beaver Creek Bridge Replacement KM 1931

Ketza Construction Corporation  
\$4,893,400.00  
Beaver Creek, Yukon Territory

## INTERIOR

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### Steese HWY MP 53-62 Rehabilitation

Quality Asphalt & Paving  
\$5,781,091.45  
Near Davidson Ditch

### Tanana Airport Improvements

International Bridge/Nippon Corp.  
\$7,572,550.00  
Tanana

## SOUTHCENTRAL

---

### Anchorage Atwood Building/Tenant Improvements

Cornerstone  
\$2,800,000.00  
Anchorage

### Anchorage C Street/O'malley Road to Dimond Blvd.

Quality Asphalt & Paving  
\$27,656,497.00  
Anchorage

### Anchorage Southport Reconstruction Phase II

North Star Paving  
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Anchorage

### Chenega Airport Resurfacing/lighting

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Chenega

### Cordova Terminal Modifications

Strider Construction  
\$10,894,750.00  
Cordova

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Eagle River/Knik

### **Kodiak/Chiniak Road Paving/Guardrail Phase II**

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Kodiak/Chiniak

### **Valdez Airport Improvements**

Brice Inc.  
\$9,889,276.20  
Valdez

### **Valdez Old City Dock Fending System**

Swalling Construction  
\$5,112,000.00  
Valdez

### **Whittier Ferry Terminal Modifications**

American Civil Construction  
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Whittier

## SOUTHEAST

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## PRESIDENT'S MESSAGE



**ROXANNA HORSHEL**  
President

# Get Involved At Some Level

**A**s I write this last message, I am reflecting on my year as your president and would like to share some of my experiences. I had the pleasure of representing our Alaska chapter across the United States and traveled to Florida for the Annual National Convention; Las Vegas for the Western Chapters Meetings; Washington, D.C., for the Presidents & Vice Presidents Congressional Meetings; Scottsdale for the National Mid-Year Meetings; and Girdwood where we hosted the Northwest Chapter Meetings at the Alyeska Resort.

In addition, I made the annual journey to Juneau during the legislative session, participated in monthly E-Board meetings and attended many special committee meetings. To say the least, it has been an action-packed year. There were some sacrifices on my part and, as expected, I had a very full schedule. However, there were equal rewards – meeting many of the “movers and shakers” of the construction industry was one – and I learned that the majority of these people *are* members of the AGC.

I personally want to thank and recognize all the volunteers who really make up the backbone of the association. For those of you who haven't already done so, I encour-

age you to join a committee. This is your association and your input will help shape and improve the construction industry.

The motto for this coming year is “taking the lead in construction.” Through my years of AGC involvement, and particularly this last year as president, I have recognized there are many leaders in our industry who volunteer their time and share a wealth of knowledge. The Alaska Chapter has over 55 years of local contracting knowledge to draw from. You will be “taking the lead in construction” by volunteering time and you will find yourself gaining more than you are contributing. Time is a big factor for all of us; however, spending even a few hours per year volunteering can be very beneficial. I've listed a few of the committees you might want to consider below:

**Legislative** – This committee meets about once a month only during the legislative session. Think how easy this can make keeping informed on legislation and legislators that can affect your business.

**Safety** – Here is a very active committee working on streamlined drug screening and partnering with AOSHA. There are several very knowledgeable professional serving on this committee, covering compliance issues, safety manuals, employee training and more.

**Education** – This committee schedules

courses for members in safety, management and regulatory requirements.

**Social Events** – We have several committees that work on events such as golf tournaments and the annual convention.

No interest in this list? Let the association know what is of interest to you and your business. We plan several meetings around topics of concern that crop up each year, such as workers' compensation insurance, Title 21 re-write and new environmental requirements.

Again, I challenge you to get involved at some level – contribute some of your time and talent to your industry. You can make a difference and the time you invest could make a difference to your business. Give it a chance – I know my involvement has been very valuable to my business.

As for all those who already contribute time and share knowledge – thank you so much – your participation has strengthened the industry and given credibility to our organization. Plus, a special thanks to the AGC staff that work so hard among many different personalities to make our ideas work.

I have had many enjoyable experiences over the last year as president of this great organization; this definitely will go to my “rocking chair memories.”



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**DICK CATTANACH**  
Executive Director

# A Positive Report on Native Alaskans

All too often our vision is blurred by stereotypes and presumed truisms. When that happens it's refreshing to read a report and evaluate how well suppositions reflect reality. One such report was recently released by the Alaska Federation of Natives on social and economic conditions among natives. The report was prepared by the Institute of Social and Economic Research at the University of Alaska and disclosed some interesting information.

- ❖ Alaska natives are increasingly urban. About 42 percent currently live in urban areas and that share could increase to more than 50 percent by 2020.
- ❖ The fastest Native population growth since 1970 has been in urban areas, boosted by thousands of Natives moving from rural places.
- ❖ Natives are a young people. Those 19 and younger make up 44 percent of all Natives, compared with about 29 percent among all Americans.

- ❖ Natives gained more than 8,000 jobs between 1990 and 2000. Only about 35 percent of all Native jobs are full-time and year-round.
- ❖ Native women held more jobs than Native men by 2000. Working-age women are also the most likely to live in urban areas.
- ❖ The most common jobs among Native women are in health care, followed by education and public administration. Native men tend to work in public administration, transportation, and construction.
- ❖ Despite job gains, the number of unemployed Natives increased 35 percent from 1990 to 2000.
- ❖ Demand for jobs will continue to grow, with 25 percent more Natives entering the work force between 2000 and 2010.
- ❖ The number of Alaskan Natives who have graduated from high school has soared, up from around

2,400 in 1970 to 40,000 in 1990 and 53,000 by 2000.

- ❖ Nearly 75 percent of Alaska Natives over 19 had high-school diplomas by 2000. That share still fell short of the 90 percent of other Alaskans with high-school diplomas – but the gap was much narrower than in the recent past.
- ❖ Native women are significantly more likely than men to attend college.
- ❖ Native students are more likely to drop out of school and less likely to pass standard tests.
- ❖ More than 75 percent of rural houses had sanitation systems by 2003. That's up from about 40 percent in 1990 and around 20 percent in 1980.

The report gives Alaskans a snapshot of the Native population, where it's been, where it is, and where it's going. It might be simplistic to extrapolate historic trends to predict future events but these trends suggest

that conditions have been improving and have been largely overlooked by Alaskans.

What is missing from the report is an analysis of the causes for these changes. Perhaps the changes are the result of the influence of petroleum wealth from the aftermath of the pipeline; or, the continued pressure on Federal agencies by Senators Stevens and Murkowski and Representative Young; or the court decision that led to the expansion of rural schools. Most likely all of these factors contributed somewhat to the changes.

The report is important in that it documents significant changes currently underway among Native Alaskans. It should give everyone a sense of pride in what has been accomplished and a renewed mission to continue the progress. Much remains to be done, but a solid foundation has been established. The report validates the strategies devised to deal with the problems and implies the need to a continued commitment to those strategies if future gains are to be realized. The report is recommended to anyone interested in knowing more about the changing face of Native Alaskans.

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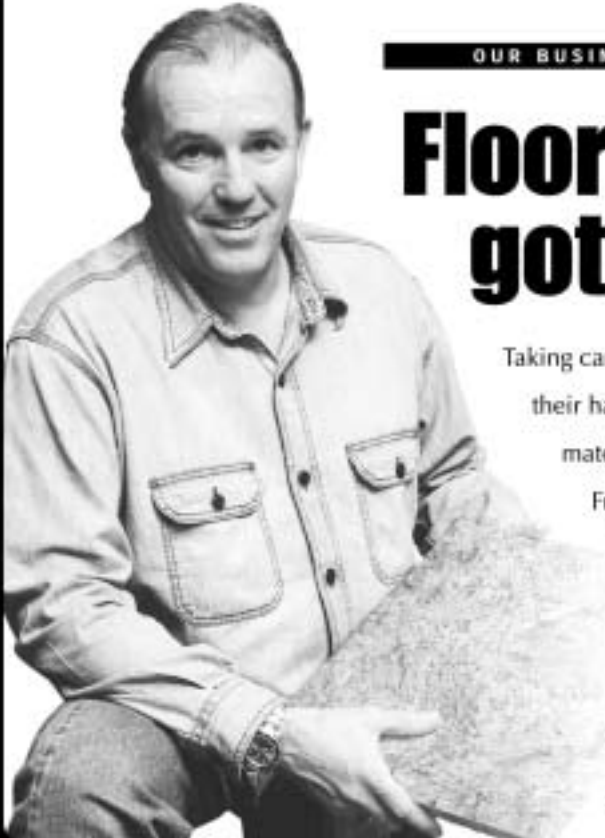
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By **STEVE MIHALIK**  
*General Manager, WorkSafe*



# New Drug Testing Rules May Put Your Company at Risk

**T**he proposed rule changes in drug testing methods for federal employees may have a detrimental effect on federal agencies, vendors, and DOT contractors. Although the proposed changes only apply to federal employees, they could impact many of us as DOT follows the guidelines established by the Department of Health and Human Services (DHHS).

## What are the changes?

The proposed changes allow federal departments to choose the type of drug testing technology they will use: urine, hair, sweat or saliva. While this freedom of choice sounds good, some of these technologies are underdeveloped at the present time. Hair, sweat and saliva testing, for example, have so far proven to be inconsistent and much less accurate than urine testing.

## How would less inaccurate testing impact your business?

Both “false negatives” and “false positives” can be extremely detrimental to your company. You don’t want to keep a hard-working, drug-free employee from working while you wait for more tests – and you certainly don’t want a potentially unsafe and costly drug user allowed back into your talent pool. That could put your employees’ safety at risk – and potentially open your company to legal concerns.

Getting every test right, and getting it right the first time, is key to keeping your program (and your business) running at peak efficiency. Your drug testing program should always work to enhance your profitability. So don’t settle for anything less than a virtually error- and fraud-free testing system.

## Will the new rules drive costs up?

Probably. We at WorkSafe believe these changes will open the drug testing business to legal challenges, drive up the cost

of doing business, and unnecessarily complicate the whole process.

The draft regulation calls for two samples in several situations and would significantly increase the cost of drug testing for federal departments, vendors and DOT-regulated employers. The new technologies will drive laboratories to change their entire testing protocol, which will affect both cost per test as well as sample turnaround times. Implementation also will demand stringent cross training for collectors and complicate insurance requirements for third-party administrators. These expenses will eventually affect the overall prices charged by the entire industry.

Furthermore, the proposed new technologies are inferior and there are too many inconsistencies in the testing and collection methods. Hair, sweat, and saliva all contain limitations that invite legal challenge. DHHS concedes that alternative testing methods do not meet or exceed the standards of accuracy established by urine testing, and the agency has not addressed how adulterated samples will be identified. The proposed methods have different cut-off levels for drug exposure, detection timeframes that range from hours to months, plus different tests to confirm drug presence. The planned regulation also does not standardize collection methods, supplies for the procedures, or the chain-of-custody after receipt of specimen.

## What’s behind these proposed regulations?

Politics, we suspect. The manufacturers of hair and point-of-care technologies have heavily lobbied Congress, which in turn, has put the pressure on DHHS.

## How will the rules affect your business?

The answer to this essentially depends on your approach to your drug testing program. If you view testing as a mere operating expense you’d like to reduce at any cost, you may be tempted to follow the less stringent standards.

On the other hand, if you recognize the value of a good quality program and work with your provider to get the most bang for your drug testing buck, you’re likely to be unaffected — and continue to enjoy the benefits of a high quality drug testing program, including the ability to:

- Hire the right employees and quickly.
- Keep workers working.
- Eliminate unnecessary and costly down time.
- Increase & maintain employee productivity.
- Maintain and/or enhance your safety record.
- Easily develop effective workplace policies.
- Focus on your business, not your testing obligations.

## What’s the bottom line?

The bottom line is that you need to make sure your drug testing program — no matter how low the legal standards drop — is a sound investment in your business — and works to boost your bottom line.



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# Pruhs Construction

By Susan Harrington

**D**on Pruhs probably had no idea when he came to Alaska with a couple of high school buddies in 1949 that he would be starting a construction company that would be thriving into the next century.

Today, his son Dana Pruhs is at the helm of this second-generation company started in Fairbanks in 1958. Within nine years of driving up the highway from California to Fairbanks, Don Pruhs had settled into building a life in Alaska. "He met my mother in Fairbanks – she was a nurse, and they got married, had four kids and built the business," says Dana Pruhs. "He still summers in Fairbanks."

Dana Pruhs was born and raised in Fairbanks and grew up working in construction, but not in the family business. "It's tough to work for your dad," he said. "Dad retired in the late 1980s, it was a slow time and I got into the company and moved it to Anchorage."

By then, Dana Pruhs had gone to school Outside and earned a dual civil/transportation engineering degree at California Polytechnic State University in San Luis Obispo, California. He had returned to Alaska and was making his home in Anchorage.

After coming on board with the company Pruhs brought the main office to Anchorage and the company's concentration back to "paving on down" and that means utilities and everything under the road. The company started out as a paving and roofing contractor, then eventually evolved into commercial development. Now the primary focus is heavy highway construction – civil work – in the form of roads and airports for federal, state, and municipal governments, larger scale private developments and subdivisions.

The company still has an office in Fairbanks; it's where they have their fiber optics shop. In addition, they have Quality Sand & Gravel, a commercial aggregate company in the Valley, with that office in Wasilla. Plus, they've made some other investments work in Alaska and the Pacific Northwest.

The corporation employs just over 100 people and although busier in the summer they do work all year round. Pruhs said they have grown every year and he hopes it's been managed growth. Some of the foremen and job superintendents started out with the company as operators and laborers. The construction, equipment and administration division managers typically each have over 20 years of experience in the business.

Ross Thompson, the administrative manager, has been

active in the Alaska construction industry since 1975 and enjoys working for Pruhs because "it's not too big so you're not a number and there are a lot less politics – you sure can get an answer quick here." Thompson likes the company and the direction it's going – his goal is to help establish Pruhs as a world-class operation from an administrative standpoint. "We want to get extremely good at what we do," he said.

Tim Schwanke, the construction manager, said he has worked in Alaska construction since 1982 and joined Pruhs to help manage the growth of the heavy highway division. Schwanke said he has helped the company gear up to handle more volume, which they have done since he came on board in January 2003. He said he likes working for Pruhs because the company is growing and his task is to help the company expand throughout the industry and look for more good talent. "We've got some good people here," he said.

A company needs equipment as well as people, and the company's equipment list is as long as their employee roster,

with over 100 pieces of heavy equipment. There are asphalt plants, crushers, dozers, loaders, dirt moving equipment, utility laying equipment and more to support the work they do.

Currently working on a state project in the downtown core area of Whittier, Pruhs is participating in the infrastructure development of a Prince William Sound town that is in the beginning stages of major development. This summer they are putting in utilities, water, sewer,

storm drains, curbs, sidewalks and paved streets. The company is doing similar work in Cordova. In Anchorage the firm is working on upgrading an existing road for the Municipality of Anchorage and two new subdivisions for private companies. About 100 miles north of Fairbanks they are widening, grading and paving five miles of the Dalton Highway for the state.

