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Summer 2002

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departments

- Report on Legislative Accomplishments 11 Here's a summary of what AGC accomplished this legislative session.
- Spenard Builders Supply: 16 Fifty Years Of Service BY DAWNELL SMITH SBS has beeen serving AGC members for 50 years.
- Kenneth A. Murray Insurance BY STEVE LEVI Member Profile: Selling insurance to Fairbanks builders.
- This Can't be True! Can it? BY ROBIN L. RIVETT The first in a series on bringing common sense back to government.
- BIA Takes Over Shepard Point Road BY AMY ARMSTRONG Stalled for a decade by the environmental lobby, the BIA gives it a try.
- Great Northwest Inc. BY STEVE LEVI Member Profile: Providing construction services to the oil patch.



On The Cover

With construction season in full swing, AGC members are busy on projects throughout the state, including this project on Abbott Loop Road in Anchorage.

Photo by Randy Yost

Contractor

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Winning Bids ____

Togiak K-12 School Replacement Neeser Construction Inc. \$21.1 million • Togiak, AK

St. George School Remodel/Expansion SkW Eskimos

\$5.03 million • St George, AK

Atqasuk NSB Power Plant Upgrades **UIC Construction**

\$4.84 million • Atgasuk, AK

Alakanuk School Mechanical Upgrades **Aaron Plumbing**

\$2.35 million • Alakanuk, AK

Arctic & Western Alaska

Southcentral Alaska

Anchorage School District New High School Neeser Construction Inc.

\$44.00 million • Anchorage, AK

Anch UAA/APU Library Addition Cornerstone Construction \$22.58 million • Anchorage, AK

Anchorage Dowling Road Reconstruction QAP

\$12.73 million • Anchorage, AK

Anchorage School District Denali Replacement Elementary School

Unit Company

\$10.78 million • Anchorage, AK

Anchorage School District Chugiak High School Gym/Cafeteria Renovation **Unit Company**

\$9.80 million • Chugiak, AK

Anchorage/Eagle River ARRC Line Change Summit Alaska

\$6.43 million • Eagle River, AK

Anchorage Chugach View Senior Housing Renovation **Gamble Construction Co. Inc.**

\$5.63 million • Anchorage, AK

Anchorage School District East High School Addition/Renovations

Ebco

\$3.15 million • Anchorage, AK



Anchorage School District King Career Center Code Upgrades

Consolidated Enterprises

\$3.14 million • Anchorage, AK

Seward Construct Student Housing

Dawson Construction

\$2.90 million • Seward, AK

Kenai Challenger Learning Center Addition Phase II

EHS Construction

\$2.61 million • Kenai, AK

Palmer Taxiway and Improvements

Pruhs Corp.

\$2.02 million • Palmer, AK

Shakwak Highway Kilometer 775.6 to Kilometer 1786.8 Golden Hill Ventures

\$7. 37 million • Alaska Hwy, Canada

Shakwak Highway Kilimeter 1674 to Kilometer 1684.3

L.N.R. Excavating \$5.80 million • Alaska Highway, Canada

Fairbanks Hunter Elementary School Remodel Phase II

Alaska Mechanical

\$4.94 million • Fairbanks, AK

University of Alaska Fairbanks Fine Arts Complex Renovations Alcan General

\$4.58 million • Fairbanks, AK

Denali ARRC Depot Site Improvement

Central Environmental

\$3.99 million • Denali, AK

Fairbanks Chena Riverwalk Centennial Bridge

West Construction

\$3.04 million • Chena River, AK

Design/Build Singel Family Housing

Steppers Construction, Inc.

\$2.64 million • Fairbanks, AK

Alaska Highway Data Equipment Rehabilitation

Wilder Construction Co.

\$2.39 million • Alaska Highway

Yukon Flats Training Center Improvements JGC, Inc.

\$2.30 million • Yukon Flats, AK

Interior Alaska

Southeast Alaska

Juneau Douglas High School Renovations **Dawson Construction**

\$14.94 million • Juneau, AK

Prince of Whales Reconditioning/Grading/Paving

Southeast Road Builders \$10.51 million • Prince of Wales Island, AK

Sitka Paxton Manor Reconstruction

McGraws Custom Builders

\$4.51 million • Sitka, AK

Sitka Benchland Road Resurfacing Hamilton Construction

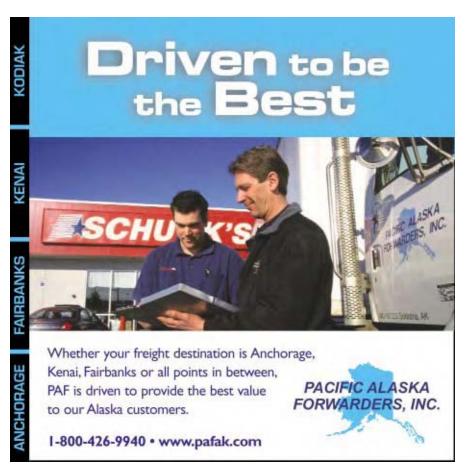
\$2.57 million • Sitka, AK

Petersburg Scow Bay Water/Sewer PHS IV

Miller Construction

\$2.54 million • Petersburg, AK







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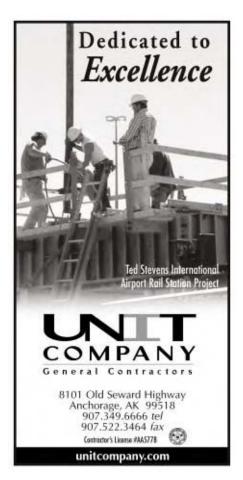
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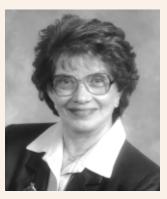


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Road Maintenance: Is A Gas Tax The Solution?



by Marie Wilson, President



've been talking about an increase in the state's gasoline tax for years. Not a tax to disappear into the State of Alaska's general fund, but a tax dedicated to the repair and maintenance of our state's highways. I have never found anyone that thought this was a bad idea. What I found was an attitude of defeat and complacency. I am told that to institute a fund such as this, we must have a constitutional amendment. I understand that this is not an easy thing to do. Most people tell me no legislature will support this tax. I just can't accept this answer. We have one of the lowest gas taxes in the nation. This tax is a user fee. Everyone that uses our highways will share in the cost.

Everyone agrees that the roads in Anchorage and throughout the state are in terrible repair. The reason I hear most for not fixing them is there is no money in the budget. I doubt the roads in the rest of our state are much better off. If the construction industry can see a solution that will solve this ongoing problem why can't we elect a governor and a set of legislators that aren't afraid to put this idea on the ballot? Let's see if the people of this state approve of this

method of funding our road maintenance and repair.

I don't believe this is an impossible task. We really need to look at some positive solutions for our road maintenance problems. They are not going to go away. Leaving a road without maintenance until it is in such bad shape we have to tear it up and build a new one is not an acceptable solution. Are there enough brave citizens in Alaska to join hands and pursue this idea or other positive cures for our road problems? I think this is a doable project.

If you read this article and think it a bad idea, I can accept it. But I don't want you to take the easy way out. I've proposed one possible solution, what's yours? The problem is real, the solution seeks creativity and forethought, but more importantly, it takes dedication. Are you willing to make a commitment to solve this problem? Let me know. Or, better yet, educate candidates running for the legislature and let them know what you think. Also let candidates running for governor and lieutenant governor know. The issue is too important to ignore.

news Briefs

AGC President Takes on National Issues

Marie Wilson, president of the AGC of Alaska, has represented the organization well on a number of recent issues. Together with Vice President Phil Anderson and AGC leaders from around the nation, they traveled to Washington D.C. to meet with President George W. Bush. At the meeting, Bush announced he supports increasing highway funding by \$4.4 billion and thanked the AGC for its leadership role in tax reform and economic stimulus legislation.

Wilson returned to Washington in mid-June as a delegate of the National Federation of Independent Businesses. The convention will focus lessening the tax burden that faces small businesses.

Position Papers

A number of controversial issues face the construction industry today. AGC has researched the issues and has prepared position papers on several of the most crucial ones, including "Proposed Changes to OSHA Regulations" and "International Code vs. Uniform Mechanical Code." These papers are available on the AGC website at www.alaska.agc.org under "Hot Topics. For additional information or copies of the research material, contact Dick Cattanaugh at (907) 561-5354 or by email at dick@agcak.org.

Municipal Code Debate

The Anchorage Assembly has announced that it will be revising several important parts of the Building Code this year. Among the proposed changes are:

AO # 2002-31—updating the following codes to the 2000 editions, and includes the enacting of local amendments pertaining to these codes: Administrative, Building, Mechanical, Plumbing, Fire, Existing Buildings, Residential, Building Construction Contractor requirements, Safety Code for Elevators and Escalators, Electrical Code, Grading and Fuel Gas Code.

AO # 2002-84—modifying the definition of "land clearing" in subsection 21.35.020B, and adds a new section to the code requiring pre-approval before clearing land of vegetation, creating penalties for those that fail to comply. It also deals with the Definitions and Rules of Construction.