Operations have changed from installation to maintenance with the Fairbanks group, which is the corporation's telecommunications venue. A few years ago the company participated in outside plant work installing over 1,000 miles of fiber optic cable along the Alaska Railroad and throughout the cities of Anchorage and Fairbanks. Now they perform emergency response and maintenance for GCI's fiber optic line along the trans-Alaska oil pipeline from the North Slope to Valdez.

The company has also done some work in the Pacific Northwest, a railroad re-alignment in Oregon and some



[FROM L TO R] TIM SCHWANKE, DANA PRUHS AND ROSS THOMPSON

fiber optic projects in Washington and Oregon. Pruhs says that those were unique opportunities that presented themselves through customers up here.

He doesn't look too far into the future when it comes to projects. His philosophy is that in construction 12 to 24 months ahead is a long time – and things can change fast. He tries to focus on the next 12 to 18 months and keeping close tabs on the economy.

"I'm a product of being here all my life and watching what can happen to our economy," Pruhs said. "So I try to protect the downside. We're busy now and we've enjoyed some good years, but I can't imagine \$40-plus a barrel oil forever. It's all supply and demand, when a commodity is in demand and the price is high, the supply side will ultimately go up and bring the prices down."

Pruhs says from a business side the state needs to get its financial house in order so that those in business can know how the state is going to pay their bills and generate revenue.

"The State of Alaska has a lot of options, which is a good thing – we have options to argue over, at least," Pruhs said. "The political solution is never the best solution, but a compromise that takes all views into account. I voted for the permanent fund so it could eventually pay for some state services, whether that time has come I don't know."

He sees the solution as a three-legged stool; fiscal constraints, permanent fund earnings, and contributions from business and the citizens – sales tax, income tax or user fees. He says the percentages are yet to be determined, but believes that everyone needs to contribute to the benefit of the state.

To that end Pruhs is involved with the AGC of Alaska and tries to be as active as he can.

"AGC adds great value and insight," he said. "We have a common cause in the industry, the common cause is for those involved to make the industry better and acceptable for future generations – AGC does that. From the business side and the regulatory side, AGC adds great value to the Alaska economy."

Pruhs serves on the legislative committee and sees insurance as one issue in particular that needs to be resolved.

"Workers' compensation rates have gone out of sight – something has to be done," he said. "Insurance in Alaska does not have much of a competitive playing field; there are so few players. It needs tweaked to attract



PRUHS "PAVING ON DOWN" in Cordova.

more underwriters. The economic stimulus for lower rates is competition, but the brokers say no one wants to write Alaska. There is little competition up here for insurance, be it workers' comp, liability or any other type."

He says looking down the line you try to position yourself to be competitive. As far as cross-industry construction in mining infrastructure goes, Pruhs doesn't plan on doing any of that work.

"Typically, those are very large jobs – civil work – we consider ourselves a mid-size company," he said. "So that tends to bring large companies from all over the world – for the big jobs."

Although Pruhs doesn't see an opportunity for his company right now with large open-pit mining projects like Donlin Creek or the growing Pebble gold and copper deposit near Iliamna he does see opportunity for others in those projects.

"Mining from a craft standpoint is a great opportunity to go to work on a long term basis, but not for most Alaskan civil contractors," he said. "There are very few Alaskan heavy civil contractors big enough to handle large scale mining projects presently being developed. Owners want to deal with a large, experienced company, usually one that they have had dealings with before."

Regarding upcoming oil and gas construction work in North Slope, Pruhs doesn't see his company participating in that niche either.

"It's a different environment up north, with different conditions, equipment requirements and expertise," he said. "Plus, those projects are usually price negotiated with companies that have a substantial

investment and experience in that area – 75 percent of our work is hard dollar contracts awarded through a public process where they open the bids and the low bidder does the project."

He does see development in the mining and oil and gas sectors as a good thing, though.

"You have public and private construction to support Alaska as it expands, our state's leaders are working to make Alaska open for business," Pruhs said. "Expand or repair the infrastructure – that's my business – you have to plant seeds now in order to grow in the future and that's what the state is trying to do."

Pruhs is optimistic about Alaska.

"There are a lot of great people in this industry," Pruhs said. "We have dedicated, hard-working people working for us and I hope to find more good employees to expand the business. We're not afraid to go anywhere, anytime, for our customers. We live and work in a wonderful place; Alaska is second to none. You can't ask for much more than that."

Will there be a third generation running the company sometime in the future?

"My wife Deanna and I have a wonderful daughter who just turned 13," Pruhs said. "She has been competitively figure skating for 8 years and practices 5 days each and every week. She races one-half scale stock cars on a quarter mile paved oval track in the Valley on Saturday nights. She loves competition and the more pressure there is the better she seems to do. My father and I went to college at Cal-Poly, she has told me she wants to go to Cal-Poly. What do you think?"



## Alaska CHASE Program *What's in it for me?*

The Alaska Construction Health and Safety Excellence (AK-CHASE) Partnership Project offers a new way to promote construction site safety in Alaska. Details of this partnership between construction contractors and Alaska Department of Labor and Workforce Development, Occupational Safety and Health Section (AKOSH) were covered in the Summer 2004 issue of "The Alaska Contractor" magazine, but many contractors are asking: "What's in it for me?"

A common refrain goes like this: "Why would we want to go to all the trouble and effort to boost our documentation, perform a bunch of training, then have OSHA come into our workplace?" Another question is: "Sounds great, but where do you start?"

Fortunately, several groups in Alaska are helping AKOSH to answer these questions and many more. A working Associated General Contractors of Alaska (AGC) safety committee is working with the Alaska Safety Advisory Council (ASAC) to assist contractors to understand the program, learn the benefits of participation, find sources of help and assistance and find support for getting started with the process.

### Benefits of Participation

At a recent AGC Safety Committee meeting, Committee Chair Don Weber challenged the group to brainstorm all the potential benefits that could be realized from being recognized as an AK-CHASE partner. The committee spans a wide range of Alaskans – AKOSH representatives, safety and health professionals, union representatives, construction contractors and insurance industry professionals. Here are just a few of the benefits they identified:

- Companies – in this difficult insurance market, being involved in industry recognized programs like AK-CHASE can be a bargaining point for better insurance rates.
- It could help you get out of the assigned risk pool (there may certainly be other factors involved, but this could be a big help).
- It provides industry recognition and positive exposure.
- Because your safety elements are well documented, the program can help you reduce your liability exposure, and help prove due diligence.
- It shows employees that your company cares about their safety.
- It provides an avenue for a positive relationship with AKOSH (working with the consultation side of the organization, rather than the enforcement side) and builds in accessibility to AKOSH and all of the resources available.
- Going through the AK-CHASE process generates a "hands on" learning environment and provides many opportunities for employee involvement.
- Lower injury rates and reduced hazards result in increased employee retention.
- Owner organizations (such as the U.S.

- Participation in this program would be very attractive to insurance com-



By Chris Ross, CSP  
*General Manager,  
AGC/NANA  
Training Systems*

and Don Weber  
*Safety Manager,  
Northern Air Cargo*



- Corps of Engineers, State of Alaska, and others) will be paying more attention to AK-CHASE participants – this can have an effect in bid awards.
- The AK-CHASE program is much more accessible to construction contractors than the OSHA's Safety and Health Achievement Recognition Program (SHARP) program for general industry.
- There are a number of industry support groups to help contractors participate (e.g. AGC, union training trust organizations, Alaska Safety Advisory Council and others).
- Effective safety programs help reduce workers' compensation claims.
- Qualified AK-CHASE partners are exempt from programmed AKOSH compliance inspections through completion of all corrective action, including all extensions.



**These workers are not protected** from being struck by falling objects because they are working around/under other workers and not wearing hardhats.



**This worker is not protected** by any of the protective systems that are required by OSHA.



## DID YOU KNOW?



**FALLS FROM ELEVATION ACCOUNT FOR ONE THIRD OF ALL DEATHS IN CONSTRUCTION.**



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- AK-CHASE partners will not receive AKOSH citations for other-than-serious violations identified during enforcement actions that may occur after the expiration of the exemption, provided that corrections are made within the prescribed period of time.
- Partners will receive special recognition and awards by AKOSH.
- The process raises awareness for employees, employers and the public; and provides a positive model.
- Employees and unions would want to work for companies that are partners – these companies would clearly demonstrate their commitment to employees and worker safety and health.
- Employers and unions would benefit from those employees that have a positive safety culture outlook.
- The process provides for AKOSH program validation and assistance in developing and improving safety and health elements.
- More qualified employers will change the construction industry's perception of safety.
- Partners will help to dispel the

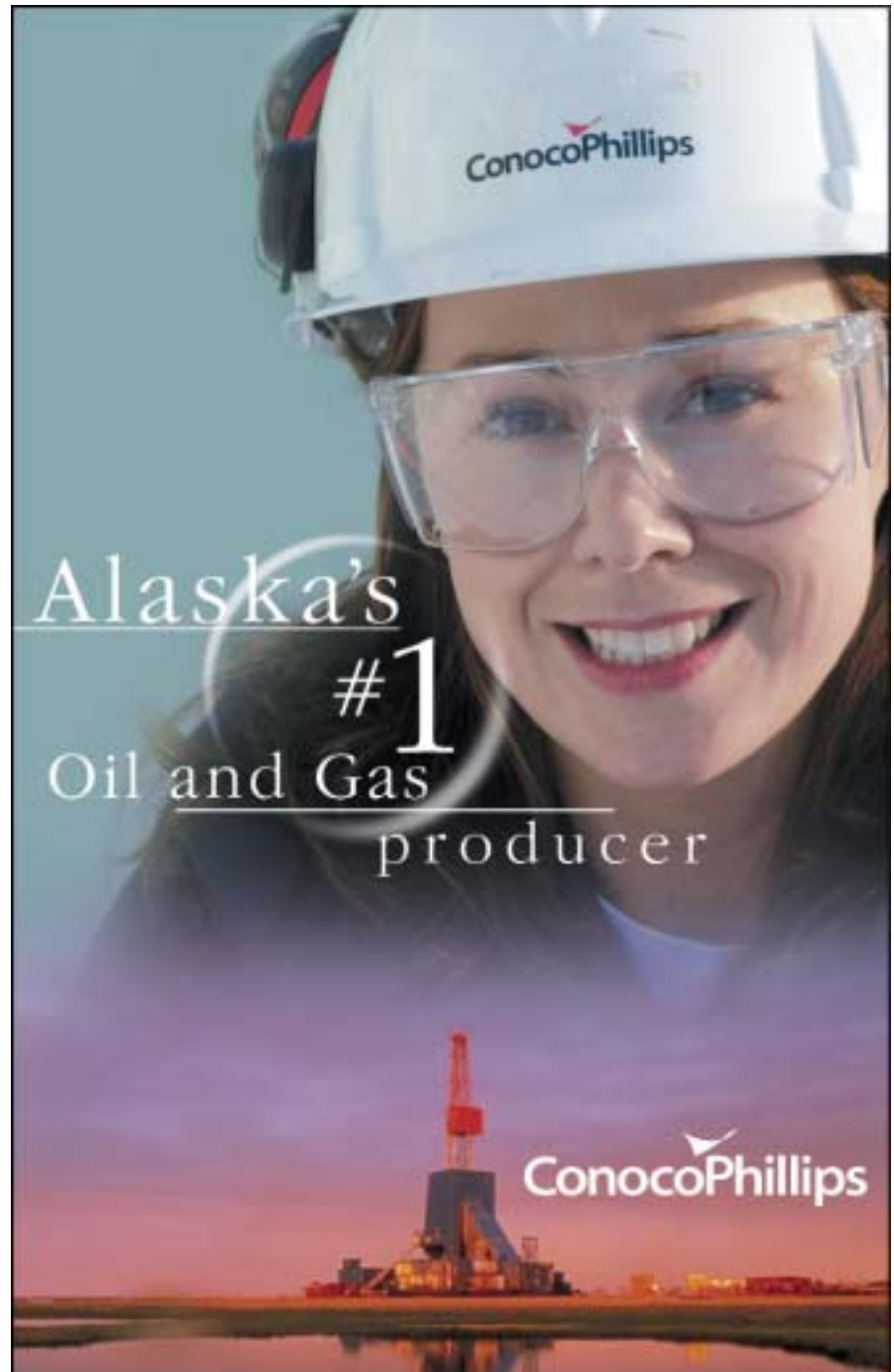
“I’ve been doing it this way for 30 years” attitude.

- Security knowing that your company is in OSHA compliance
- Focuses on industry safety similarities and promotes sharing of knowledge and best practices.
- Having a proactive safety system can avoid future problems by catching the problems in advance, resulting in improved “bottom line” net profits.
- Helps both small and large companies.

Whew! Who wouldn't want to be involved in a process that provides all these benefits? In the next issue we will provide some guidance for contractors on how to get started and list some resources and tools to enhance/document your safety efforts.

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*For more information about AK-CHASE, contact: Carl Francis, AK-CHASE Program Coordinator (907) 451-2885, e-mail [carl\\_francis@labor.state.ak.us](mailto:carl_francis@labor.state.ak.us)*





# Acme Fence

By Susan Harrington

MEMBER PROFILE

Some people dream of a white picket fence. Not Roxanna Horschel, president and owner of Acme Fence. This reality-based Alaska contractor sees pride in the miles of silver guardrail her company has installed along highways across Alaska.

Inducted into the construction industry in Alaska circa 1979, Horschel joined her father and three brothers getting Acme Fence started. With a background in management and a metropolitan lifestyle, Horschel learned the construction industry and adapted to Alaska.

"I came to Alaska from Seattle over 30 years ago," she said. "I was a city girl and Anchorage was not a city then. Now, I fish and camp and love it – I've learned to do it all."

Today, she is sole owner of the company. Her father, Gene Stone, has been retired 17 years and lives in Arizona. One brother died of Lou Gehrig's disease at a very young age and another brother went on to do other things. Her brother Nelson Stone still works for Acme and so does her son, Brian Horschel.

"Brian has learned the business – grown up in it," Horschel says. "He's worked in the warehouse, field, and office – he went away to college and came back."

She is glad he made the decision to work for the company, and with the longevity rate of other workers she knows that Acme is a good company to work for.

"People who work here have worked here over 10 years – that says something about the company," Horschel said.

For years Acme Fence did both residential and commercial work, but that changed after the turn of the century.

"We grew so much that three years ago we gave up residential business and concentrated more on highway and heavy industrial construction – mostly hard dollar bids," she said.

Part of that growth generated as a result of award-winning work done for the U.S. State Department in Moscow in the spring of 1999 when an Acme crew installed security fencing around the U.S. Embassy. Acme Fence Co. was selected as the 1999 Small Business Prime Contractor of the Year and honored for its record of timely and professional project completion. In addition, Horschel was honored with the Administrator's Award of Excellence, which was also presented to the company in 1999 by the Small Business Administration.

That wasn't the company's first project in the former Soviet Union. A nuclear site in the Ukraine was also the recipient of Acme security fencing. Then-senator Frank Murkowski said in June of 1999 that the "award was proof that Alaska companies not only can compete, but can excel in the highly competitive world of international contracting," and that the award was "clearly recognition of the great job Alaska companies can perform anywhere in the world."

Horschel didn't go to Russia for the two-month Moscow project, but sent her top people over. "It was a high security job which did not allow for any purchases outside the U.S.," she said. "So, the job had to be well thought out down to every nut and bolt that might be needed. As most projects go, it is seldom everything works out in the field as it was planned on paper. The State Department was thrilled with our company and the workers' ability to adjust and make do to complete the job. I think our experience working in the Bush areas of Alaska helped. With remote jobs we can not afford to forget any tools or supplies as it will delay the job and be very costly to fly them in."

This year the company's projects are closer to home in Alaska. Acme is installing the bridge rail and guardrail at the Glenn and Parks Highways Interchange near Palmer and Wasilla. Also, they have several guardrail projects



SEWARD HIGHWAY guardrail project at Bird Creek.

SUSAN HARRINGTON

including Bird Creek, the Old Glenn Highway, Caribou Creek, the Elliott Highway and on roads elsewhere all over the state.

Looking back Horschel remembers the days of “suitcase primes” and the “good old boys” network when she was a single mom building the business and striving to keep the momentum up.

“I didn’t look at it as a challenge,” Horschel says. “I was very passionate about the construction business and wanted to do things honest and do it right. There was so much cheating, so many people cutting corners. I always said if I can’t do it right and honest then I’ll get out and do something else.”

One thing she noticed being a woman in the business was people would want to talk to the men who worked for her instead of to her. Those days have changed and she has gained respect and recognition in the construction industry, not so much just as a woman, but more importantly to her – as a subcontractor.

“I was instrumental in getting the prompt payment bill passed, especially for subcontractors,” she said. “It was taking 120 days on average to get paid. There was a lot of resistance from government and contractors and it took two years to get the bill passed – I was calling contractors and politicians throughout that time.”

Horschel spoke of the unfair payment practices that went on before the Alaska Legislature adopted a prompt payment statute in 1990. Subcontractors, as a contractual matter of course, were required to pay their employees on a weekly basis, and their suppliers within 30 days. Typically, owners were required to make progress payments to the general or prime contractors within 14 to 30 days of invoices. However, there was no rule for the general contractors to pay subcontractors in any timely manner, and no consequences for wreaking havoc on a subcontractor’s cash flow.

“Taking so long for us to get paid was a way to keep small businesses small,” she said. “We called them *suitcase primes* and they were prime contractors who would come up

and have all the subcontractors run their jobs – they wouldn’t even have an office or a secretary in Alaska. They’d get the money and leave it in the bank for the interest and make the subs wait for months to get paid. Now, with the law passed it has really helped subcontractors. They have to pay on time or pay interest.”

Working to get the prompt payment bill passed was the beginning of Horschel’s period of active involvement with the AGC. Up until that time, although Acme became an AGC member in 1978, the main reason for her and other subcontractors to belong was to gain access to plans and bidding documents through the Plans Room.

**“MY GOALS are  
TO maybe EXPAND  
a little bit and  
TRAIN more WORKERS  
in this field.  
like everyone else  
–the WORKFORCE  
HAS AGED and THERE IS  
so much OPPORTUNITY  
FOR THE YOUNGER  
GENERATION  
to make a wonderful  
career and living  
IN CONSTRUCTION.”**

By the late 1980s she was president of the American Subcontractor’s Association and working to gain recognition and respect for Alaska’s subcontractors through that trade organization. Then, Horschel was encouraged to become real active in the AGC. That is exactly what she did, along with fellow subcontractors Marie Wilson of Warning Lights of Alaska and Pat Reilly of Rainproof Roofing.

“We became very active in AGC,” Horschel said. “We gained equal footing and eligibility for the board and things really changed – now it is a whole group of people working together – a joint effort to build Alaska.”

This year Horschel is serving as president of the AGC of Alaska. She is a lifetime member of the AGC of Alaska board of directors.

“AGC has helped with recognition and networking,” she says. “By subcontractors getting to know the movers and shakers – the movers and shakers are AGC – getting to know them has made all the difference in the 25 years I have been a part of AGC.”

And getting to know Horschel and how she works has made a difference to others as well. Marie Wilson of Warning Lights of Alaska has worked with Horschel over the years and spoke highly of her.

“The thing that stands out is you have to be honest and you have to be hard working to stay in business,” Wilson said. “If you look at the years she’s been in business and how well she’s done you can see she is both of those.”

Wilson says that just like her organization, you can get signs and fencing elsewhere, you can buy the product anywhere, “what we’re selling now is service, not the product – it keeps you going and keeps people coming back.”

And Horschel expects people will be coming back for a time. Her plans for the future are “pretty much to continue on,” she says. “My goals are to maybe expand a little bit and train more workers in this field. Like everyone else – the workforce has aged and there is so much opportunity for the younger generation to make a wonderful career and living in construction.”

She sees her son working long term in the business along with other Acme employees to carry the business on. As the years go by this top executive spends more and more time in the office with regulations and paperwork, overseeing this multi-million dollar a year company and working on issues that affect the construction industry, like contracts and rising workers’ compensation costs.

“I am really proud of this company,” Horschel said. “I wish I could be in the field more. I see our workers working so hard and doing such a good job – it makes me very proud to see it and very satisfied when I see all the jobs completed through the years around the state.”



# Alaska's Fiscal Gap

by Cathy Brown

Debate over Alaska's long-term fiscal gap is likely to take a back seat next legislative session to Murkowski administration efforts to spur resource development. And if oil prices stay high, state spending on construction projects probably will rise next year.

Cheryl Frasca, director of Gov. Frank Murkowski's Office of Management and Budget, said the governor still believes the Legislature needs to address the fiscal gap, an issue he tried to force action on this past session.

But the administration wants to focus on resource development next year, and does not want that to get sidetracked by discussions of fiscal solutions, particularly if no agreement is likely with legislators.

"We don't want to have those issues get hung up on a fiscal plan that may not be going anywhere," Frasca said.

Record-high oil prices may take away the urgency of dealing with Alaska's chronic budget problems when lawmakers meet in January.

"I will speculate that this will not be a first priority item, because the oil prices are high and look like they will remain so for a while," said House Majority Leader John Coghill, a North Pole Republican.

Oil revenues make up about 85 percent of the state's general fund budget. This spring the state Department of Revenue forecast oil prices would be \$28.30 a barrel in the 2005 fiscal year, which began July 1.

But prices have far exceeded that so far this year, reaching a high of \$46.80 for North Slope crude on Aug. 19. Prices have since dropped back down to under \$40 a barrel, but still remain far above the forecast.

Chuck Logsdon, a petroleum economist

for the state, said it's hard to know whether prices will still be high when lawmakers are debating the budget next spring.

"That's the billion, trillion dollar question," Logsdon said. The department will update its projections late this fall.

If prices had stayed in their predicted range of \$28.30 for the 2005 fiscal year, the state would have faced a deficit of close to \$300 million. That's the problem Murkowski tried in vain to get the Legislature to address earlier this year.

For most of the last 14 years, the state has plugged annual budget deficits by pulling money from the state Constitutional Budget Reserve. But that \$1.9 billion reserve is projected to run dry in 2007 or 2008, based on the spring 2004 revenue forecast.

At that point, the state would have to balance its budget by making drastic budget cuts; by spending earnings of the \$27.3 billion Alaska Permanent Fund; by imposing broad-based new taxes; or through some combination of those measures.

Murkowski tried to get lawmakers to address the pending problem by asking them to put a constitutional amendment before voters this fall that would change the way payouts are calculated from the permanent fund. The proposal was tied to a bill that would have steered half of the annual payout, estimated at \$625 million, to state government.

The plan passed the House of Representatives, but failed in both a regular session and a special session to pass the Senate, so voters will not be acting on the issue this fall. The Senate also voted down sales tax and income tax proposals.

Senate Majority Leader Ben Stevens, an Anchorage Republican, said he does not

expect results to be any different during the next legislative session. And that's fine with him. He supports simply filling the gap year-by-year through use of the constitutional budget reserve and earnings from the permanent fund.

"The fiscal plan is an annual budget is the way I look at it," Stevens said.

Lawmakers have always had the ability to spend earnings from the permanent fund through a simple majority vote, but have shied away from doing so for fear of the political consequences of doing anything that might lower the annual dividends Alaskans receive from the fund.

Senate Finance Co-Chairman Gary Wilken also believes a combination of the budget reserve and permanent fund earnings can be tapped as needed until new revenues start coming in from hoped-for resource projects, such as an Alaska natural gas pipeline.

"I see no need for major taxes on either the industries that invest in Alaska nor the residents who choose to live and work here," said Wilken, a Fairbanks Republican.

But some lawmakers do not agree with Wilken's and Stevens' suggestion that deficits be filled solely through permanent fund earnings and the budget reserve.

Rep. Carl Moses, who sits on the House Finance Committee, said relying only on the permanent fund would take a disproportionate share of income from children, the handicapped and the elderly.

"We should do an income tax. That's the fairest way of getting everybody to pay up," the Unalaska Democrat said.

High oil prices may allow lawmakers to put off that debate for yet another year. But some lawmakers believe the Legislature

should act to deal with its structural deficit regardless of how high oil prices are.

Not doing so results in budget instability, an uncertain tax structure and unpredictable regulatory environment, says Rep. Mike Hawker, who heads the House Ways and Means Committee.

"Those of us who subscribe to the 'proactive' school of management will continue to argue for anticipatory planning," Hawker said. "The longer oil stays high, the longer we have to bring about the changes we all know are needed. It's sort of like turning an ocean liner. With enough space and time you can make a smooth course change without being forced to take violent evasive action."

Frasca said the governor agrees that it's best to address the long-term gap during times of plenty, rather than crisis. He's concerned that not doing so will hurt the state's bond rating, making future borrowing more expensive.

But the administration isn't likely to put on a full-court press to push the Legislature to address the issue next year, as it did this year.

Instead, the plan is to focus on the resource development that Murkowski has said is the ultimate solution to the state's revenue problem. He has acknowledged, though, that it will likely be 2011-2012 before revenues from new development, such as a natural gas pipeline, start to help fill the budget gap.

Frasca declined to give specifics of what legislation the administration may propose to spur resource development. But oil taxes are likely to be one issue. Administration officials have been studying the state's oil tax regime to see if structuring it differently could entice more investment in Alaska.

If oil prices are still high when lawmakers are debating the budget next year, there won't be any immediate deficit to worry about. In fact, there likely will be excess dollars on the table, which lawmakers can stuff away in the budget reserve – or spend on projects in their districts.

"Our challenge is going to be restraining spending," Stevens said.

Capital projects are likely to be favored over increases in operational spending because they can be done with one-time funds. Stevens said he can think of numerous transportation projects in Anchorage that could use an infusion of state dollars.

Frasca said one challenge with capital spending is not to build projects that will create long-term maintenance burdens and

add to the state's future budget woes.

The administration is likely to look most favorably on projects that could help future budgets, such as maintenance work or technological improvements that lower ongoing operating costs.

The governor would also likely support infrastructure improvements that could spur economic development. But Frasca said the administration has no specific capital project proposals yet.

And, of course, all this depends on oil prices remaining high. If they drop too low

by next spring, dreams of a big construction budget may evaporate. Instead, lawmakers may once again find themselves debating Alaska's perennial problem – how to close a multimillion-dollar budget gap.

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*Cathy Brown is a Juneau-based freelance writer, who has lived in Alaska since 1990. She has been a newspaper reporter for the Peninsula Clarion in Kenai and the Juneau Empire in Juneau. For the past four years she has helped cover the Alaska Legislature for The Associated Press.*

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## Court Expands Remote Site Doctrine

In a recent case, the Alaska Supreme Court expanded the coverage of workers' compensation protection to workers while on "remote sites." By way of background, when an employee suffers an injury that is arguably linked to his or her work, workers' compensation coverage attaches. However, if the injury or medical problem arises while the person is on a personal errand or engaged in some activity unrelated to the employer's work, workers' compensation does not apply.

Much construction work in Alaska is performed at "remote sites," where employees are housed and fed by the employer, and where the employees are not in a position to return home at the end of each work shift. As a result, the Alaska courts have developed a "remote site doctrine" which expands the coverage to non-work activities while employees are on the remote site. For example, while normally commuting to and from work is not covered by workers' compensation, the court held that a person was covered who was driving home from a remote site at the end of the work day because his employer agreed to compensate him for that commuting time.

Workers' compensation covers even recreational activities after work hours. At a site at Sparrevohn, workers' compensation covered the employee when he was walking back to his room late at night from a nearby NCO club and fell into a creek bed. Coverage applied also to an employee who was injured while participating in a pole climbing contest after spending time at a bar located near the site. The courts reason

that because a worker on a remote site is required to do all of his eating, sleeping and socializing on the work premises, activities that are normally totally divorced from work become "part of the working conditions to which he is subjected."

An employee working at the Sourdough Pipeline Camp motorcycled to Glennallen 30 miles away to cash his payroll check after his last day of work before rotating out. He was covered for the accident on the way because the need to go to Glennallen was caused by the remote site where he worked. Even eating a brussels sprout in a employer-provided cafeteria that medical testimony linked to an obstructed bowel was covered by workers' compensation because the remote site deprived the employee of a choice of where to eat.

In a recent case, an employee working in a fish processing plant on Excursion Inlet, 35 miles west of Juneau, died from drowning. He was found in the water in the morning, but no one knew how the employee ended up in the water. The employee had quit his job the day before and the company had made travel arrangements for him to fly to Juneau, though there was no room on the flight to Juneau that evening. Arrangements were made for him to leave the following morning. The employer fed and housed all of its employees at the plant, but the employee did not go back to the dorm. That night, the employee briefly went to "a gathering place on the beach commonly used by ... the employees." No one saw him after that. Consequently, he had already quit and was



By **ROBERT J. DICKSON**

*Robert J. (Bob) Dickson is a partner of the Anchorage law firm—Atkinson, Conway & Gagnon, Inc.*

not on the employer premises when he disappeared. As far as could be determined, his death was not connected to his work other than the fact of his location. The Alaska Worker's Compensation Board determined that the employee had been engaging in personal activities and the death had not been caused by the employer; and the death was thus not covered.

The Alaska Supreme Court, however, applied the statutory presumption that if an injury is in any way connected to the employment, it is presumed to be covered unless the employer can demonstrate otherwise. The court held that the "remote site doctrine" rendered irrelevant the facts that the death occurred off premises and after the person quit his job. Because there was no real evidence of what the person was doing at the time of his death, the court held that the employer had failed to overcome the presumption of coverage and therefore held that the death was covered.

The lesson is clearly that once an employee is on a "remote site," any injuries or medical problems will be considered covered by workers' compensation unless the mechanism of the injury or death is known and had clearly nothing to do with any aspect of the work, including its location.

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# Honeywell Inc.

By Ed Brandt

MEMBER PROFILE

Sometimes in business, it's the tiny innovations that form the foundation for success. Such is the case for Honeywell Inc., a company so diverse that it develops and manufactures products and services for the aerospace industry; control technologies for home and business; automotive products; power generation systems; and specialty chemicals, fibers, plastics and advanced materials. But it all started in 1885 with the "Damper Flapper."