Both ordinances are scheduled for a public hearing on September 10, 2002. If you have any questions or need copies of the research material, contact Dick Cattanaugh at (907) 561-5354 or by email at dick@agcak.org.

New EPA Runoff Rule Saves Builders Money

The Environmental Protection Agency has recently issued a new set of rules regarding storm water runoff—known as effluent limitation guidelines—for the construction industry.

Stephen E. Sandherr, CEO of the national AGC organization, says "The proposed rule balances on our con-

Stephen E. Sandherr, CEO of the national AGC organization, says "The proposed rule balances on our concerns for the environment and at the same time will help contractors effectively manage and protect water quality while holding down the cost of business of public and private construction projects.

"AGC members are pleased that the Bush Administration listened to their concerns and responded with an effective, manageable, common-sense approach to ELGs and storm water. The entire industry will benefit from the time and effort that AGC chapters and members volunteered."

EPA Diesel Rule Creates Hassles

The EPA's new ultra-low sulphur diesel rule, effective in 2006, is already creating headaches in Interior and Rural Alaska. The only refineries that will be making "Arctic Blend" fuel that meets the 15 ppm requirement and has a minus 60 degree pour point are located in Alberta, Canada, and will have to be trucked north. Off-road communities, such as Barrow, Kotzebue and Nome will face even higher prices as the fuel will need to be trucked to the coast and loaded on barges.

Because of the logistical challenge of cleaning truck tanks after each haul, Petro Marine Services says the low-sulphur fuel may be the only diesel it will offer when the rules take effect.

The EPA, meanwhile, is considering extending the ruling to marine engines.

Construction Management at UAA

Survey results indicate that AGC of Alaska members strongly support establishing a Construction Management degree at the University of Alaska. This fall, UAA will offer two courses as part of the Supervisory Training Program developed by the AGC. The course are "Unit 2: Oral and Written Communication" and "Unit 8: Project Management and Written Communication." For more information, contact Sheila Reekie at 561-5354

Safety Management Course

The AGC will present a Safety Management Training Course August 19-23 at the Denver Marriott West in Golden Colorado. The course is designed for project managers, construction foremen, supervisors and others who would benefit from an intense five-day training. Students must attend all five days and pass a written exam to receive AGC certification. To register, call Justin Crandol at (703) 837-5411 or go to www.agc.org.



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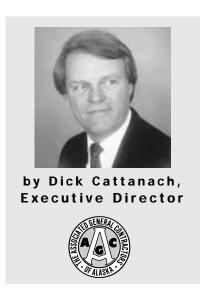


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Making Sausage Juneau Style



he dust has settled. It's time to determine the winners and losers. The legislature has adjourned!

Sometimes, you hope and pray that reason and sanity will ultimately prevail as you watch Alaska's legislative process. Early in a session, decisions are normally reached in a rational, deliberative manner. But late in the session, something strange happens. Maybe it's spring in Juneau. Maybe it's the cumulative effect of drinking the Juneau water. Maybe it's fatigue. Or, perhaps, the anticipated euphoria associated with the conclusion of the session. Maybe it's pure political power at work. Maybe it's all of the above, or, perhaps none of the above. But whatever it is, something seems to change.

As an example, late this past session a number of legislators became enamored with Garvee bonds. Pushed by the Department of Transportation and Public Facilities, Garvee is short for "guaranteed revenue anticipation bonds." This is the third year that DOT has pushed the concept and AGC was initially assured that little legislative support existed for the idea. During our annual visit to Juneau in February, we shared our concerns regarding problems with such bonds in other states and were told that the concept was dead without AGC's support.

Then with adjournment looming, the Garvee bonds suddenly gained a life of their own. Certain legislators found that the proposed \$395 million dollar package was not only enticing; it was necessary. AGC was placed in the awkward position of opposing a bill described as "necessary to address the transportation needs of Alaska." Our elected

leaders ignored the fact that the program would cost the state more than \$200 million in projects over the life of the bond issue. The Juneau Effect had taken over. More is better. Instant gratification became the mantra of the legislature.

Facing the inevitability of a Garvee Bond package, AGC developed and proposed criteria to be used in the selection of projects for inclusion in a bond package. AGC did not oppose the concept of Garvee bonds *per se*, but opposed the selection of projects included solely to curry political favor. In the end, AGC consented to a Garvee bond package of \$102 million as part of the total capital budget. These bonds are part of a package of other highway projects funded by state general obligation bonds. Under this proposal, voters have the opportunity to determine if they want to issue bonds to support highway projects.

The net result of the bond package is a "good news, bad news" story for AGC. The good news is that the state may issue general obligation bonds to support highway projects for possibly the first time ever. The bad news is that the projects chosen for the Garvee package were selected not for their essential importance to the highway program but for political reasons. Nonetheless, when all the dust settled, the highway program of the state and therefore the construction industry were winners. Somehow goodwill, good intentions and common sense prevailed.

I guess that's why people say you shouldn't watch the making of sausage or legislation. The process is unsightly and unpleasant, but the end result is frequently worthwhile.

REPORT ON LEGISLATIVE ACCOMPLISHMENTS IN 2002

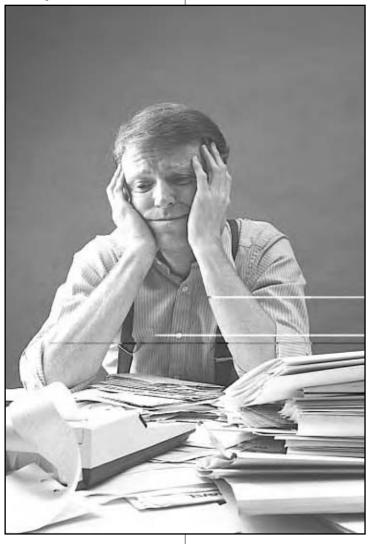
Priority: Long Term Fiscal Plan

It is in the best interests of the state that the legislature and administration adopt a long-term fiscal plan that deals with the issues of falling petroleum revenues, the permanent fund, and new economic incentives. Part of this plan should include an

increase in the gasoline tax and a dedication of those funds to underwrite the costs of highway maintenance.

Accomplishment:

Based purely on results, the legislature failed once again to adopt a fiscal plan that addressed the needs of Alaska. The failure this year wasn't due to a lack of effort from the members of the House of Representatives. This group of 40 individuals, both Democrat and Republican, made a sincere effort to meet the perceived revenue shortfall. They developed a program that included an income tax, alcohol tax, and use of a portion of the permanent fund earnings. Only the alcohol tax passed the Senate. The fact that the House actually passed a plan is encouraging, the fact that the Senate chose to ignore it is disappointing.



Accomplishment:

Once again the leadership in both the House and Senate endorsed the provision of matching funds for capital projects. Elimination of any portion of the matching funds was apparently never considered.

Priority: **Funding** Vocational/Technical **Education**

A majority of Alaska's high school graduates do not go to college, yet the state's high school curriculum is oriented to college preparation. The legislature should adopt a more balanced funding approach to better prepare those students not pursuing post-secondary education for the world of work.

Accomplishment:

Once again this topic did not receive the attention merited by the magnitude of the problem.

Priority: Privatization of Work Done by State

State workers perform considerable work each year that could more efficiently be performed in the private sector. Governmental employees involved in these activities should be transferred to more traditional governmental roles and the work should be per formed by the private sector.

Priority: Matching Funds for Transportation Projects

The transportation infrastructure of Alaska is currently inadequate and requires continued planning, upgrades, and expenditures to assure the citizens of Alaska are provided with essential services. The economic benefit derived from this investment far exceeds the dollar amount required to secure the federal matching funds. Accordingly the legislature is encouraged to continue providing full funding of the federal highway matching funds.

Accomplishment:

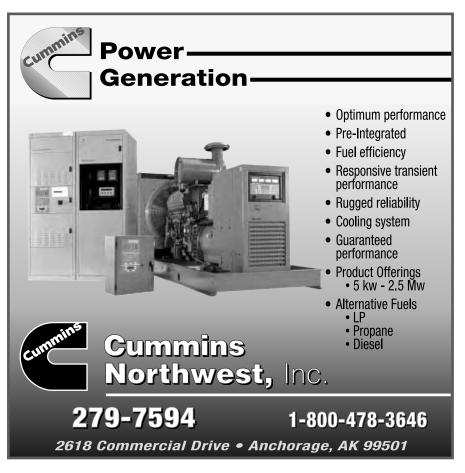
This topic was not addressed during the session.

Other Issues not Specifically Identified as Pre-session Priorities

Garvee Bonds:

Garvee bonds were not identified as a priority by the chapter because we were assured that the program had little or no support in the legislature. This changed during the session





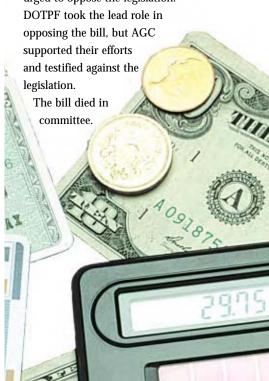
and AGC spent considerable time and effort reducing the size of the proposed package. The final bond package included not only Garvee bonds, but general obligation bonds of the state for highway construction as well. AGC supported the final bill. The bonds will be on the November ballot.