In 1885, a Minneapolis-based Swedish immigrant called Albert Butz invented a device that would automatically open and close the damper of coal-fired furnaces, keeping rooms at a more constant temperature, and relieving home owners of the tediousness of climbing up and down cellar doors to operate the damper by hand.

In retrospect, this little device was an innovation that would spawn a multi-billion dollar, highly diversified company—and it provided the basic technology to develop many more-complicated devices. But it hardly made Butz a rich man. In 1893, the Consolidated Temperature Controlling Company Inc. bought Butz's business and patents, and renamed itself Electric Heat Regulator Company (EHR). W.R. Sweatt, who renamed the company Minneapolis Heat Regulator Company, acquired the company in 1898.

Then in 1904 in Wabash, Indiana, engineer Mark Honeywell was perfecting the heat generator for his plumbing and heating business, later named Honeywell Heating Specialty Company. EHR and Honeywell merged in 1927 to form the Minneapolis-Honeywell Regulator Company, commonly referred to as Honeywell (the name wasn't officially changed until 1963). The subsequent acquisition of Brown Instrument Company provided Minneapolis-Honeywell with leading innovations in the field of industrial controls and indicators.

Global expansion and distribution followed with the acquisition of numerous companies, and by 1941 Honeywell was involved in Chile, Panama, Trinidad, New Zealand, Argentina, Canada, the Netherlands and many more international locations.

Honeywell innovations over the years include the T-86 "Round" thermostat, still the standard design for home use

after 50 years. Honeywell technology helped to launch the second human-made satellite ever put into earth orbit, the Vanguard I, in 1958, just five months after Sputnik was launched. Unlike Sputnik—which stayed in orbit only about three months—the Vanguard I is still in orbit, thanks to guidance systems developed and implemented by Honeywell. Honeywell technology surrounded Neil Armstrong and "Buzz" Aldrin when they set foot on the moon. Honeywell's countless innovations in fire detection and security and the aviation industry have made it one of the most recognizable names in industry.

The Class 15 Potentiometer—the first true hull balance electronic recording instrument, based on the Series 90 circuit—was already a standard when Honeywell engineers developed the Honeywell C-1 Autopilot, which became the standard for U.S. military bombers produced for World War II. Honeywell began sending technicians to bases all over the country that deployed the Boeing aircrafts utilizing the C-1 Autopilot, and the first salaried Honeywell employee was sent to Fairbanks in 1944.

While the company as a whole has remained diversified, Alaska has ultimately proven to be a market dominated by integrated HVAC control, fire and security systems, according to Honeywell's Alaska manager, Doug Kadrich. "In the late '80s there was a shift toward fire alarms, with 50 percent of the business on the install side."

Kadrich came to Alaska 26 years ago, driving his truck up the Alaska Highway for a vacation. Then, as is so often the case in the Last Frontier, he decided to stay. "I rented my first apartment on a credit card. I had two initial interviews, one a service sales position at Honeywell and the other a retail sales position."

Fortunately for Honeywell—and probably Kadrich as well—he opted for the service sales job, and worked his way up the ladder to operations manager for the Alaska branch. Mike Fugleberg, district general manager for the Northwest region, says, "There are not too many people Doug doesn't know in the industry. He is a vital cog in our success."

Honeywell's success in a competitive market—they have contracts all over the state, including the Municipality of Anchorage, Kulis Air Force Base, Ft. Richardson and Ft.







ED BRANDT

26 years after turning down that retail job, Doug Kadrich [ABOVE] poses outside Honeywell's Anchorage office. The gizmo that started it all: Albert Butz's Damper Flapper [LEFT], circa 1886.

Wainwright—is due in large part to the quality of the people they employ. “Our number one strength is our employees,” Fugleberg says. “They drive our business well.”

“When I come here, I get together with the staff,” Fugleberg continues. “I want to know how they are doing. We expect so much from them; they should expect so much out of us.”

Fugleberg makes the trek to Alaska every couple of months, but one thing he rarely has to do is handle customer complaints. “Doug and his group do a great job. Normally, I’m brought in to solve problems, but I have never had to come here due to a customer issue. I think that’s a pretty good indicator of our outstanding customer relationships here in Alaska.”

Honeywell values good communications with its clients, according to Fugleberg. “I come up as often as I can to visit customers. Customer feedback is what drives the company.”

Honeywell’s Alaska operation has doubled the number of employees they had just a year ago. “We’re in a growth mode; we’re still hiring,” Kadrich says. “We have recently increased our sales staff with the addition of Chad Lewis as account executive.”

Much of Honeywell’s growth is due to their success with established clientele; the federal and municipal government jobs keep coming. Honeywell recently installed gas-fired boilers in all of Fort Richardson’s commercial facilities and housing units, replacing the central heating and power plant-distributed steam heating system. Today, they

are maintaining the equipment installed under the contract. Honeywell was recently tasked with more than a dozen projects related to the Stryker Brigade presence at Ft. Wainwright, and they continue to bid projects all over the state.

“It’s huge area, but a small market,” Kadrich says, pointing to pictures on the wall of buildings on which Honeywell has worked. “Just about every municipal and Ft. Richardson building has a Honeywell presence; half the commercial buildings in town have a Honeywell presence.”

Honeywell specializes in fire security and DDC control systems. “Large integrated systems are our niche,” says Kadrich. “Very few companies can tie several buildings into one system like we can.”

Honeywell has been a member of AGC for 47 years, and Kadrich finds that membership has several advantages. “We deal with a lot with electrical and mechanical contractors who are AGC members,” Kadrich said. “Alaska is more like a family in the contracting business.”

“AGC membership is good for keeping in touch with projects in the state. It’s a valuable resource for plans and it makes the bid process easier and more streamlined,” he said.

The future looks good for Honeywell in Alaska. Kadrich sees it this way: “The next five years will see a lot of expansion. Concourse C at the airport, the port expansion—these are all indicators the economy is healthy. Our relationship with our customers is good; they demand Honeywell.”



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## Update!

### AGC Thanks Build Up! Education Heroes!

Another school year passed with many Anchorage elementary students experiencing AGC's **Build Up!** program. Fourteen contractors supported a total of 16 Anchorage School District classrooms.

We all understand this is a long-range investment with no precise method of measuring results. Most of us have a "gut" feeling that this effort and work is a positive labor of love for the next generation and the future of our industry.

Our contractors and friends who eked out time to prepare and spend in a classroom last year are heroes in my book! I want to personally thank each person who participated last school year.

Here's a list of those heroes, thanks to each of you!

**Ashley Barney & Diana Palin** (a team),  
*Waste Management of Alaska, Inc.*

**Bob Buch**,  
*Plumbers & Pipefitters Local 367*

**Robby Capps** (2 classes!),  
*F & W Construction Co., Inc.*

**Shane Durand**, *Kiewit Pacific Company*

**David Hamner**,  
*Wilder Construction Company*

**Chris Jett**, *American Fast Freight*

**Shawn Lannen**, *Kiewit Pacific Company*

**Trent Larson**, *Unit Company*

**Gary Mattis**, *Goodfellow Bros., Inc.*

**Doyle Miller**,  
*Roger Hickel Contracting, Inc.*

**Kevin Norton** (3 classes!),  
*Anchorage Sand & Gravel Co., Inc.*

**Stan Olsen**, *Alcan General, Inc.*

**Mike Wheatley**, *Goodfellow Bros., Inc.*

Here's a quote from Chris Jett, one of our rookie contractors last year (who, I think, is willing to do Build Up! again):

*"Every year more associations lobby for my volunteer time than I could possibly ever*

*accommodate. This spring I received a call from Vicki Schneibel stating that the AGC Build Up! program was in need of volunteers. There was no question in my mind that program is valuable to the industry and its people, I couldn't turn her down. But, after I hung up the phone I wondered how can I get it all done.*

*"This program was the high point of my week, every week for ten weeks. The combination of my first industry love and the opportunity to cultivate its future was enticing. The children touched my heart in a way that is difficult to define in words. The program sparked their imaginations, they developed creative solutions, and they set my heart on fire with their eyes. They learned the value of innovative thinking, planning, teamwork, math, resourcefulness and good honest hard work. These are some of the things I think this program is about.*

*"When you are called to volunteer remember that you will get more out of the program than you will ever be asked to give!"*

### NCCER (National Center for Construction Education and Research)

New NCCER Core Curriculum was just published and now includes two additional elective modules, Basic Communication Skills and Basic Employability Skills. Also, crew leader/foreman curriculum is now available in both Web-based and text-based formats. The new modules are detailed below:

#### Basic Communication Skills (5 hours)

Provides trainees with techniques for communicating effectively with co-workers and supervisors. Includes practical examples that emphasize the importance of verbal and written information and instructions on the job. Also discusses effective telephone and e-mail communication skills.

#### Basic Employability Skills (15 hours)

Identifies the roles of individuals and companies in the construction industry.



By **VICKI SCHNEIBEL**  
*Training Director, MAT*

Introduces trainees to critical thinking, problem-solving skills, and computer systems and their industry application. Also reviews effective relationship skills, effective self-presentation, and key workplace issues, such as sexual harassment, stress, and substance abuse.

### Recent national NCCER data:

- Nearly 460 training sponsors across the country (AGC of Alaska is one).
- Over 288 assessment centers (AGC of Alaska is one).
- The State of Tennessee requires all schools have NCCER accreditation.
- The State of Kentucky is doing the same now.
- Flour Corporation is translating some NCCER curriculum into Arabic for projects in Iraq.
- 2,061,310 NCCER Contren modules completed to date.
- Total national craft and pipeline assessments YTD is 138,365.
- AGC of Alaska is still looking to expand our pipeline assessment services and customer base.

### General

University of Alaska Anchorage launched a new construction management degree this September! Right now it's a two-year degree. When the first group reaches their second year, year three and year four will be ready for them for a baccalaureate degree in construction management. We understand the program already has a waiting list!

We're looking at the possibility of an AGC Construction Career Academy in a high school in Alaska. More about that in future issues!

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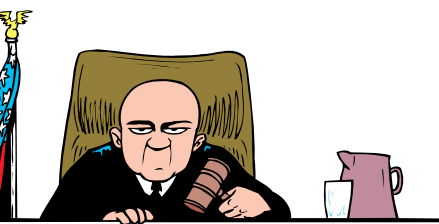


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By Russell Brooks,  
Northwest Center Managing Attorney

# No Judicial Micromanagement, Please.

President Ronald Reagan could always be counted on to turn a memorable phrase. Addressing the White House Conference on Small Business in 1986 he hit yet another home run with, “The government’s view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it.”

Of these three government approaches—taxation, regulation and subsidy—regulation has the greatest potential for devastating our individual economic liberties. This fact is compounded by the growing number of activist groups that have, over time, convinced lawmakers to give them, through citizen lawsuits, the power to use the courts to force ever-greater regulatory actions.

Although the general concept of citizen suits to force government to follow the law is a good idea, allowing the courts to impose these restrictions well beyond the bounds established in law is a direct threat to our system of representative government. For years, when special interests were unable to convince legislators to mandate some pet regulation, they went to the courts, with more than modest success, to force federal regulators to the brink and well beyond the original congressional mandate.

When it comes to allowable uses of public lands, the overall regulatory scheme comes in the form of a management plan. These plans undergo notice and public comment before they are adopted and should meet specific statutory goals and the broad needs of the local community. The environmental activist community, however, doesn’t seem to think things should work this way. After making their desires known during the comment period, they want to be able to go to court and have judges micromanage the day-to-day decisions of the public land management agencies.

We bring you good news. This June, the U.S. Supreme Court took a big bite out of this practice when it rendered its decision in *Norton v. Southern Utah Wilderness Alliance (SUWA)*.

When the federal government designates an area of public land as wilderness, virtually no human activity whatsoever is allowed. A region of Utah was being studied for possible wilderness designation and the Bureau of Land Management had a plan in place to reasonably manage these lands during the evaluation process. The Alliance, however, didn’t like the plan and sued claiming that the courts had authority under the Administrative Procedure (APA) Act to direct the BLM to take stronger measures.

Now, the APA was created to allow federal courts to “compel

agency action unlawfully withheld or unreasonably delayed,” not all together a bad idea in concept. If a federal agency is failing, or unreasonably dragging its feet complying with a congressional mandate, it should be held accountable by the courts. Ecoactivists, however, have crossed the line from seeking to enforce actual mandates to asking the court to create new restrictions where none currently exist, and doing so with little or no public accountability.

In the *SUWA* case, BLM was meeting its mandate by following a previously adopted management plan. The environmentalists wanted a tougher plan and were trying to get the courts to force regulators into a regulatory scheme that was never required by Congress or publicly debated during the public comment period. After the Alliance convinced the Tenth Circuit Court of Appeals that greater regulation was warranted, the U.S. Supreme Court took this case and, by a unanimous vote, reversed this activist view of the role of the judiciary.

With Alaska’s vast resources and enormous federally owned lands, this decision is very important for all Alaskans. Your state is not only the largest state in the Union, it has vast amounts of publicly owned land, much of which is available for various recreational and commercial activities. Allowing special interest groups to use the courts to rewrite the plans developed to manage these

lands and create oppressive land use regulation is just wrong.

The value of this legal precedent is huge. In *Pacific Coast Federation of Fishermen’s Associations v. U.S. Bureau of Reclamation*, an Oregon case pitting the instream water needs of ESA listed fish against the availability of water for farm irrigation, PLF had already argued that environmental activists could not go to court to invalidate an existing water plan using the APA. Thanks to this recent decision, our arguments are that much stronger.

With the ruling in *Southern Utah Wilderness Alliance*, environmental special interest groups will no longer be able to use the APA to ask the courts to rewrite how our public lands are managed on a day-to-day basis. Pacific Legal Foundation was pleased to have participated in the case, urging the High Court to take this crucial step in protecting our rights and limiting regulatory constraints.

... environmental special interest groups will no longer be able to use the APA to ask the courts to rewrite how our public lands are managed on a day-to-day basis.

Russell Brooks manages PLF’s Northwest Center in Bellevue, Washington, and can be reached by e-mail at [rb@pacificlegal.org](mailto:rb@pacificlegal.org).



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Anchorage Early 60s



COURTESY OF CRAIG TAYLOR EQUIPMENT COMPANY

# CRAIG TAYLOR EQUIPMENT COMPANY

history by Lou Holzknicht ♦ story by Susan Harrington

IN 1953 CRAIG TAYLOR AND HIS FAMILY MOVED TO ALASKA FROM BOISE, IDAHO. SOON AFTER ARRIVING IN ANCHORAGE, CRAIG ACCEPTED A JOB WITH THE NORTHERN COMMERCIAL COMPANY. CRAIG'S SUCCESS AT HIS

first job in Alaska of selling heavy equipment inspired him to pursue his ambitions of owning his own business. With money borrowed from his mother-in-law, Craig went to the Associated Equipment Dealers convention in Chicago to search for a line of heavy equipment he could sell. While there, he met with the John Deere Company's industrial division representatives and convinced them that he was the best choice to represent their construction product line Alaska. And so it goes . . . Craig Taylor Equipment Company was born in the spring of 1954.

The first store was on the corner of Concrete and Commercial Avenue in Anchorage. Craig Taylor Equipment Company now has stores in Anchorage, Fairbanks, Soldotna and Wasilla. The company is a factory authorized dealer for several construction equipment product lines recognized throughout the world.

Craig Taylor Equipment Company has played a significant role in the history and

growth of Alaska. Having experienced setbacks from the devastating 1964 earthquake in Anchorage and the 1968 flooding in Fairbanks, the economic consequences were severe. The company was eager for new business opportunities. Then along came the discovery of oil on the North Slope at Prudhoe Bay. The state's decision to construct the 800-mile pipeline for transporting the oil to the Port of Valdez created an enormous construction boom. This project provided the shot in the arm needed for Craig Taylor Equipment to position itself as a major supplier.

Craig Taylor Equipment Company, now firmly entrenched in Alaska's economic growth, has expanded to four stores and 70 employees since 1954.

When Craig Taylor passed away in 1987, his wife, Thelma Taylor, carried on the family tradition as president and CEO, with her son Michael Taylor serving as vice president.

The story of Craig Taylor and his equipment



Anchorage Early 60s



COURTESY OF CRAIG TAYLOR EQUIPMENT COMPANY

company is very much an Alaskan story of opportunity and success. What began as a small family business 50 years ago has grown into a large, successful corporation.



Offering a variety of machinery as a matter of survival in the Alaska economy has worked well for Craig Taylor Equipment Company. This year marks 50 years in business and they are celebrating their success in Alaska. Vice president and sales manager Lou Holzknacht says the business has evolved and grown over the years because of the wide range of equipment brands they sell and lease, while providing parts and service.

“We are a one-stop-shop from Komatsu heavy equipment to John Deere lawn and garden products – one extreme to the other,” he said. “We are diversified to facilitate all industries.”

Not only does the company provide several lines of equipment, they also have parts, sales and service for each brand. Instead of concentrating on one manufacturer, their people have to be versed in over a dozen. What’s more, in the last few years the dynamics of the equipment contractor relationship has flip-flopped.

The economics of equipment sales and leasing has changed. “It used to be 70 percent sales and 30 percent leasing, now it is the opposite – 30 percent sales and

Corporate Headquarters—Anchorage



COURTESY OF CRAIG TAYLOR EQUIPMENT COMPANY



COURTESY OF CRAIG TAYLOR EQUIPMENT COMPANY

Craig Taylor Employee  
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70 percent leasing,” Holzknacht said.

He says part of the reason for this change occurred when the government took away the investment tax credit (ITC) and contractors could no longer justify owning. Plus, leasing offers economies of scale. Owners don't require a shop or technicians to take care of the equipment when leasing, and the job isn't shut down when a piece of equipment breaks down.

“They just trade out the machine for a comparable unit and it keeps the job going,” Holzknacht said. “Leasing instead of buying frees up the contractor's cash flow and bonding capabilities.”

Steel prices and fuel prices have adversely affected the cost of doing business this year. The company is ramped up now, and the steel market is settling down. They have added both fuel and steel surcharges to equipment to cover those unexpectedly high price fluctuations. Holzknacht says that with steel the problem is not only price, but also availability – the China market is the biggest issue.

Steel consumption by China has been insatiable as that country works on two major construction projects. One is the 40-inch diameter, 2,486-mile natural gas

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pipeline being built with X70 steel in partnership with Shell and Exxon that runs west to east across the country with supply spurs branching off to communities across China, many that have never had the use of natural gas before. The other is the ambitious south-to-north water transmission project, which includes three 800-mile canals – a project that will also tap world cement resources. These two projects alone cover the distance of six trans-Alaska oil pipelines and are part of China’s “Go West” program of infrastructure development. Completion is expected in 2005 for the gas pipeline, and by 2011 for the water line. That country’s surge in steel use caused a deficit in world supplies.

“We have been waiting on some products on order since early May,” he said. “We deal with U.S. manufacturers for all of our products, even though some of them are based in foreign countries a lot of the equipment is manufactured in the U.S.”

Holzknect attributes some of the company’s success to niches they have carved in the market. For example, they supply utility contractors, landscapers and commercial mowers with smaller equipment. He said the smaller equipment evolved from manufacturers who saw growth in Alaska and sought out Crag Taylor for distribution.

One of the challenges the company has is keeping employees trained and schooled on parts and service. They send dozens of employees to training each year to keep updated.

Longevity is big with the company. Craig Taylor Equipment employees average 16 years and several of their employees have retired after 30 years to 35 years.

The biggest challenge now is finding new employees to train in the heavy equipment service area. Holzknect calls

them “wrench-turners” and says they need people with skills and stick-to-it attitudes to fill the ranks. He said it is hard to find people who are interested in non-computer technology these days – hard to find people who don’t want to just sit behind a desk in front of a computer all day. Although most of today’s equipment is engineered with some computer controls, the technicians still must “turn wrenches” to complete repairs.

The company is looking for new employees to grow the business and looking for new opportunities to increase diversity and not become stagnant.

One such area is their continued growth with Komatsu, a recent addition to the lines of equipment offered. The folks at Craig Taylor Equipment say that mining in Alaska is opening up and they are able to supply that industry.

“With Komatsu we are able to reach out to the mining market,” Holzkecht said. “Now we can offer the largest dozer in the world, the Komatsu D575. Last month we sold the second largest dozer in the Komatsu line-up, and in December it will take a couple of rail cars to ship all the parts and pieces to Alaska, where final assembly will take place.”

Vice president and general manager Lonnie Parker said it is unique that Alaska is a potential market for the world’s biggest dozer. He said the blade can handle 90 cubic yards and the engine has 1,150 horsepower. What’s more, the company can offer more powerful equipment sporting 4,000 horsepower engines and hydraulic shovels with capacities of 1.5 million pounds.

“We’re pretty excited having Komatsu for heavy construction,” Parker said. “Having more opportunity to go to mining is very exciting in that we are going to be able to support that growth.”

It’s all about building Alaska, and who better to orchestrate that than the AGC? Craig Taylor Equipment Company’s initial membership with the AGC of Alaska dates back to the 1960s and they have been firmly entrenched in the membership roles since the 1980s.

“We have about 30 years of AGC membership and are active with our participation in annual conventions and through sponsorship of the golf tournament and other functions,” he said. “We’ve donated equipment for training efforts and classes. We’re involved in the political action arm of the AGC.”

Holzkecht says the organization has proved beneficial to maintain contact with the industry. It’s how they keep up to date with industry rules, regulations and upcoming projects. In addition, the company is a member of the national AGC and some other trade organizations.

They are the oldest member in the Alaska chapter of the Associated Equipment Dealers (AED), an organization that supports dealers and distributors of equipment. The company is also an active member of the American Rental Association, a group

that lobbies Congress for the industry.

Craig Taylor Equipment Company, founded in 1954, is now the largest, privately owned construction equipment dealership in Alaska. Their mission to ensure the success of their customers over the last 50 years has created a commitment. According to Parker, “As an Alaskan Corporation, Craig Taylor Equipment Company has helped Alaskans successfully achieve their goals for generations. We are dedicated to continuously improve service to our fellow Alaskans for generations to come.”

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By Larry J. Houle

# CONSTRUCTION in Alaska's Oil Patch

Photos courtesy of ConocoPhillips



The undisputed heavyweight champion of Alaska's economy for the past 30 years is the oil industry. From providing the vast majority of funds for operating state and local governments, spending millions on charitable giving throughout the state and funding Alaska's \$28 billion Permanent Fund, the oil

industry overshadows all nongovernmental entities in its impact on Alaska's economy. However, Alaska's mature North Slope fields are in decline. At peak in 1988, the trans-Alaska oil pipeline delivered over 2 million barrels of oil per day to Valdez. Today that flow consistently averages less than 1 million barrels per day.

Global markets have evolved and become much more volatile, witness the recent "flirting" with \$50 barrel oil. Alaska's North Slope is situated the farthest from markets as any oil field on the globe and is faced with aggressive world wide competition like never before. To most people outside the oil industry it is the "price of oil" that makes

one competitive; however, those in the industry know that it is the cost of "production and transportation" that gives one oil province a competitive advantage over another. The simple truth is that investors do not care where oil comes from – the barrel of oil that yields the most margin at the end of the day is the barrel sold. Today's capital dollars are increasingly being directed to regions of the world that have growth opportunity and high profit margins (equate high profit margins to low production and transportation costs), regardless of whether those regions have perceived political risks.

The good news is that Alaska's heavy-

weight industry has recently announced four significant capital projects, all engineered to help keep the cost of production and transportation of Alaska oil competitive. This article will focus on two of the four projects; ConocoPhillips and Anadarko Petroleum's Alpine Capacity Expansion (ACX 1 & 2) and the ConocoPhillips/BP West Sak Heavy Oil Expansion project. In January we will discuss the remaining two projects; Alyeska Pipeline Service Company's \$250 million TAPS Reconfiguration and Electrification Project and the ConocoPhillips and Anadarko Petroleum Alpine Satellite project, which is in the final EIS stage at press time.

## Alpine Capacity Expansion

Alpine is operated by ConocoPhillips and owned jointly with partner Anadarko Petroleum. The field is located in the Colville River area 34 miles west of the Kuparuk River field, near the western bor-

der of the National Petroleum Reserve-Alaska on Alaska's North Slope. Declared commercial in 1996, Alpine is the largest onshore oil field discovered in the United States in a decade.

This 40,000-acre field was developed on less than 100 acres, with a footprint on only two-tenths of 1 percent of the field area. In addition, Alpine is a near zero-discharge facility. Waste generated is reused, recycled or properly disposed. There is no permanent road to the field; in winter, ice roads are constructed to allow for transportation of equipment and drilling supplies to the site. This transportation method minimizes environmental impacts by melting in the spring and leaving no trace on the tundra. The facility has an airstrip large enough to accommodate commercial jet landings.

ACX Phase 1 and Phase 2 are attempts by owners ConocoPhillips and Anadarko to increase oil production capacity at the already prolific Alpine discovery. The field started production in November 2000 and currently yields about 100,000 barrels of oil per day (BOPD).

The \$60 million Phase 1 project will increase both the produced water and gas handling capacities of the plant and is expected to increase production by 5,000 BOPD. A total of 92 new wells are planned at the two Alpine drill sites. Alpine has been developed entirely with all-horizontal well technology and employs enhanced oil recovery systems. Since the Alpine reservoir has no gas cap, and no natural, water-driven pressure support, every barrel of oil removed from the field reduces the volume of fluid in the rock formation, thereby reducing reservoir pressure. Seawater is injected to replace the volumes of oil extracted from the reservoir.

The Alpine Capacity Expansion Project Phase 2 (ACX2), to be completed by mid-2005 is a \$58 million expansion project to increase gas handling and crude oil processing capacity to reach 133,000 BOPD. Along with the overall plant capacity expansion is a corresponding increase in seawater injection capacity (SWIX).

Both phases of the ACX project represent \$118 million in capital expenditures and will employ over 300 Alaskans across the state on construction and fabrication. Contractors include: NANA/Colt Engineering, VECO Alaska, Inc., Dowland-Bach Corp., ASRC Energy Services, SteelFab, Flowline, The Weld Shop, Parsons Energy and Chemical, and a



This VECO Alaska crew is among the Alaska contractors that have been working on the combined \$118 million Alpine Expansion Project. The first phase of the project will start up later this year and increase daily oil production to 105,000 barrels per day. Alpine Capacity Expansion Project Phase 2 (ACX2) will be completed by mid-2005, increasing oil production to 140,000 barrels of oil per day.

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### West Sak Extraction

By nature capital projects in the state's largest industry are huge – huge in dollars, manpower and projected project life. Projects costing hundreds of millions of dollars are the rule and not the exception in Alaska's oil industry. Advance planning and engineering take years and the capital investments are expected to pay back investors for decades. Recently, ConocoPhillips and BP announced a new \$500 million expansion to one of the North Slope's oldest discoveries, the 33-year-old viscous oil reserve known as West Sak.

As production declines at Prudhoe and Kuparuk, America's two main North Slope oil fields, the industry looks to new fields such as Alpine and future expansion west into National Petroleum Reserve-Alaska to slow the decline of crude oil, jobs and revenues. The \$500 million expansion of West Sak "opens up a whole new era of oil production for Alaska" says John Minier, President of NANA/Colt Engineering, LLC.

First discovered in 1971, the West Sak Formation is a shallow accumulation containing about 8 billion barrels of viscous oil that has been virtually untapped for decades. To put this into perspective the original Prudhoe Bay field was estimated to contain approximately 25 billion barrels of oil. West Sak, sitting just below North Slope permafrost at 4,000 feet, rests on top of the greater Kuparuk field, which is America's second largest oil field. West Sak crude is a cold, thick, molasses-like oil that is very difficult to bring to the surface when compared to the

sweeter, higher gravity crude oils contained in Prudhoe, Kuparuk or Alpine fields.

Slope-wide oil production currently averages 1 million barrels per day with viscous oil accounting for only 3 percent, or 30,000 barrels per day. However, extensive technical cooperation by ConocoPhillips and BP has contributed to new drilling techniques that make it possible to extract more viscous oil from the reservoir. Enhanced oil recovery technologies such as multi-lateral well bores off of a single vertical well, enhanced three-dimensional seismic and high-tech submersible jet or electric pumps have allowed some officials to revise their estimates for recoverable viscous oil production on the North Slope upward to exceed 100,000 BOPD by the end of the decade.

Darren Jones, ConocoPhillips Vice President for Greater Kuparuk/Cook Inlet, said the development program will generate more than 850 jobs during the peak construction phase in 2005. The plan, three years in the making, calls for drilling 13 new West Sak wells at Drill Site 1E and 31 new wells at Drill Site 1J. The development program includes expansion of facilities at Drill Site 1E, and the construction of new facilities, pipelines and power lines for Drill Site 1J.

Local Alaskan Contractors will be the direct beneficiaries of the newly funded \$500 million West Sak project. ConocoPhillips will award work for drill site 1J later this year.

Engineering contracts for West Sak have been awarded to VECO Alaska and NANA/Colt Engineering. According to John Minier of NANA/Colt, over 60 engineering service providers, all based in Anchorage, were employed on Drill Site 1E.



**ConocoPhillips plans the largest-ever** [ABOVE] heavy oil development program in Alaska. This \$500 million program will increase West Sak oil field production to approximately 45,000 barrels of oil per day (BOPD) by 2007.

**Doyon Drilling Rig 141** [LEFT] is currently at work at West Sak Drill Site 1E on Alaska's North Slope. The West Sak development program is expected to cost approximately \$500 million and will generate more than 850 jobs in Alaska during the peak construction phase in 2005. The field is operated by ConocoPhillips.

Other contracts awarded for the drill site 1E work include ASRC Energy Services, a subsidiary of Native-owned Arctic Slope Regional Corporation, and is one company that has been building the drill site 1E modules in its Anchorage fabrication facility. All modules constructed in Anchorage will be trucked to the North Slope.