Unemployment Insurance:

This legislation proposed to increase the maximum weekly unemployment benefits in Alaska from \$248 to \$320 for a single individual and from \$320 to \$392 for a worker with dependents. The Alaska State Chamber of Commerce and the National Federation of Independent Businesses led the opposition to the proposed increases. AGC supported their position that an increase was most likely merited, but should be limited to \$272 per week for an individual and \$344 for a worker with dependents. The bill ultimately died in committee.

Right-of-Way Acquisition:

Late in the session a bill was introduced to modify the manner in which public entities acquired right-of-way. AGC was contacted by the Department of Transportation and Public Facilities and urged to oppose the legislation.



Ergonomics:

This issue did not involve legislation, but new regulations proposed by the Department of Labor. It was AGC's opinion that the regulations would have a significant negative impact on the construction industry in Alaska. AGC was part of a conglomeration of business organizations that opposed the proposals. The comments are currently being reviewed by the Department of Labor. Based on the negative comments by the business community, a joint House - Senate Committee held hearings on the potential impact the proposed regulations might have on Alaska businesses. AGC will continue to monitor developments relating to the regulations.

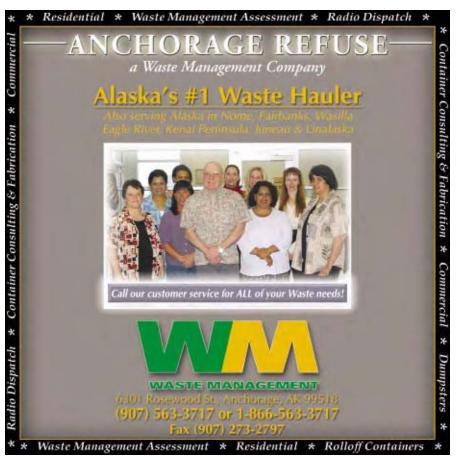
Increased Fines for Deaths on the Worksite:

If passed, this legislation would have increased the fines for deaths in the workplace to a minimum of \$25,000 in some cases and \$50,000 in others. Since the proposed legislation set no standards for determining the level of the fine, public officials would determine the actual level of the fine. AGC opposed the bill because no clear reason was given for the increase and no existing problem had been identified that would be corrected

by the legislation.







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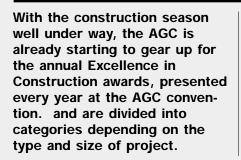
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CALL FOR ENTRIES



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Charles Anderson right, presents Richard Wilson with the Safety Leadership Award.

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The Excellence in Safety awards are presented annually at the AGC convention as well. Together with the Excellence in Construction Awards, they make up the bulk of the awards presented at the yearly event. The Excellence in Safety awards are sponsored by Brady and Company, andlike the other awards-are divided into categories.

The categories are:

- The President's Award for the most outstanding safety record
- Most Improved Safety Record
- Safety Program Excellence
- Safety Leadership Awards



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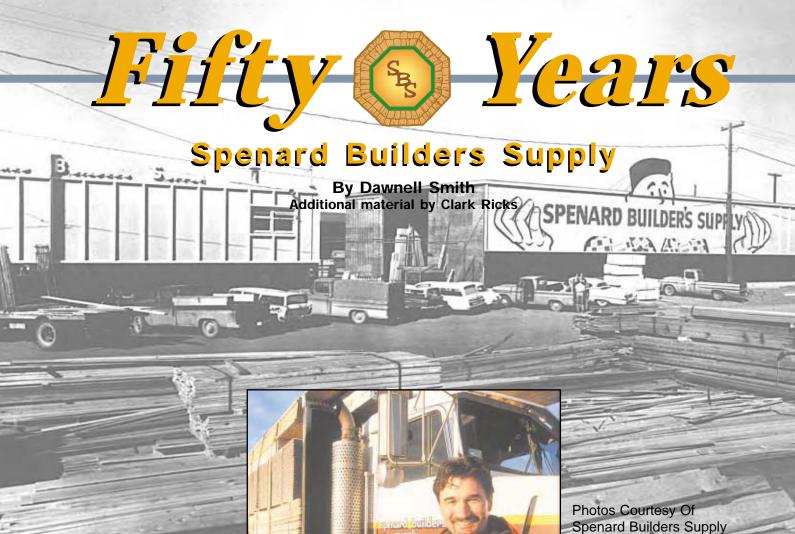


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reaches it's 50th Anniversary, Spenard Builders Supply prides itself on reaching every part of the state through a responsive, nimble distribution network that serves rural and urban customers in every corner of the state. In short, the company devotes itself to what people need and then getting it where it needs to go in a hurry.

With stores in Sitka, Kodiak, Homer, Seward, Kenai, Soldotna, Anchorage, Eagle River, Wasilla, Fairbanks and Barrow, SBS maintains comprehensive coverage of the road system. For the rest of the state, the company relies on catalogues and competent employees who service outlying areas like Southeast and Western Alaska where many communities have no other supply of building materials. "For a long, long time we've paid close attention to the rural areas of the state," said Ed Waite, SBS president. "The logistical part of the business will continue to set us apart.

History

SBS first staked out its territory at the intersection of Tudor and Minnesota Road in 1952, when that part of Anchorage was little

Center Photo SBS President, Ed Waite

more than a dirt crossroads at the edge of town. George A. Lagerquist and A.J. Johnson, the two owners of

the new store, were Washington-based businessmen with considerable experience getting materials to the Far North and already had strong connections with the people in Alaska.

Back then, almost everything arrived via the Alaska Railroad from Whittier or Seward, which made the location ideal, since it sat right next to the railroad tracks.

From the late 1950s and into the 1960s, Anchorage enjoyed a building boom that kept the fledgling lumber yard's three employees busy supplying goods to military projects, homes and other businesses.

The 1964 earthquake devastated the state. The quake did significant damage to the SBS yard and building, but the company began operating the next day out of a trailer, helping Alaskans rebuild. Then, in 1967, a fire destroyed both the store and most of the inventory. SBS rebounded and moved a log cabin onto the site, eventually doing \$2 million in sales this year.

The 1970s were kinder to SBS as business bustled during

the construction of the trans-Alaska pipeline, housing boom and other projects. During those years, SBS went through a period of growth and consolidation by closing a few stores and building or buying others.

All that changed when the recession hit in the mid-1980s. Yet SBS's well-established retail operation managed to survive. "Because we were forced to concentrate on our retail business, we learned a lot about that, and I think we were stronger afterwards as a retail supplier," Waite said. Since then, the company opened the Barrow store in 1990, expanded the Kodiak store in 1992, purchased the Seward store in 1997 and opened new stores in Kenai and Homer. Most recently, Spenard Builders Supply bought a panelization plant in Birchwood, just north of Anchorage.

With a well-established statewide presence, SBS plans to continue to grow by offering additional products and services, many of which are made in-house. Among the products SBS manufactures are wood framed windows, interior and exterior doors, countertops, roof trusses and wall paneling. But that depends on the customer. "We've made a constant effort to stay in touch with our regular customers," said Waite, "we make the changes in product assortment or services to do what they want us to do."

The Key to Success

The large inventory, however, is not the key to their success. Waite credits it to "having the best employees in the business." Some have come through acquisitions. "When we bought the Kenai facility and the Birchwood open panel plant, we picked up some very good employees," he said. But most are homegrown. "On-the-job training is key. We're not afraid to promote from within, and that helps us keep experienced people. We provide a good career for people."

Another key ingredient to their success is logistical experience. Getting large amounts of heavy, bulky material to remote jobsites is one of SBS's strengths, and has been for years. They move enough volume from the Lower 48 that they can contract entire barges, saving on freight and passing on the savings. Another secret is their distribution center in Tacoma, which gives them the capability to consolidate loads before getting to Anchorage. In many instances, materials bound for rural Alaska are

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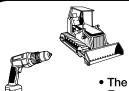
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packed in Washington and go straight to the job site saving the cost of unloading and reloading in Anchorage. "Every year we add to our ability to service our contractors," said Waite.

Customers are Essential

About half of the company's business comes from contractors and the rest from retail sales. That split allows the company to fluctuate with the economic climate and maintain a broad range of customers.



Box and hardware stores have altered the retail landscape somewhat in the last decade, but SBS has remained stable and steady with a loyal customer base, stressing service and establishing a reputation as a business that can handle almost anything.

SBS is a strong supporter of the Associated General Contractors of Alaska, and enjoys a "close association" with the organization. "We look at AGC as part of the team," said Waite. If things go wrong, we're there to help them figure out how to make it right. We don't see it and then say 'see you later.'"

He claims SBS has an "extremely high success rate helping our general contractor customers." "You can't take out of an organization and not put back into it," he said. "We want to be a 'value-added' team member."

SBS management admits that part of their success goes to Alaska's "good business atmosphere," where even the competitors are viewed as "honest and ethical."