Roughly two-thirds of the \$500 million in capital expenditures will be drilling related. Doyon Drilling Rig #141, currently drilling wells at drill site 1E, employs a workforce of about 50, including laborers, roughnecks, tool pushers and engineers. Ron Wilson, General Manager of Doyon Drilling, cited certain challenges with the size of the hole and lack of consolidation of oil sands; however, new multi-lateral, down-hole tools are quite efficient and the trend toward multi-lateral wells is what makes oil fields economical.

Dave Matthews, Vice President at HC Price, said "extended field life recovery methods have been designed into the project." In addition to the 30,000 feet of 24-inch crude oil production pipeline, a 12-inch water injection pipeline and a 6-inch gas injection pipeline will be installed in order to maintain reservoir pressures and enhance oil recovery. HC Price will employ up to 150 people during peak pipeline construction beginning January 2005 and expected to be completed in April of the same year. It is anticipated that Flowline Alaska, based in Fairbanks, will employ 35 insulators, operators, laborers and pipe fitters in support of the project.

West Sak production alone is expected to more than triple by 2007 – increasing from the current level of 10,000 BOPD to 45,000 BOPD. The close proximity to existing infrastructure coupled with new technologies in drilling techniques, mud and tools have opened up a whole new potential for Alaska, further slowing the North Slope production decline.

### The Future

Oil produced in Alaska today is less than half of what it was just 16 years ago when the giant Prudhoe field produced over 1.4 million BOPD. That number is nearly 400,000 BOPD more than the entire North Slope does today.

Alaska is and will remain a world-class oil province – first and foremost because we have the right geological structures. Current estimates are that the “rocks” on Alaska’s North Slope contain another 60 years of proven and recoverable reserves. Oil exploration and development requires knowledge. We have smart companies that centralize their data from around the world to solve drilling problems like the viscous oil of West Sak, considered unrecoverable less than a decade ago.

I have every reason to believe that oil (and gas) exploration, development and production in Alaska will last for 60 years and beyond. For the past 15 years Alaska has enjoyed a stable and predictable state fiscal policy that has made capital investments like ACX and West Sak possible. If there is a threat to future investment by Alaska’s heavyweight champion, it is the lack of a comprehensive long-range fiscal plan that addresses declining petroleum revenues and the state’s current and prevailing fiscal uncertainty. In a global market place with worldwide competition for capital dollars, uncertainty can lead to the loss of investment.



Larry Houle is the General Manager of The Alaska Support Industry Alliance, a statewide non-profit trade association consisting of over

400 contractor companies working in Alaska’s oil and gas industry. He is the registered lobbyist for The Alliance and is responsible for the day-to-day operations. Larry—a longtime Alaskan—earned a B.S. in Economics at Willamette University in Salem, Oregon. He and his wife Sunnie and two sons live in Anchorage.

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AERIAL VIEW of the Port of Anchorage and surrounding area.



# Alaska's Coastal Port Project



PHOTO BY AEROMAP U.S. © 2004



# critical ct

By Susan Harrington

Timing and strategic location have enabled the expansion of the Port of Anchorage. What began as an anticipated \$150 million corrosion program has become a \$300 million intermodal endeavor whose price has risen like a Turnagain Arm bore tide—fast and high.

Five years ago the Municipality of Anchorage intended to combat the growing corrosion below decks and the increasing problem of crowding above decks on the docks at the Port of Anchorage.

That idea has grown into a wharf with a finished length of 9,000 feet that stretches from Cairn Point to the Northland lease area, and out another 400 feet into Cook Inlet with a 45-foot draft. There will be new berthing areas for barges, military ships, cement ships, container vessels, petroleum transport, cruise liners and the U.S. Coast Guard. There will be a train track extension to the military berthing area for Stryker Brigade deployment and other items crossing the docks. “The upland development gives more room, and the most critical need

for ports is more room,” Port of Anchorage Director of Business Development and Communications Kevin Bruce said.

### TIMING

The thinking prior to 1999 was that \$150 million would fix the crumbling Terminal One that was completed in 1961 with a design life of 20 years. When constructed, the engineers thought the pilings, which corrode at a predictable rate, would fall below acceptable standards of thickness in 1981. “In 43 years the pile wall thicknesses have diminished below acceptable levels, and the last few years, the rate of continuing corrosion has grown exponentially,” Bruce said. Spending \$150 million would fix the corrosion problem and do nothing to ease Alaska’s growing Port of Anchorage use.

In 1999 the Anchorage Port Commission and Port of Anchorage staff developed a 50-year Port Master Plan. The plan has quickly become outmoded, with the growth in required security spending after 9/11, the expanded need to accommodate the Stryker Brigade, and the growth in scope through federal homeland security funds and the Coast Guard. The recent selection as a national Strategic Seaport also brings a whole new set of infrastructure requirements affecting the port that was not considered in the master plan.

### STRATEGIC LOCATION

This August the Port of Anchorage became one of only 16 ports in the nation designated as a national Strategic Seaport, and the only

port outside the continental United States approved for use in moving surge military cargoes in time of crisis. The designation by the Department of Defense’s Surface Deployment and Distribution Command, U.S. Army Alaska and the U.S. Maritime Administration (MARAD) came after an assessment where that team evaluated the highway, water and rail access, cargo staging area and berthing capacity at the port, along with other considerations.

“With this new Strategic Seaport designation, the Port of Anchorage will be better able to assist the Stryker Brigade and other military units deploying in and out of Alaska,” Port of Anchorage Director Bill Sheffield said. “The improvements we make to the port in order to serve the military will be equally advantageous to our existing customers as well. This critical designation by the military and MARAD is just the first indicator of the tremendous changes in store for this facility.”

### PORT WOES

Changes have been coming since 1999 when, Bruce says, port management realized fixing the corrosion wouldn’t fix the port’s woes. At that time, they put out a request for proposal for design alternatives to alleviate dock conflicts between petroleum and cement loading facilities and ended up with a new and different project. “A fill project, which eventually will double the size of the land at the Port of Anchorage,” he said.

The cement factor comes into play after the expansion work is done. Integrated Concepts & Research Corporation (ICRC) Principal in Charge Bill Humphries says the project will make it eas-



CARGO SHIPS DOCKED at the Port of Anchorage.

PHOTO BY SUSAN HARRINGTON

ier and less expensive to make transportation and off-loading of cement at the port by the eight ships that dock for two to three weeks each time, tying up one of the port's two POL terminals, and leaving tankers waiting in the harbor.

"Every day they sit out there it's like a taxi with the meter running," Humphries said. "The number one message we are trying to get out is how critical this project is."

Such an approach could also reduce annual dredging by the U.S. Army Corps of Engineers, which has cost millions of dollars over the years. Some years it costs \$2 million to dredge the shipping lanes at the Port of Anchorage, but last year it cost \$9 million. Dredging dollars come from federally legislated direct funding to the Corps. The cost depends on factors of weather, silt content and currents.

### VICKSBURG PARTNERING

As part of the expansion project and because of last year's extensive dredging, the port has partnered with the U.S. Army Corps of Engineers Engineer Research Development Center in Vicksburg, Mississippi, to model current flows and sedimentation patterns in Upper Cook Inlet. Engineers at Vicksburg hypothesize the year-to-year differences in dredging needs and developed a couple of plausible possibilities. Bruce emphasized that these are just ideas.

In recent trends of mild winters, there was no winter scour and the mudflats did not freeze.

The Port MacKenzie dock interrupts the current to the east 400 feet and may be pushing sediment toward the Port of Anchorage.

Regardless of the current causes for dredging, building the port



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PHOTO BY SUSAN HARRINGTON

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out to deeper water with faster currents is expected to have favorable results. Doubling the length is making room for many things, including a very important component, the U.S. Coast Guard – with a new team that is set to be a permanent fixture.

**COAST GUARD**

Public Affairs Officer for the U.S. Coast Guard in Anchorage, Darrell Wilson, said that one of the reasons for the port expansion is to develop and expand the military utilization of port facilities. “A part of that is the Coast Guard. Through an arm of the federal department of Homeland Security, as a result of terrorist attacks, is an all new team for port security. Slightly more than 100 people and half a dozen 25 ft. to 27 ft. boats – twin engine, transportable, fast response boats – that can be loaded up and driven to Whittier, Seward, Homer, or Valdez, or backed into a C130 and flown to any port in Alaska where a C130 can land, are now situated at the Port of Anchorage. They can be delivered anywhere and are essentially a waterborne S.W.A.T. team of highly trained, federal law enforcement officers, highly experienced if ever there is a need for them, such as a potential threat or

need for security on the water. The term 'fast roping' applies to this team—they slide down ropes from helicopters to board ships or boats.”

Wilson said all six boats and the whole Alaska Maritime Safety and Security Team (MSST) unit are based at the Port of Anchorage. Eleven teams were established and are strategically placed around the coastline of the United States as a direct result of 9/11.

The Anchorage unit's commanding officer, an executive officer, and administrative personnel began filtering into Anchorage in July and occupied temporary quarters at the Port of Anchorage. The permanent office structure will later be built as the port expands. The "Multiuse Floating Dock and Uplands Facility" solicitation closed in September and will be used for mooring the six boats.

"Basing one of the teams in Anchorage is going to be a good thing," Wilson said. "Most people off the street in Anchorage

PORT MACKENZIE ACROSS COOK INLET from the Port of Anchorage.

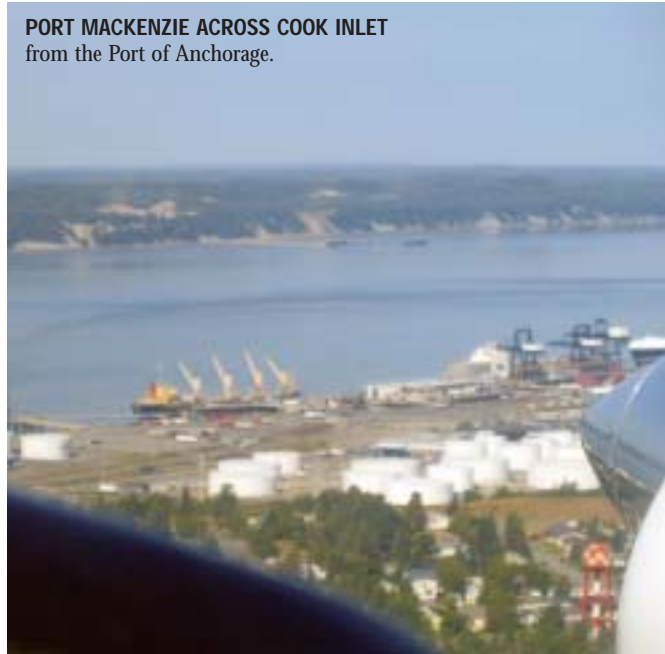


PHOTO BY SUSAN HARRINGTON

really don't know how important the port is for fuel, food, goods, virtually everything in Alaska." Besides all the fuel for the Bush, the port serves 80 percent of Alaska's population and handles 90 percent of the consumer goods of Alaska. The MSST people are highly trained in several areas to meet

the challenge of protecting critical transportation nodes.

Wilson said they receive specialized terrorist threat training at the U.S. Marine Corps base at Camp Lejeune in North Carolina. "Also, they are qualified boat coxswain – trained and certified, just like other boat crew members – that's their live support on the water. They have to know how to make the boat work and how to operate it, plus know standard and federal law enforcement – they have to know the law – there is a lot of book learning along with all the other training."

Wilson is excited about this addition to the port. "It's a great thing – more jobs, more Coast Guard people and assets for Alaska, money for the economy, more kids for the schools," he said. "Their job will be going all over the state and this is not temporary; it's a permanent thing – the birth of a new military unit in Alaska."

The MSST team was all geared up and

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here by the end of August, and although it is under the federal umbrella of Homeland Security, Wilson said they work closely with the State of Alaska Homeland Security personnel. "The Anchorage Police Department, the Alaska State Troopers, all the branches of the military, the Guard, etcetera – we all cooperate to keep everyone safe and protect Alaska and the assets Alaska has."

### MORE WORK

Even though the Coast Guard's permanent complex office and mooring dock are not completed yet, some of the other work has been done at the port to facilitate growth. More is coming, hundreds of millions of dollars more. Land has been cleared at the base of the bluff below Elmendorf Air Force Base behind the backside of port property to accommodate a new rail extension into the port, and grubbing and grading is imminent. Bruce says that making the port more intermodal will vastly improve ship to rail transfer, bring the Stryker Brigade by rail from Ft. Wainwright for deployment, and make bringing port construction materials by rail car possible.

Underlying soils narrowed the options for the final wharf design. Offshore drilling has been completed to provide much needed information to establish the construction options and set



CAIRN POINT at low tide.

PHOTO BY SUSAN HARRINGTON

the seismic parameters. Core samples from 57 holes drilled provided data for decisions. Bruce says the informal preference is sheet pile, a design that provides maximum useable dock surface space and wharf length, and addresses the structural issues with existing structures.

### PORT TEAM

Because of the nature and scope of the project and all the federal dollars involved, the USDOT Maritime Administration is in charge of

administering the project instead of the port owner, the Municipality of Anchorage. The port staff and commission are heavily involved in the project, as are other members of the port team, including the Municipality, State of Alaska and the U.S. Army Corps of Engineers.

MARAD awarded the program management portion of the project to Integrated Concepts & Research Corporation (ICRC), a subsidiary of Koniag Inc.

### PROGRAM MANAGEMENT

ICRC will procure both design and construction contractors based on a competitive process. In some cases, contractors must pre-qualify before submitting bids. When bids are submitted for each phase and portion of the project, the contracts are not necessarily awarded to the lowest bidders, possibly throwing a learning curve at Alaska contractors accustomed to low-dollar bidding and hard-dollar contracts. Instead, ICRC awards contracts to the highest scoring offerors using combined technical and price scores under a "best-value" evaluation process.

Humphries said a firm that has 20 years experience with 100-foot pilings in 35-foot tides may be the best value selection over a firm that may have a slightly lower bid, but little or no experience.

"The standards are developed before the contracts are let," Humphries said. "We and the port have a very strong commitment to local contractors, but we can't violate the federal procurement process."

### EARLY WORK

Humphries said the preliminary contracts have been fairly small – surveying, fencing, clearing and grading. "We're getting a lot of positive feedback and the contractors are beginning to understand the process – those groups are talking and figuring out teams to do this."

The project is ramping up – the bid for

the final design of Phases I, II and III and the construction of Phase I of the Trailer on Flat Car (TOFC) yard, which is the rail portion of the project with an engineer-projected magnitude of \$5 million to \$10 million was advertised in September.

Permitting and planning are underway for the marine terminal expansion project. By late November, the bid may go out for filling the backlands north of the existing dock area. Those areas are closest to Cairn Point and needed for staging.

The magnitude of the marine terminal expansion is pretty foggy at this point, as is the final price tag of the \$300 million-plus project, which will continue through 2011. "So much of the cost is driven by fill material—where it's coming from and what it's costing," Humphries said. "Also the price of steel, whether it's open cell sheet pile or pipe pile depends on the final design and fluctuating costs. Freight is another factor."

Too bad there are no iron mines or steel mills in Alaska—good thing there is plenty of fill.

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The port is exceeding projections of incoming goods made just 5 years ago—the 50-year plan released freight projection quantities anticipated in 2018 that were surpassed in 2003.

"Few people realize that warehousing in Anchorage only holds about four days worth of food," Humphries said. "We are at capacity and over capacity at this port that's been operating 45 years that had a 20-year design. We're growing much faster than everything projected—importing is already maximized.

"This is not a 'wouldn't it be nice' project—this is a critical project."



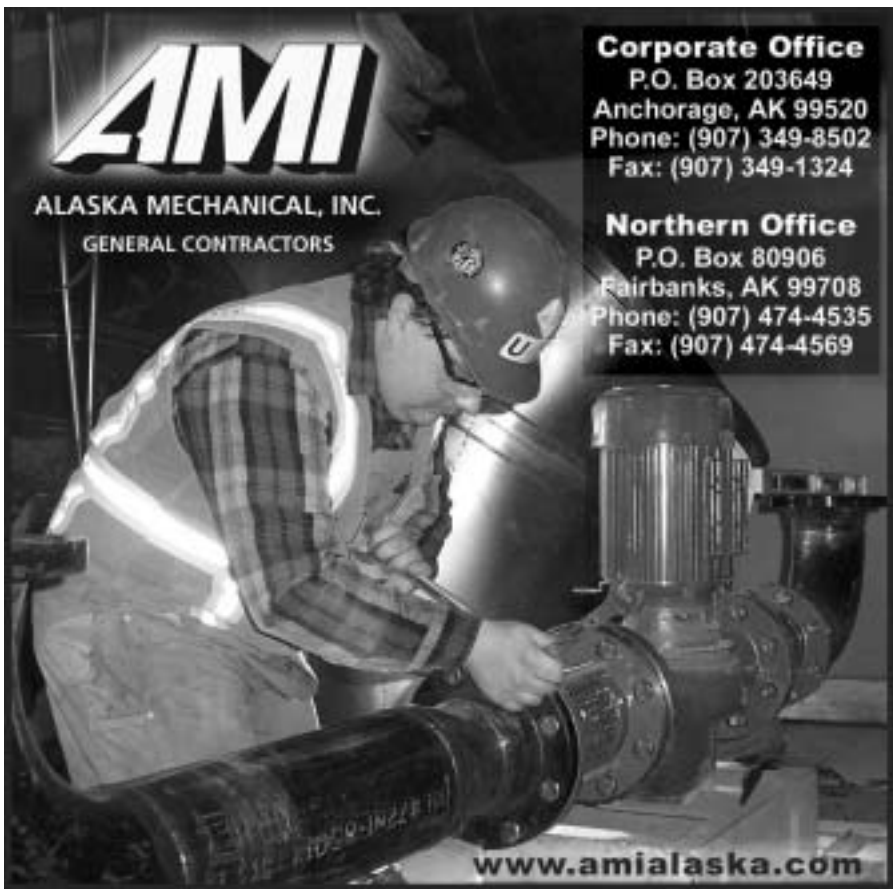
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# MINERAL INDUSTRY Advances in 2004

By Steve Borell

The increase in gold price, now over \$400/ounce, is an invigorating force for the mineral industry. Recent increases in the price of gold, silver, lead, copper, platinum, nickel, and some improvement in the price for zinc, are all good for Alaska. Large and small mines already in operation, projects nearing development, and grassroots exploration all benefit.

The biggest event of the year has been the start of construction at the Pogo underground gold mine located about 40 miles northeast of Delta Junction. The Environmental Impact Statement was completed in January, the State issued all the major permits under its responsibility and the final permit, the EPA NPDES discharge permit became final. Then in late

April the Northern Alaska Environmental Center appealed the NPDES permit, which forced Teck-Pogo to lay off nearly 300 contractor employees. With pressure and disapproval coming from all directions, after a two-week delay, the environmental group withdrew the appeal. Thus far, a new 3,000-foot airstrip has been completed, the mine facilities area has been prepared, foundations for the mill and other facilities are being poured, and construction of the 42-mile access road is nearly complete. Underground drivage and development are now out for bid and this work is scheduled to begin in early January 2005. Teck-Pogo estimates construction will take two years and employ about 700. Once the mine goes into operation it will employ 250 full-

time workers for at least 10 years.

Two other projects are moving toward construction. The first of these is Kensington, owned by Coeur Alaska. Kensington will be an underground gold mine located 30 miles north of Juneau. A second Supplemental Environmental Impact Statement is now in process for Kensington and the record of decision and major permits should be issued during the 4th quarter 2004 and result in a construction start in 2005. The second project is Rock Creek. It is owned by NovaGold and it will be an open pit gold mine 13 miles northwest of Nome. A bankable feasibility study is being developed for Rock Creek and should be complete by mid-2005. Baseline data collection and permitting are





in process, which could lead to a 2006 construction start.

Work continues toward development of the Donlin Creek Project, which will be a large open-pit gold mine. Placer Dome has several years of permitting and design before construction could begin. The single greatest challenge is the 60-80 megawatt electrical power supply. Ports on both the Yukon and Kuskokwim Rivers and roads connecting these to the mine site will also be required.

Exploration on both existing projects and new grassroots projects has increased this year for the third year in a row. One of the most exciting projects with the potential to become a large mine is the Pebble Gold/Copper Project in southwest Alaska. Pebble has employed more than a dozen consulting firms during the summer and has had up to six drills (five core and one reverse circulation) at work, better defining the ore body and geotechnical conditions. Pebble is owned by Northern Dynasty Minerals and they project spending \$25 million on the project this year.

Exploration and drilling are in progress on various other projects all around the

state. In some cases the work is by companies that have been working in the state for many years and in other cases the companies are entirely new to Alaska. Due to the extremely restrictive rules of the U.S. Securities and Exchange Commission, most of the investments in minerals come from Canada, even though the ultimate ownership of the companies is often by U.S. shareholders.

Alaska's large metal and coal mines continue to operate and are focusing on operating improvements and reducing operating costs. The large mines currently operating are Greens Creek near Juneau, Red Dog north of Kotzebue, Fort Knox and True North near Fairbanks, and Usibelli Coal Mine at Healy. Numerous small family placer gold mines are also operating and several more should resume operation if the gold price continues above the \$400 per ounce level.

Mines producing sand, gravel and stone are dependent primarily on local construction and have had an extremely busy year. In addition to work in and around military bases, major cities and villages, several new

resource roads are being proposed and these should result in growth for this sector. Market demand for sand, gravel and stone, and for coal continues to grow in Hawaii and along the West Coast. However, challenging economics and the Jones Act keep Alaska companies from participating, in part because Jones Act vessels for bulk cargos are not available.

All segments of the mining industry have been very busy in 2004 and if metal prices hold at current levels or continue to improve, 2005 should be even better.

---

Steven C. Borell is executive director of the Alaska Miners Association, an industry support organization with approximately 1,000 members. The AMA represents all aspects of the mineral industry before state and federal agencies, the State Legislature and U.S. Congress. He has more than 30 years experience involving exploration and operations in coal, placer and hard-rock metal mining in various western and mid-western states, Canada and South America. He is a registered professional engineer in Alaska, Colorado and North Dakota.

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SCOTT GOLDSMITH AND MARY KILLORIN of the University of Alaska Institute of Social and Economic Research forecast Alaska construction spending at \$5.3 billion for 2004, and that was before sharp hikes in the cost of steel and petroleum products. AGC of Alaska members shared photographs of construction projects they are involved in across the state for inclusion in a photographic essay showing a slice of this multi-billion dollar construction year Alaska is having.

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**Juneau Airport Winds advisory System (JAWS)** [TOP] project on Pedersen Hill in Juneau, Auke Bay in the background. Everything went to the site via helicopter. Owner is FAA. Contractor is F&W Construction. Steel erection was done by North Pacific Erectors.

PHOTOS COURTESY OF F&W CONSTRUCTION

**Birch Creek Airport Resurfacing project.**

[BOTTOM] Brice Inc. had to fly all the equipment and a crusher into this remote-site construction project. According to the State of Alaska DOT&PF's soils report: "Birch Creek Village is situated on the northwest bank of the lower reach of Birch Creek approximately 26 air miles southwest of Fort Yukon and about 110 air miles northeast of Fairbanks. Access to Birch Creek Village during the summer is limited to aircraft and shallow draft river boats via Birch Creek. During the winter months a winter trail exists from Fort Yukon to Birch Creek."

PHOTOS COURTESY OF SAM ROBERT BRICE, BRICE INC.

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**Drill site installed at Trading Bay [TOP]** for Pelican Hill Oil & Gas by Composite Technologies of Fairbanks. The type of site is a first for Alaska; 100 percent composite interlocking mats with no gravel. The drill site was to move to the Beluga Gas Fields by Tyonek next.

PHOTOS COURTESY OF DENNIS SWARTHOUT, COMPOSITE TECHNOLOGIES, INC.

**Geotextile being placed in one of the seepage cells [BOTTOM INSET]** at the City of Delta Landfill. Subcontractor Northwest Linings is placing the liner. The project is part of the Federal Impact Funds granted to the City of Delta for infrastructure support of the missile defense build up in the area. UNIT/SKW LLC is constructing the project concurrently with the Delta City Library and the Construction Trades Building. PHOTO COURTESY OF UNIT/SKW LLC

**Pouring of concrete pads for the Interim Power Plant [BOTTOM]** at the Missile Defense Site at Fort Greely, part of \$35 million of contracts that UNIT and UNIT/SKW LLC have completed on this site since last season. The Delta and Fort Greely work are part of the \$40 million of construction UNIT Company and UNIT/SKW LLC has completed in the area.

PHOTO BY STEVE GUNDERSON

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Construction Machinery Industrial, LLC supplied heavy equipment to this remote project site at Farewell for Bethel Native Corporation subsidiary BNC International. Like many remote project sites in Alaska, the only access is a dirt runway. PHOTOS BY SUSAN HARRINGTON





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About 100 miles north of Fairbanks, [LEFT] Pruhs Construction is widening, grading and paving five miles of the Dalton Highway for the State of Alaska.

PHOTOS COURTESY OF PRUHS CONSTRUCTION.

City of Cordova road upgrades [BELOW] include utilities, water, sewer, storm drains, curbs, sidewalks and paved streets by Pruhs Construction.

PHOTOS COURTESY OF PRUHS CONSTRUCTION.



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**Apron and taxiway maintenance** [TOP FAR LEFT] and upgrades are ongoing at the Ted Stevens Anchorage International Airport.

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**The 56,000 square feet of exterior glass** [LEFT AND BOTTOM] used in construction opens the views and lets in the light at the new concourse.



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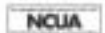
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**Bird's eye view [FAR LEFT]**  
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**Centerpoint Financial [LEFT]**  
building in Midtown  
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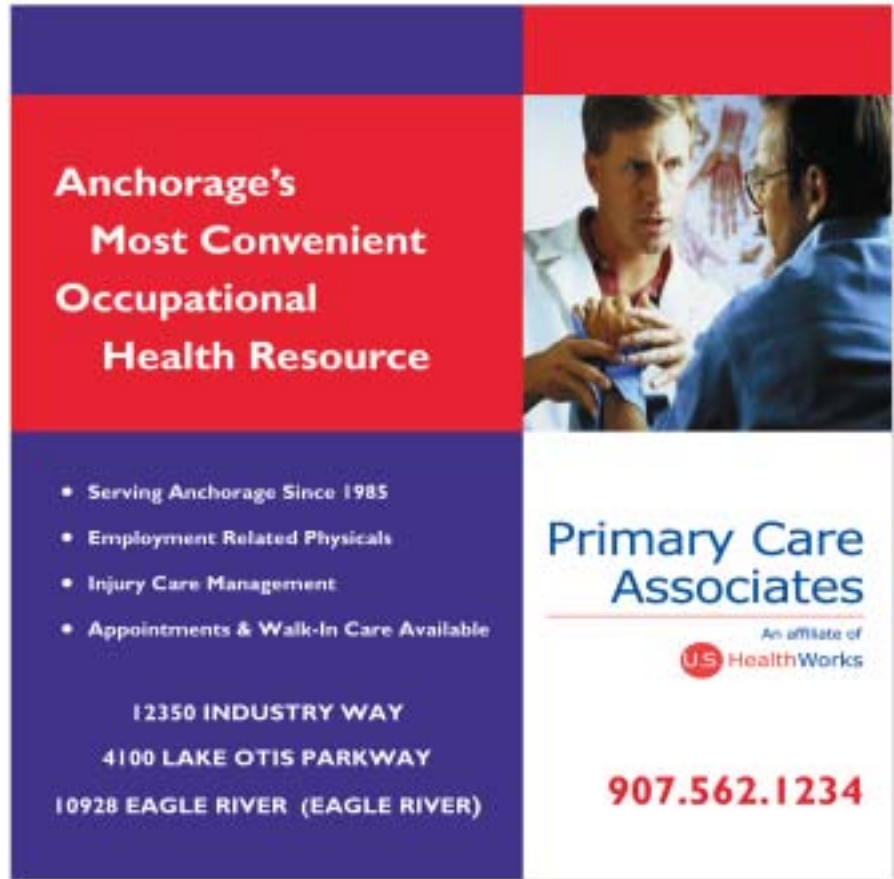
PHOTO COURTESY OF DAVIS CONSTRUCTORS & ENGINEERS

**Rain Proof Roofing worked [LEFT]**  
on the car wash at the  
corner of Lake Otis Boulevard  
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PHOTO BY SUSAN HARRINGTON

**Municipality of Anchorage [BOTTOM LEFT]**  
downtown  
improvements are ongoing.

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**Fighter Fuel Cell Maintenance Hangar** on Elmendorf, AFB. [TOP FAR LEFT] This is a design-build project for Cornerstone Construction, with Frankfurt Short Bruze, architect/engineer; and EDC Mechanical and Electrical Designers. Scheduled for completion late 2004, the project includes a 35,000 square foot hangar and offices, and a modified tow way to tie into the existing runway. It is the first in a series of many new north expansion projects on Elmendorf AFB. Subcontractors include Electric Inc.; Udelhoven for mechanical; SimplexGrinnell, fire protection; Premier Earthwork, site work; and Wilder Construction, paving.

PHOTO COURTESY OF CORNERSTONE CONSTRUCTION

**Muldoon Road corridor improvements** are ongoing. North Star Paving and Construction, Inc. of Soldotna has been working Phase I of the project, which includes a retaining wall and pedestrian path on the east side of Muldoon Road between 16th and 20th avenues. PHOTOS BY ED BRANDT

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**Acme Fence crew** [BOTTOM LEFT] installing guardrail along the Seward Highway at Bird Creek.