Even before the retail boom brought competition, SBS made it a point of finding out what customers wanted, and then sustaining relationships by appointing specific employees to stay in contact and develop a solid knowledge base in those industries. Right now, two employees work with oil industry customers. Generally, SBS deals less with major oil construction projects and more with oil industry maintenance supplies, including timber, insulation, tools and cleaning supplies.

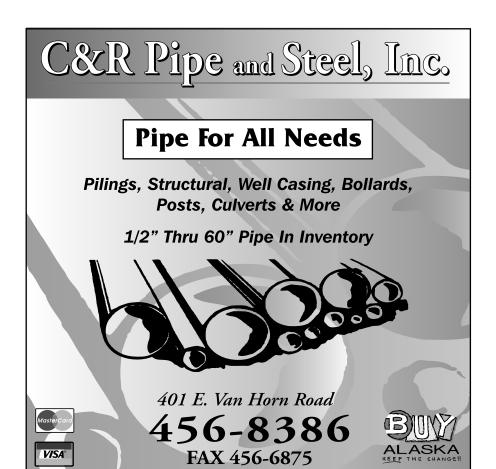
At other times, SBS has proven its ability to stay flexible by jumping into fast-paced projects and responding to the needs of its customers. During the Exxon oil spill cleanup, SBS purchased vehicles to get supplies to the site and established connections with air charter companies to move materials out of Lake Hood. They even moved an employee to Valdez to do nothing but service the clean-up effort.

Ultimately, their response gave them visibility in Valdez and showed potential customers that they could and would do whatever it took to get the job done. "We sold stuff we've never sold before or since just because we were willing to go out and find it," Waite said. "We're independent. We're a relatively small company and there's just a few of us who can make decisions to change our normal procedures to address a situation like that."

A National Presence

Though SBS has 50 years of experience in Alaska, it also enjoys the benefits of its national holding company. Corporation of Redmond, Washington purchased SBS in 1978. Lanoga also owns Lumberman's Building Centers in Arizona, United Building Centers in the Midwest and Mountain States, and Home Lumber, a Denver supplier that deals exclusively with contractors.

Having access to a vast network of manufacturers ensures that SBS can get a wide range of products at a reasonable cost. Yet, since each division operates independently, SBS maintains its nimble management structure and Alaskan focus. The corporate connection gives SBS financial strength, said Waite, yet it allows the company to operate like a local supplier. "We're pretty light on our feet."



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On the Leading Edge

Throughout the state's booms and busts, SBS has always kept an eye on the marketplace, striving to provide unique products, knowledge and skill. "We're real aware of all the different industries in the state and how they are changing," said Waite. "Whether it's oil, min-



ing, fishing or tourism, they all impact us."

One of the company's greatest challenges, in fact, is staying abreast of new products and new technology. They attend trade shows, visit with vendors and listen closely to customers in order to stay current. Suppliers also help them keep up to date.



The Future

With it's first 50 years behind it, SBS now faces the future. While they are certain the company will be around 50 years from now, they admit it's difficult to look that far into the future. For the time being, they will continue their winning strategy of logistical prowess and empowering employees "to build to team from within."

"We've added value to our customers for 50 years," said Waite. "The challenge is to continue to do that."



Kenneth A. MURRAY INSURANCE, Inc.

Est. 1939

by Steve Levi

hen it comes to businesses in Alaska, not that many can claim to have been around for 30 or 40 years. Fewer still can claim 50. But there is at least one business that has been around since before the Second World War and it is also one of the few father-to-son operations still in existence.

"My father started Ken Murray Insurance the same year I was born. He purchased the agency. He had been working in an existing agency that did insurance, real estate and undertaking—what I considered a true cradle to grave operation. My father discontinued the undertaking part and "spun off" the real estate portion in 1948," Murray of Ken Murray Insurance told Contractor Magazine. "There are not that many Alaskan businesses that have been around for more than 60 years."

Ken Murray, the father, started the business just before World War II. "Fairbanks was a different town then," recalled Ken Murray, the son. "I remember Russians walking around downtown as part of the Lend-Lease Program and we used to watch the planes fly off toward Siberia. We knew there was a war on and it wasn't that far from Fairbanks considering the military activity here."

But the son was not eager to follow in his father's footsteps. He went Outside to college—to the University of Washington—and vowed to do anything but work in insurance. So he worked construction in Alaska during the summer and went to school in San Francisco during the winters where he also worked as a surety bond underwriter in the Pacific Department, overseeing a 14-state area for a national insurance company.

By this time, he was doing some commercial flying on the side. He flew back to Fairbanks for a visit in 1967 and through a twist of fate, ended up staying.

"I hadn't planned on staying, that's for sure,"

Murray said. "I landed at the Fairbanks airport and
parked the plane. Four days later the floodwaters were
all the way up to the belly of the plane and I was stuck in
Fairbanks. So I stared working with my father and I've
been here ever since."

Today, Ken Murray Insurance is a mid-sized independent insurance company. It has a staff of ten that has been at the agency for years and the firm avoids concentrating on any specialized service. "Niche underwriting is just not possible in Fairbanks," he said. "So we generalize. We handle all types of contractors, construction companies, home and auto and, well, just about anything that comes along."

In the early days of aviation, Alaska was unique because the large companies allowed the independent insurance agents set their own rates, Murray recalled. "Yes, it was unusual but it was necessary. There was no other way to do it. There weren't that many agents who could do it and I was one."

Because of his interest in flying, Murray was very active in aviation insurance for a number of years, but he began to concentrate more in other types of insurance after the deregulation of commercial aviation. While the firm may have been in aviation insurance in the early days, Murray claims deregulation has made it "too much of a dog and pony show. "I like to make friends and I wasn't making any when it came to selling insurance to pilots and air carriers so I got out of the business."

Over the years Ken Murray Insurance has handled a wide array of clients. In the 1940s and 1950s, it handled all University of Alaska properties. Of course, in those





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days there was only one campus. Today the University is self-insured. "We've handled just about any kind of property you can name," Murray said.



"We've covered antique dueling pistols, jewelry, machinery in remote mining camps – we even insured a special event in Fairbanks against rain! Being in this business I have handled so many unusual items that I don't know what 'strange' is any more."



And as Alaska has changed, so has Ken Murray Insurance. Today its portfolio includes tour operators, oil drilling companies, the Trans-Alaska Pipeline, riverboats, fishing boats, hotels, motels and bus lines. Though



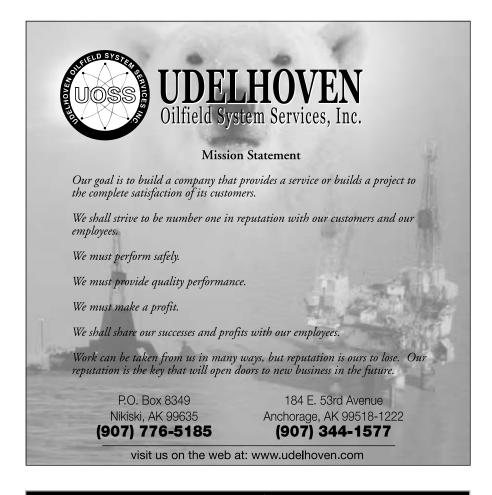
80 percent of the businesses are based in Fairbanks, their clients include virtually every city and large village in Alaska, quite literally from Ketchikan to Barrow.



"One of our more interesting clients lives in a small coastal village and is asking for a spread of coverage. If you want to make money in a small village, you have to do a lot of things and he is putting together about five businesses, all of which will make one living. It's thrilling to see someone work that hard. And we're there to help him make it. His son is working with him and I'm hopeful we'll see another father-to-son operation making it in Alaska."



Asked if he had any advice for "younger' businesses, Ken Murray said that anyone in insurance business should be aware of their limits. "Don't be too greedy. I think one of the most helpful tools for longevity and success in any endeavor is common sense." Ken Murray is a past president of the Independent Insurance Agents and Brokers of Alaska, an organization, interestingly, his father founded.





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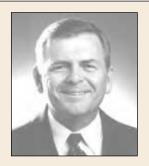
This Can't Be True! Can it?

o you keep hearing about the "good old days"? Do words like "liberty" and "freedom" seem to mean a little less to the people around you than they used to? You're probably not alone.

Sometimes our world seems to have been turned upside down. In southern Oregon, federal regulators are diverting irrigation water from farmers so it will flow downstream and out to the ocean to benefit sucker fish and salmon they claim to be "endangered."

Along the Columbia River a young couple was kept from completing their legally permitted home because the quasi-federal Columbia River Gorge Commission didn't like the way it looked. Never mind the fact that over a year earlier, the commission had approved the home's design.

Across the country, Pennsylvania offi-



by Robin L. Rivett

Robin L. Rivett, a Principal Attorney in Pacific Legal Foundation's Environmental Law Practice Group, directs the PLF branch offices nationwide. For information on how you can support PLF, visit our website, www.pacificlegal.org, or call (916) 362-2833.

cials are telling the Machipongo Land and Coal Company that they cannot mine a part of their land. Machipongo, not surprisingly, is saying, "Fine, so pay us for what you have taken." Using twisted



"If you are mugged and the thief doesn't take all your money, have you been robbed?"

logic, state officials are claiming that since they took only a "minimal" portion of the land—eight percent to be exact—they were not required to pay for what they took. One might ask, if you are mugged and the thief doesn't take all your money, have you been robbed?

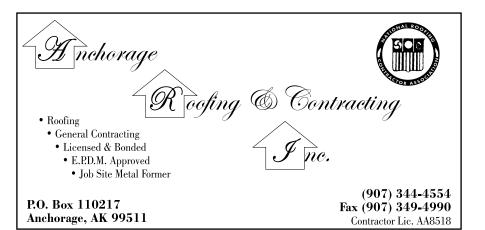
Fortunately, these perversions of government authority are even now being challenged in court and the Pacific Legal Foundation is helping to set legal precedent that will stop similar abuses in the future

PLF was formed almost 30 years ago by legal and business leaders concerned that while organizations like the ACLU looked after liberal interests, there was no organization operating in the courts to defend the individual and economic liberties promised in the Constitution.

Today PLF is a national force with branch offices in the states of Washington, Florida, and Hawaii, a liaison office in Anchorage, and the national headquarters in Sacramento, California. Last year PLF was involved in almost 200 cases in 32 states.

Taking no government funds, PLF operates totally on the charitable support of people and organizations that share our values. With an annual budget of just over \$7 million, we pursue cases in three pri-





mary areas of the law; individual rights, private property rights, and environmental law.

Our individual rights attorneys press the fight against government-sponsored discrimination on the basis of race or gender in, among other things, public contracting. Just recently we helped win a case involving the Department of Defense where the contractor successfully argued that Congress is limited in when and how it can give racial or gender preferences.

One of our most sacred rights, found in common law for over a thousand years, is the right to own and use private property. Our own Constitution requires government to pay the owner when it takes private property for public use.

But what happens when the government doesn't physically take the property but precludes any practical use by regulation? PLF has a long history of successfully arguing that overly restrictive regulatory actions constitute a "taking" of private property, requiring the payment of just compensation to the property owner.

Perhaps the fastest growing part of our legal program is in the area of environmental law. While no reasonable person would intentionally harm our environment, we are faced with laws making all sorts of unreasonable demands in the name of environmental protection. In far too many cases, these regulations have, as a practical matter, converted private property into public lands, without bothering to pay the land owner. This must be fought.

Often these regulatory actions are neither legal nor scientifically justified. It should be no surprise that one of the prime motivators of overregulation is the Endangered Species Act. In the next edition of Alaska Contractor we will be telling you about an exciting Pacific Legal Foundation program now under way to attack this abusive law.

The defense of our liberty is not a spectator sport. We encourage your active participation with us in this very important endeavor.



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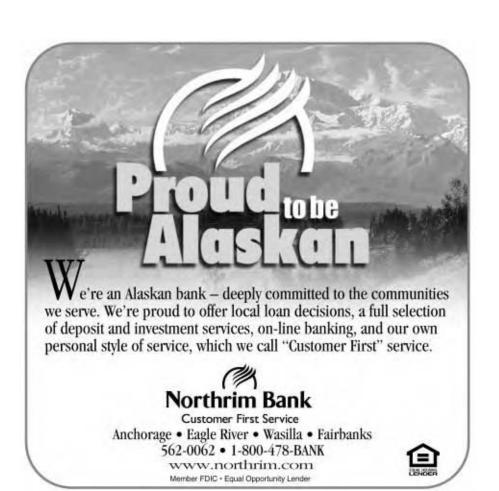
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EDUCATION REPORT

NCCER: What is it and why is it Important?





By Vicki Schneibel AGC Training Director

NCCER is an acronym that stands for National Center for Construction Education and Research. The Center is affiliated with the University of Florida in Gainesville, Florida.

Born from the foresight and generosity of the Big 11 construction companies in our country and the product of the efforts of a DACUM group with subject matter experts, NCCER's Contren Learning Series is the leader in craft training.

NCCER is quickly establishing itself as the standard in the industry. NCCER offers 28 craft curricula and recently began a series called "pipeline" which is rapidly developing due to the new rules for assessing pipeline workers.

A foundation for many of the Contren craft certificates is a program called "Core Curriculum." This is the piece we believe is a solid curriculum for high school students. It's made up of six modules for a total of 72.5 hours.

The modules are:

Basic Safety Introduction to Construction Math Introduction to Hand Tools Introduction to Power Tools **Introduction to Blueprints Basic Rigging**

Certification: Many schools are actively looking for vocational curriculum that can offer nationally recognized certification for their students. NCCER rises to the top of the list when a school or a teacher researches construction curriculum.

It's important to understand that a school can buy the curriculum and take the students through the material. But, if a school wants its students to have a certificate at the end, much more is involved.

AGC of Alaska applied for NCCER sponsorship in December 2000. We're in "candidate" sponsor status until July 2002.

Along with becoming a sponsor, AGC of Alaska is applying to have a training center accredited. We're starting with the King Career Center in Anchorage with the Mat-Su Borough School District coming aboard January 2003. Accreditation is at least a two-year process.

Another necessary part in the process is to certify the teachers (if the students are to receive a certificate). Certifying teachers is a process that can only be done by NCCER Master Trainers. AGC of Alaska has two Master Trainers: Dick Catanach, and me. Vicki Schneibel.

For a teacher to be certified he/she must meet the qual-

National Center for Construction Education and Research





ifications and be certified by a Master Trainer and have an official sponsor. We can provide both. In March this year we certified two teachers from the King Career Center. In June we'll certify two more teachers from rural Alaska.

Once we complete all the parts to



the "self-assessment" document and are satisfied we've crossed all our is and dotted all our is, we'll send the last form to NCCER. That document will trigger the last step: a visit from the accreditation team. Once the team has conducted its site visit, it will make its recommendation



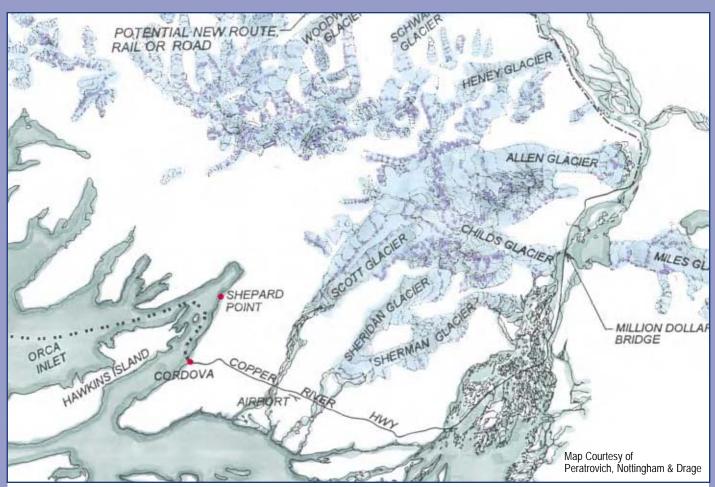
to NCCER and we'll be notified of that decision.

NCCER has 18 months in which to send the visitation team to Alaska. So, it's a significant task and commitment for our chapter.

We feel confident we'll be accredited. We're nearing the end of the process. We believe it's a worthwhile effort for our young people attracted to our industry. There will be more to come about this effort in future issues.

BIA Takes Over Shepard Point Road

By Amy Armstrong



t's just a proposed four-mile road.

But depending on who you are, or perhaps more appropriately, what government agency you are affiliated with, the long-awaited, lobbied for, highly controversial and even court-mandated Shepard Point Road linking the city of Cordova to a deep water port creates dramatically different emotions.

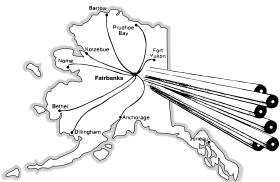
To city government in Cordova, the road represents economic development in an ailing local economy recently dealt a huge blow last fall when one of its major fish processing plants burnt to the ground and is yet to be rebuilt or even permitted. To the state environmental contingency, the four-mile road is a nightmare, crossing streams teaming with fish and disturbing pristine habitat. For the governor's office, the road is an embarrassing promise that never came true during the Knowles Administration. For the state Department of Transportation, the road is a challenging project that leaders within that agency say they'd like to build but their hands are tied with regulation. To the native village of Eyak located near Cordova, the road means increased protection against oil spills as the road would link a jet runway shared by the United States Coast Guard and the city of Cordova to a deep water port to be developed at Shepard Point, four miles north of Cordova. And it also means better fishing because larger vessels could dock there.

But for the federal Bureau of Indian Affairs, now the latest government agency to take over the project, Shepard Point Road represents an opportunity to shine. Tribal leaders at Eyak recently requested the Shepard Point project be transferred from the state DOT to the federal BIA. A memorandum of understanding between the state and federal agency was recently inked and now BIA officials are writing a contract with Eyak to begin the environmental impact study.