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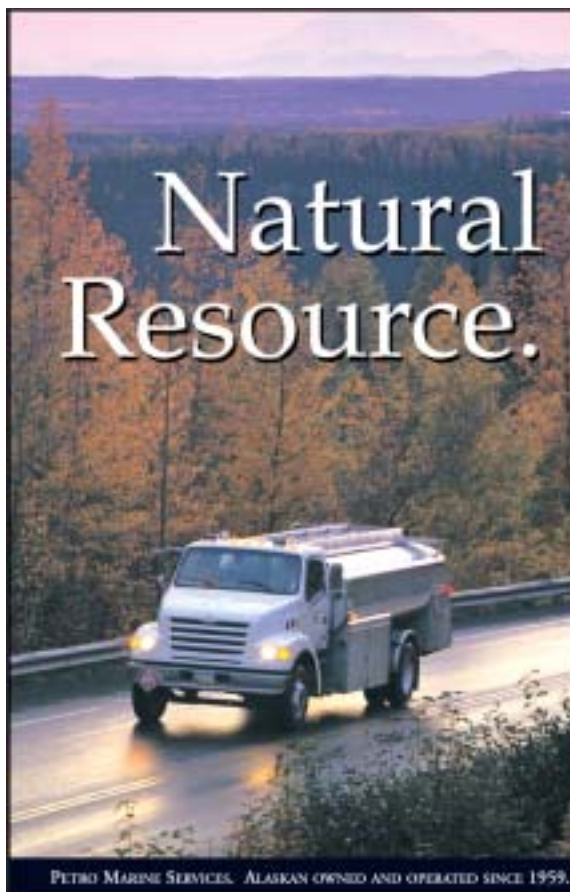
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### PHASES

- Road and Rail Extension
- Improve cargo flow
- Substantially reduce traffic conflicts outside of Port boundaries
- Improve local air quality
- Support new military requirements (Stryker Brigade)

### NORTH TERMINAL

- Accommodate increased barge shipments
- Potential for barge business growth
- Support major Alaska construction projects
- Improve coordination between barge and container ship traffic

### DOCK EXPANSION

- Accommodate up to 1,000-foot ships
- Berth ships requiring greater water depth
- Improve and expand cruise ship, container ship, bulk material, and petroleum handling
- Attract a wider range of customers

Source: <http://www.muni.org/port/index.cfm>

### JOBS

- The Port Intermodal Expansion Project would provide approximately 1,100 to 2,000 new direct and indirect jobs due to construction from 2005 to 2011.
- 640 - 710 direct construction jobs.
- 1,600 - 1,700 indirect transport, retail, wholesale, service and support jobs.
- \$16 million - \$26 million in total income from direct and indirect jobs.

### ACTIVITIES

- Expansion of commercial dock space
- Support of military, rapid deployment from Alaskan bases, including the U.S. Army's Stryker Brigade dock capacity.
- Additional barge dock capacity
- Cruise Ship Terminal
- Improved rail connection to the Port for commercial and military use
- Acquisition, installation, and operation of security equipment and services

# port expansion information

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ANCHORAGE PORT  
 EXPANSION TEAM  
 Program Management Office

Point of Contact:  
 DIANA BRAKE (907) 343-6236;

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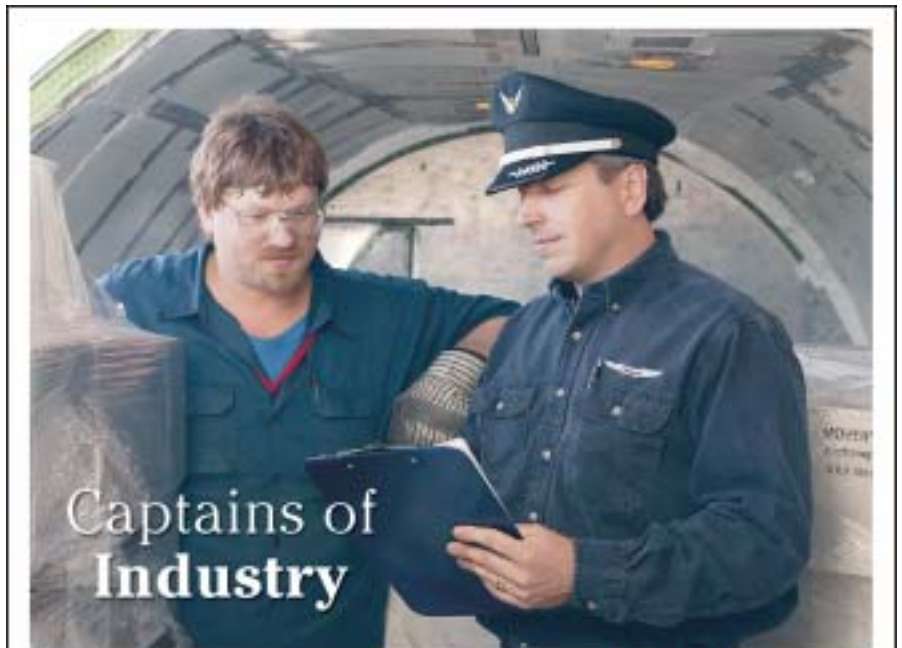
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# KNIK ARM CROSSING UPDATE

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The word from Henry Springer at the Knik Arm Bridge & Toll Authority is that the project is still in the preliminary stages and they are in the middle of their consultants' work. Ongoing engineering evaluations, including seismic data, are part of the continued planning process under NEPA. Professor Orson Smith has just finished his field work, which included satellite-transmitted data on siltation, velocities, salinity, currents and tidal influences. Other work includes:

- Observing the presence and activities of beluga whales in Knik Arm, Turnagain Arm and at the mouth of the Susitna River. That LGL and HDR field crew work is ongoing through October.
- Measuring sound transmittal from pile driving at Port MacKenzie to check sound influence on beluga behavior.
- Conducting fisheries studies, checking species presence and activities, as well as examining soils for organisms and small marine mammal life. Work is being done by Dr. Houghton.
- Installing tide ice pressure gauges at Port MacKenzie to measure ice pressures when the ice comes up this winter.
- Getting ready to hold public hearings October 14 and 18.
- Waiting to see if Congress is going to do anything in the appropriations sectors.
- Coordinating with the Port of Anchorage and Port MacKenzie and looking at what influence the bridge project will have on both ports.

"We have been shuffling a lot of papers—if that is a sign of success then we are doing all right," Springer said.

Information about the proposed Knik Arm Crossing and its history may be obtained from the project Web site: [www.knikarmbridge.com](http://www.knikarmbridge.com).



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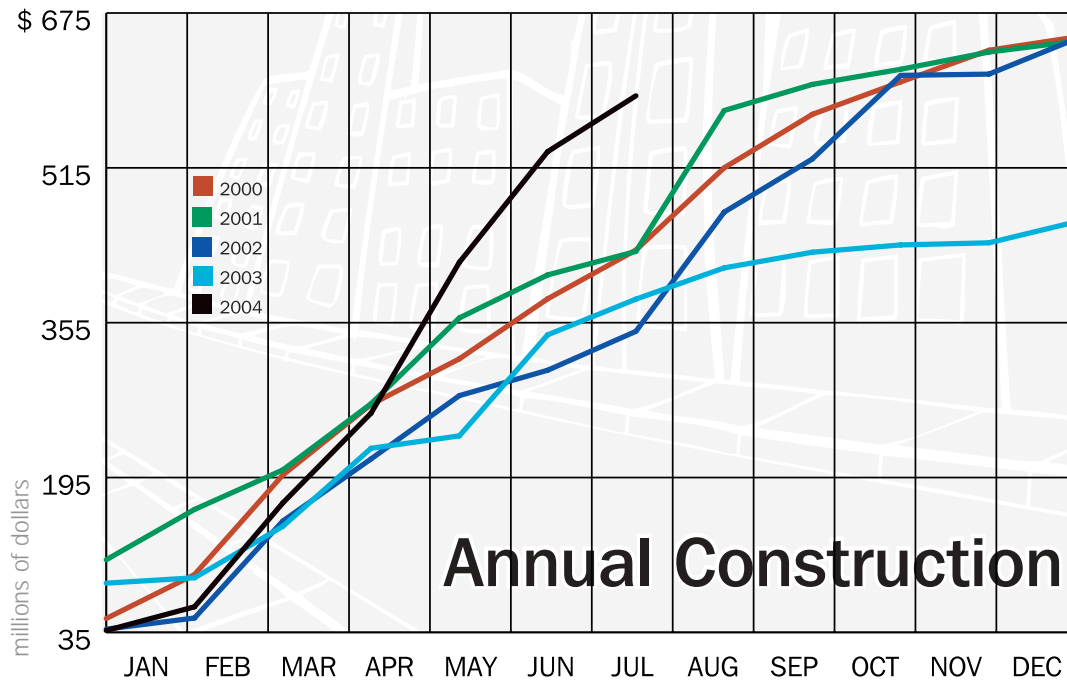
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- HEAR:** A sound of high-pitched or fluctuating whistles near the pipeline may indicate a leak of gas. A sound with a low or high pitch may indicate a natural gas leak.
- SEEK:** An unusual noise, leaking or smoking sound may be a sign of a leak.

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- Do not enter the area where the spill, leak or vapor cloud is located.
- Leave the area immediately.
- Do not touch leaking liquid or smoldering leaking pipes.
- Do not create sparks, light matches, use an engine, weld or a light, use a cellular phone or vehicle telephone. These activities could ignite the leaked or spilled substance.
- Warn others nearby of the possibility of a pipeline release.

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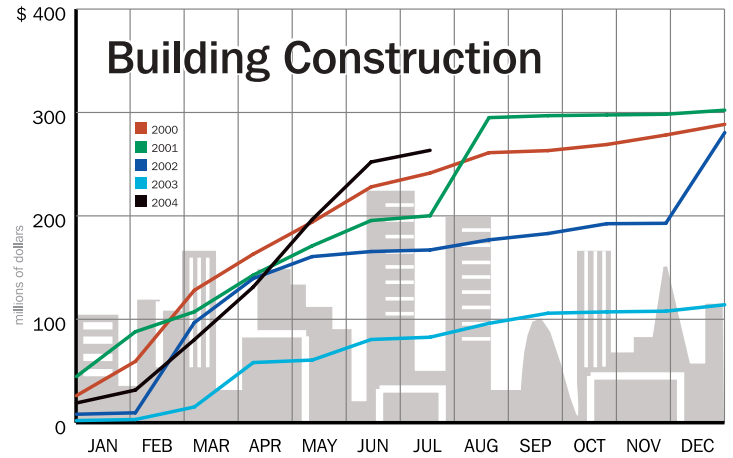
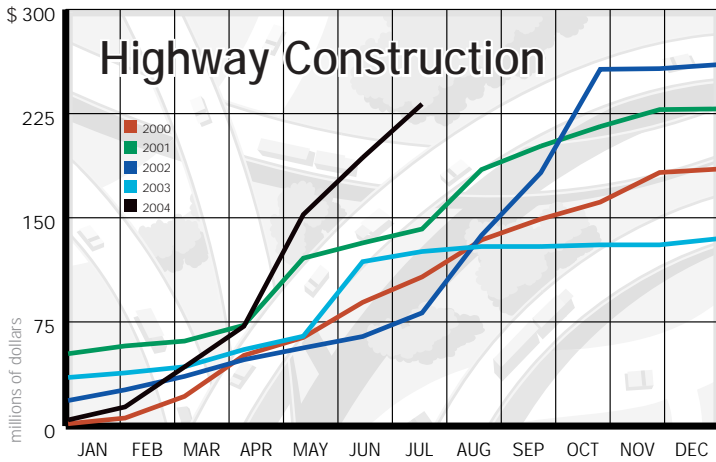
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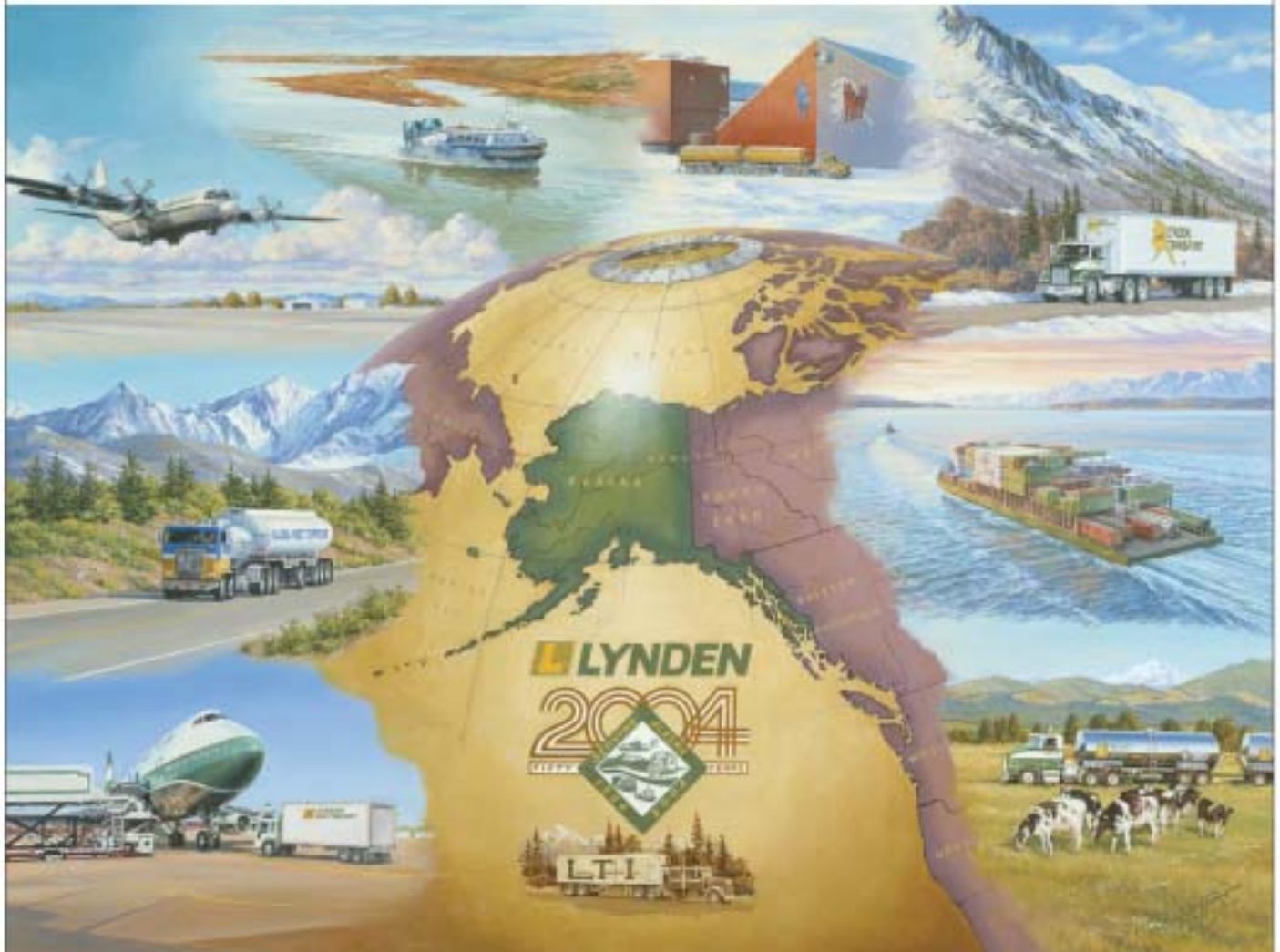
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