"There are projects that we in the Bureau of Indian Affairs are

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much better suited for," said Niles Cesar, regional director based in Juneau. "The state does marvelous work with larger communities, but in smaller communities where we need to involve the local tribal leaders as well as the local government... that is the kind of business we do best."

That doesn't mean an easy route through the maze of environmental concerns, cautions Cesar. In fact, Brian Pederson, a Juneau-based regional design manager in BIA Alaska's Branch Of Roads, explained the BIA has similar environmental requirements to contend with and much of the same documentation to be done.

The first step is filing a notice of intent with the federal register. Pederson expects to complete that step in the next few weeks. Then, he has the green light to begin the EIS phase that will include numerous public hearings to determine the proposed project's impact on the human environment.

For Cordova and Eyak residents, many of whom remain skeptical that the road promised in the wake of the Exxon Valdez incident would ever become a reality, those words "human environment" will play a large role, said Pederson.

"Public input is what drives the EIS process. Typically we only hear from the minority of people affected. So, what we need to hear in the upcoming meetings and hearings is that this road will be of benefit to the people in the area," Pederson said, adding that he knows a laundry list of public hearings has already been held regarding the road. He admits that another round of hearings might seem tedious. "But," he said, "hopefully people will see this as a very positive direction for this project to go. We at the BIA hope to give it some new life and we are committed to helping the native village of Eyak see this project to completion. We need to get complete documentation before anything else can be done."

Those are pretty strong words coming from yet another government agency attempting to complete the project that was first appropriated by the state legislature more than eleven years ago. But in having the BIA take over the project planning and its quagmire of funding sources, the political climate surrounding the Shepard Point project changes.

BIA employees don't answer directly to state government. They work for the federal

executive branch, which currently has a much more favorable barometer for rural development. On the federal level, Alaska's lawmakers adamantly support the project and are pushing for its completion.

The fact that the project is now being housed in the BIA Branch of Roads signals possible completion. Building roads, boardwalks and other transportation necessities in rural areas is what that agency does. "We are here to support native villages in what they need," Pederson affirmed.

But that doesn't mean BIA can complete Shepard Point quickly. Pederson said just the EIS phase of the project could take five to seven years and cost up to \$2 million. And the currently proposed road might not be what gets approved. "Quite possibly, we will have to look at alternatives and it may be that an alternative route satisfies all of the environmental issues raised," he said. "Right now, we are just beginning the process and so it is not possible to answer all of those questions."

Pederson said BIA will "lightly tread down the same pathway" that DOT and other agencies that have studied the project have taken. "For the first couple years, this process is going to look real similar," he said. But unlike other agencies that never finished the EIS phase, Pederson said BIA will do so and will move the project forward. "We are committed to take this as far as we can."

That is good news to Cordova's volunteer third-term mayor Margy Johnson who said she is "extremely disgusted" with the delays put up by state government in the past ten years.

"I hope it works," she said, in reference to moving the project to the BIA. "We would get so far with that project and then the state would throw up yet another hurdle. I certainly hope the state stays out of it this time. It is a necessary project and it is silly that it has taken so long. If a coastal community does not have a link to the road system, then it better have a deep water port or the chances of its economical survival are slim to none."

Johnson envisions a deep-water port at which larger cruise ships can dock and bigger fish processing plants can be built. She also wants Shepard Point to be the first rural oil response center linked to a jet runway and a deep-water port. It is a combination that can quickly move the big equipment needed for

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In 1978. . . . Who was governor of Alaska? Who coached the Seahawks? Who sang In-A-Gadda-Da-Vida? Who delivered freight to Alaska? Answers: J.S. Hammond, Jack Patera, Iron Butterfly and SPAN-ALASKA Consolidators. Of these four only one original remains today, Span-Alaska. In 1978 Span-Alaska set the standard for surface transportation to and from Alaska. Timely delivery, customer service and fair pricing was as important then as it is now. So when you need to get things to or from Alaska call the company that has been doing it better and longer. Even longer than the drummer with Iron Butterfly, Span-Alaska.

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containment in the event another oil spill similar to the 1989 10.8 million gallon spill when the Exxon Valdez went aground on Bligh Reef in Prince William Sound.

An oil response staging area was in fact the original driving force in building a fourmile road to link Cordova to Shepard Point and the proposed deep-water port there.

In the flurry of state and federal lawsuits and settlements stemming from the spill, \$6 million was set aside specifically for the construction of the Shepard Point road and for setting up an oil response staging unit there.

In 1993, state senate Bill 165 appropriated dollars for Shepard Point from the Alyeska Settlement Fund. Since then another \$9 million has been set aside for the planning and study of the project.

But that is as far as the project has gotten.

Private engineers who havve worked on the project say it is time to get it done.

"Cordova is a prime example of foolishness," said Dennis Nottingham, president of Peratrovich, Nottingham and Drage, Inc., an Anchorage-based group of engineering consultants. His firm has prepared several reports on proposed rural construction projects including the Shepard Point project. "Get in and do it. Make some decisions. Stop leaving everybody in limbo."

Nottingham said it is good to study a project, but he believes the time has come for completion of Shepard Point. In the grand scheme of government budgets, Nottingham said a project like Shepard Creek just isn't that expensive.

"The odd thing about some of these rural projects is that is really doesn't take much to make a big difference. And in the case of Cordova, having a deep-water port will mean the difference that town needs to remain economically viable," he said.

That brings the story back to Pederson, who said part of BIA's mission is to help native leaders develop their local economy. In the case of Eyak, Cordova and Shepard Point, it may just be that Native leadership will pave the way.

That's okay with Johnson, who just wants the road built. "When you look at rural Alaska, it is the native people who really know what is going on," she said. "The village of Eyak has been an excellent partner with Cordova in the past and I wish them all the best in accomplishing this."

MEGA PROJECTS

by Clark Ricks

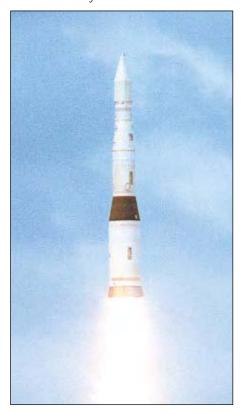
n an earlier issue of Contractor Magazine, four "mega-projects" were discussed, projects of a scale so large that the resulting boom would rival the one caused 30 years ago with the construction of the trans-Alaska pipeline.

The construction industry is already booming in Alaska. In fact, the greatest challenge facing contractors in the state is finding enough qualified labor to keep up with projected growth. These "mega-projects" could provide the solution, triggering an influx of skilled craftsmen to the north, coming for the project and staying for the unique lifestyle Alaska offers.

Every one of these \$1 billion-plus projects should be closely watched by contractors throughout the state. Here's a summary of major developments on each project since the year began:

Missile Defense

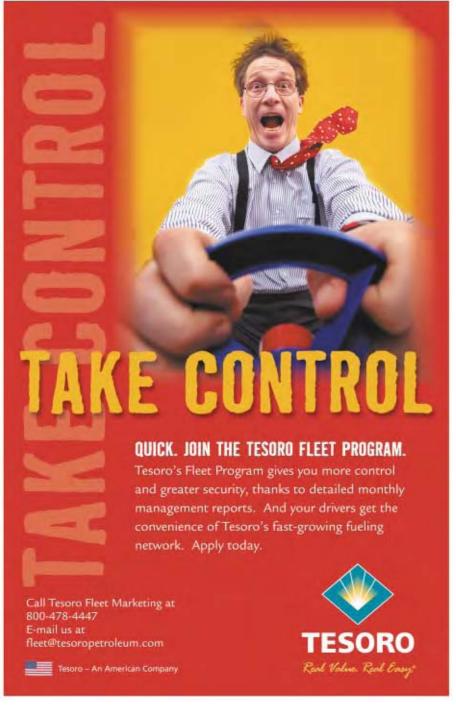
Of the four projects, a missile defense system is the most likely to be built.



UPDATE

Helped along by an increased defense budget and a new awareness for national security, work on underground silos for missile interceptors was slated to begin at Fort Greely on June 14, the first day the govern-







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ment will be freed from a 1972 treaty that bans major missile defenses.

In January, President Bush gave the required six-months notice of U.S. intent to withdraw from the Anti-Ballistic Missile treaty.

The plan is to build five missile interceptor silos and associated communications systems this summer so that by September 2004 the site, near Fairbanks, could be available in an emergency.

The United States currently has no land-, sea- or space-based means of shooting down long-range missiles. Military and intelligence experts say there's no doubt that the United States one day will be threatened with a missile attack.

"It's only a matter of time, from my point of view, that we'll be facing this threat, up close and personal, I'm afraid," Gen. Kandish, a three-star Air Force general, said in a recent Associated Press interview.

The Fort Greely site in Alaska is intended for use mainly as a testing ground for landbased interceptors. It is part of a broader Pentagon effort to expand the scale and types of missile defense testing.

"We've been criticized for a long time for not doing realistic, robust testing, and this is part of our plan to do that," Kadish said. "It's expensive, but it's the right thing to do."

The Bush administration's proposed 2003 defense budget contains \$7.8 billion for missile defense, and projected spending for the four years beyond that exceeds \$30 billion in total. The Congressional Budget Office estimates that the cost could reach \$64 billion by the year 2015.

Not all that money, of course, is destined for Alaska, but it's possible that a large portion of it may end up here. In addition to the Fort Greely test site, missile defense plans call for a new long-range radar at Shemya, on the far tip of the Aleutian Islands, and possibly a missile launch site on Kodiak Island.

Meanwhile, the technology to drive the system continues to evolve, and another missile intercept test is planned for July.

"Over time, once you start building a defense system of this nature, you're never done," he said. "You should never be done. If you are done then one of two things happened — either you no longer need the system or the threat has stayed still. In the history of war and military affairs, threats never stay still."

Natural Gas Pipeline

Once a virtual certainly, the natural gas pipeline has fell victim to political squabblings and logistical roadblocks and now faces a questionable future.

The results from last year's feasibility study indicated that while the Northern Route—voted illegal by the state legislature—was the most cost effective, neither route cleared the 15 percent return on investment hurdle set by the pipeline consortium. The project, if built under the current tax structure, would yield about 12 percent, and proponents are lobbying to make up the difference in tax breaks.

That debate, going on right now between national leaders in Ottawa and Washington D.C., is slowly degenerating into tit-for-tat trade war as the U.S. and Canada debate tariffs and subsidies on a wide range of issues.

Perhaps the most telling sign of the gas pipeline's future is the closure of Alaska's Gas Pipeline Office, a division of the state govern-



ment set up to process gas pipeline right-ofway applications. The move was prompted by a letter sent by Foothills Natural Gas, giving the state 90 days notice that it will terminate the application process. Foothills, by law, is the only company allowed to build a natural gas pipeline from Alaska to the Lower 48, and has played a major role in the consortium of petroleum companies pushing the pipeline idea.



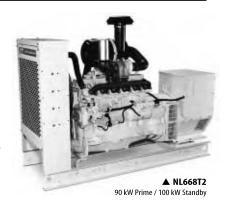
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The whole project, regardless of which route is chosen, is contingent on having all right-of-way issues clearly resolved. It appears that Alaska's hopes for a gas pipeline are being mothballed along with the vast quantities of paperwork the office has generated in the last few years.

In Canada, however, hopes of a MacKenzie River gas pipeline are proceeding. Oil companies are attracted by the shorter route and supportive political atmosphere.

ANWR

Although this project is seemingly more important than it was last year, given the unrest in the Middle East, chances of drilling for oil in the Arctic National Wildlife Refuge are increasingly slim.

After months of heavy lobbying by industry, union and environmental groups, Congress voted on the issue earlier this year. The bill did not pass, prompting Sen. Tom Daschle, D-South Dakota, to proclaim, "ANWR is dead."

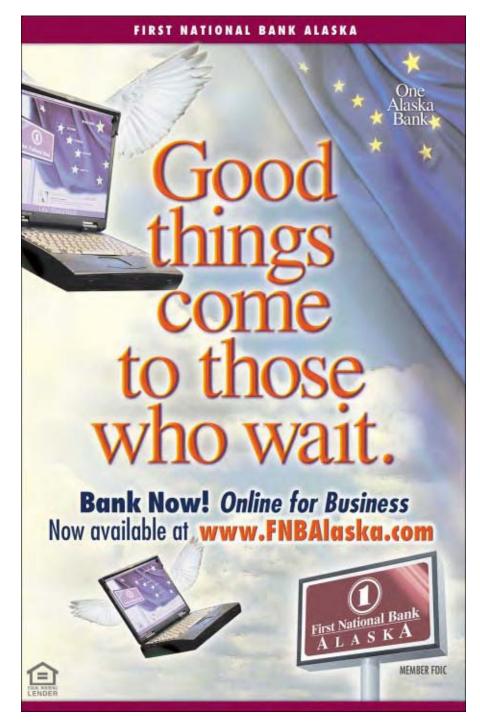
Despite the grim predictions, proponents of ANWR say they will keep up the fight and try again. Alaska's congressional delegation remains firmly behind opening the area to drilling and plan to introduce another bill as soon as they think it has the chance to pass.



Knik Arm Crossing

This project has not progressed much since a flurry of activity last year sparked the first real talk on the issue in a decade. Sen. John Cowdery, R-Anchorage, is heading up an effort to form a regional transportation board, but no new developments have been made. This project seems to have fallen victim to Osama bin Laden's terrorist attack. Federal money is being funneled into defense—not transportation—and many question the wisdom of building large, eye-catching structures until terrorism threats are quelled.

Still, the need for the crossing is real, and continues to grow. This project, like the others, will not go away when the need for it is so urgent and obvious.



FYI: Sources for Your Company's Safety Concerns



by Don Weber

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

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he year was 1970 and the U.S. Congress just passed a piece of legislation called the Warren-Steiger Act. Also called the OSH Act (Occupational Safety and Health Act), the act also established the Code of Federal Regulations, commonly called CFRs, or the varied and multiple workplaces within the U.S. (and there are many). At that particular point in time, some organizations were already providing the worker "a safe and healthful workplace free of unsanitary, hazardous or dangerous environments". Others were definitely not and

could have cared less about the new regulations. Now, approximately thirty-three years later, we still have those organizations that are reluctant to comply with even the minimum requirements. That's right, the "minimums for worker protection" are what is printed in the Code of Federal Regulations. In the construction industry, we must actually use two CFRs; 29 CFR 1926 (for construction), and 29 CFR 1910 (for general industry). The con-

struction CFR (29 CFR 1926) does not have all the requirements that may apply, such as permit-required confined space and a few other safety concerns that are found in 29 CFR 1910 (general industry) so we need both.

Now for your information, the U.S. statistical facts on injuries and fatalities in the construction industry and why workmen's compensation insurance rates are so high: The construction industry is only 4 percent of the total U.S. workforce but is responsible for 26 percent of the injuries and fatalities reported within the U.S. One can only imagine what the unreported cases would bring this level to nowadays. So what do we do? Well, things are changing in the construction industry, albeit very slowly, and for the largest percentage it's still "business as usual".

Some organizations in the construction industry are duti-

fully seeking help and have gone so far as to hire some top-notch safety and health managers. Others are just getting started and have handed over to the foreman or construction project supervisor a very new and hard-to-fill hat. He or she is now called—in addition to some other unwarranted names—the "Safety Supervisor," and, he/she has been given the daunting task of handling all the safety and health concerns for his/her organization. There is simply not enough time

in the day to do it all. On top of that, it is very confusing as to what exactly is required and to whom he/she can turn to for assistance.

Help is available! You can call AK-OSHA. You may be one of many in our industry that are reluctant to do so for fear of being found in violation of the standards. That "fear" may



be mildly justifiable—if and only if you have been operating in a non-compliant status and truly know it. But the AK-OSHA folks aren't the bad guys. They are actually there to help you and your taxes go toward their salaries, so use them. They truly are there to help you and your workers.

Another source that was created to assist the construction industry and members of AGC within Alaska is AGC Safety, Inc.

AGC Safety, Inc. has available for

your organization the following:

Numerous safety training classes. (Check out our website at: www.agcsafetyinc.com) Some classes are taught on a regular basis. Others are on a requested basis (must have 10 or more for these requested classes)

A variety of **safety publications** (including the Codes of Federal Regulation; 29 CFR 1910 and 1926), and many others.

"15-in-1" jobsite safety poster (covers federal and Alaska regulations).

A "Safety Plans Customizer" (now on CD – you just fill in the blanks with names and

telephone numbers - a very comprehensive plan)

Safety videos for rent (\$25 each week) Safety audits and inspections of your jobsite/workplace (must be scheduled)



assistance with "proactive safety programs" and "toolbox talks"

Safety consulting on a per-hour or fee-forservice basis

Assistance with safety awards programs



Safety Supervisor training program (This two-day course is new for fall 2002)

Assistance with many other safety issues surrounding the workplace

So, now you know. And there is really no reason for not getting your company or organization in "safety shape." Whether you're a company of one or a company of 500, you need to get a proper safety program going. The last thing your insurance company or the attorney wants to hear is, "I was meaning to get a program started, I just sort of ran out of time." That's not exactly a good thing to say or to have happen after you or someone you work with has had an accident.

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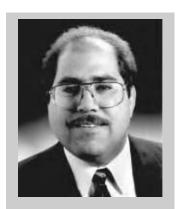
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Can Drug and Alcohol Testing Work for my Business?

rug and alcohol testing in the workplace is gaining popularity as employers realize the tremendous cost-saving benefits it provides. Still, some employers are hesitant to start the process fearing litigation and program management hassles. With just a little information, these fears are easily quelled and a hassle-free cost-saving drug and alcohol testing program can be implemented.



by Matthew Fagnani President of WorkSafe, Inc.

The Benefits

Cost savings and injury reduction are the two primary benefits of implementing a drug and alcohol testing program in the workplace. The federal government's research has indicated that drug users increase an employer's cost by higher rates of lost time, training, recruiting, workers' compensation, healthcare and theft.

WorkSafe's records indicate that in Alaska, non-regulated industries that test their employees have twice as many drug and alcohol positive tests as do the current regulated industries. As more non-regulated businesses implement drug and alcohol testing for their employees, drug offenders are being displaced, filling positions in industries and with employers that do not have a testing program in place. This trend is driving more and more employers to consider drug and alcohol testing for their employees.

Getting Started

In the state of Alaska, most businesses qualify to initiate a drug and alcohol-testing program. However, in order to implement this kind of program, the positions must be considered safety-sensitive. (Any employee position that could potentially cause harm to oneself or others could be considered safety-sensitive.)

The Law is on Your Side

In Alaska, if an employer has an established drug and alcohol testing policy in place, an employee may not bring action for damages against his/her employer. Alaska State Statute Sec. 23.10.600 states "If an employer has established a drug and alcohol testing policy and initiated a testing program, a person may not bring an action for damages against the employer." WorkSafe offers drug and alcohol testing program templates for its customers that may be easily catered to the particular business. With a good policy, proper legal review and compliance with State Statute 23.10, an employer need not fear litigation.

Making it Work

Write a policy manual and do not deviate from it. Employers must have a drug and alcohol testing program in place before they may test employees. The program must identify which positions may be tested, and all employees performing those duties must be tested. To ensure the success of each program, WorkSafe offers its customers individualized policy templates and supervisor training.

Testing Employees

According to Alaska State Statute 23.10, prospective employees may be tested immediately using a pre-employment test. However, current employees in safety-sensitive duties must be given 30-day notice before any testing may be done.

Testing Options

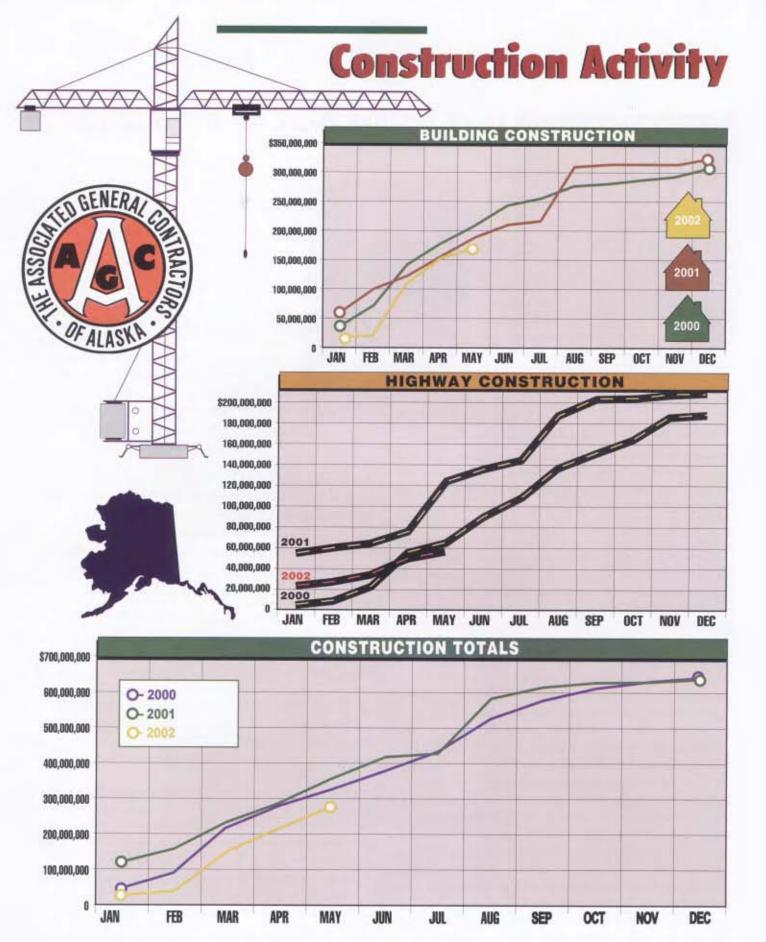
The drug and alcohol testing policy must clearly identify which type of test an employer is going to perform before any samples are gathered, such as pre-employment, random, post-accident, reasonable suspicion and return-to-duty tests.

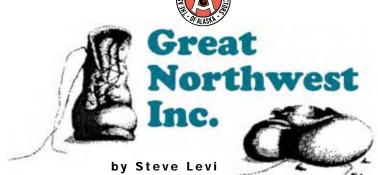
Federally Mandated Programs

There are times when drug and alcohol testing is mandatory. Federal industries such as Federal Motor Carriers Safety Administration, the Federal Aviation Administration, the United States Coast Guard and the Research and Special Program Administration are all mandated to perform drug and alcohol testing for their safety-sensitive employees. The testing process, from collection through the laboratory, is standardized for all businesses and mirror the regulations set by the Department of Transportation. All positive test results are reviewed by a medical review officer.

If you are interested in more information regarding the promotion of a drug-free workplace, please contact Steve Mihalik with WorkSafe at 907-563-8378. Alaska General Contractor members receive reduced rates. Please mention that your company is a member of AGC to qualify for the discount.

WorkSafe offers a full spectrum of workplace drug and alcohol program services in its new, centrally located offices at 36th and C Street. They provide in-depth corporate training, drug and alcohol testing consultation services, return-to-duty services, and follow-up testing when needed.





ne of the most memorable songs from the stage and screen hit *Paint Your Wagon* is the telling song, "The Best Things in Life Are Dirty." Great Northwest has taken that theme one step further. For them, getting dirty is profitable and has been for 26 years. If you don't believe it check out the clumps of dirt on the boots of the company's logo.

"Basically we're dirt movers and road builders," CEO and Chairman of the Board John Minder said. "We started out as a small landscaping company 26 years ago and we are still moving dirt today. We've just moving more of it."

The working boots on the company's logo are an in fact a pair of Minder's actual work boots from 1979. "It's always been a working man's company with little conflict between management and labor."

In 1976, Great Northwest had six employees and was specializing in "small, local projects like baseball fields [and] residential parks. Into the early 1980s we were growing by leaps and bounds. Then we had to cut back drastically in the mid 1980s when oil prices tanked and the construction boom went bust. But we survived and today we are one of the largest civil contractor in Fairbanks. We have a peak employment of about 250 workers and pump millions into the Alaskan economy."

To date, Northwest's largest project has been the upgrading of the Dalton Highway. The project was broken into two parts and totals 50 miles of highway and a \$26 million budget. "The Dalton is not paved but it is still one of the most regularly used highways in Alaska. It's also called the haul road and it's the trucking lifeline to Prudhoe Bay. We've made the highway safer by widening and heightening the roadbed." The two projects took three seasons to complete.

Like most Alaskan contactors, Northwest has had its share



of uniquely Alaskan projects. One that Minder remembers well was the construction of an ice road on the Nenana River. "That was back in 1996. The Nenana River had begun to erode the banks of Princess Tours' largest hotel, causing concerns of endangering the integrity of the hotel's foundation. Princess Tours contracted with Great Northwest to solve their erosion problems, which entailed building an ice road down the Nenana River to gain access to the bottom of the embankment in order to excavate unsuitable soils and replace them with 4 to 5 foot fractured rock.

"You would think—we did anyway—that an ice road would be as stable as the ice on the river. By mid-November the temperature was down to 40 below so we thought that the ice would be strong enough to support heavy equipment. It was, actually. It's

just that there were other factors involved. What we did not know was there was a buildup of frazzle ice."

Frazzle ice is ice that sticks to the rocks underneath the river due to the velocity and turbidity of the water flowing through the Nenana canyon causing a series of mini dams built from the bottom up.

"About the third week in November—with temperatures of 40 below—we were suddenly swamped by an eight-foot wall of water and ice from the result of the hydraulic pressure from the river being greater than the series of ice dams that the river had created. Our people barely had time to get out alive. One moment they were on a solid sheet of ice four or five feet thick and the next instant the ice is snapping open and rumbling downriver like breakup—in the middle of winter!"

The frazzle ice had broken through the ice sheet in a narrow canyon, which concentrated the power of water and ice boulders, some of them the size of small houses.





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(907) 562-2200 Fax: (907) 561-7600 e-mail: info@alaskarubber.com Everyone got out in time but the company lost a pickup truck and pump that had been left on the river. When they were found later, they were simply pancakes of metal. "The rest of the winter we had a river watch patrol two miles up the canyon with bull-horns up on the Yenert to enable to alert the workers of any further impending danger to allow them to get out in time."

A smaller but significant project for Great Northwest was the two-mile expansion of the Old Steese Highway. "This was difficult because we could not close the road down and had to maintain traffic through one of the major business districts in Fairbanks. We had to do everything possible to maintain access to the business with traffic continuing to use the roadway That project had a three-year completion schedule but was completed in a



season and a half. We expanded the roadway from two lanes to five, put in curbs, telephone poles, utility corridors and sidewalks."

Another significant project was the 40-mile upgrade of the Taylor Highway between Tok and Dawson. Northwest widened the road, installed culverts all along the way, resurfaced sections of roadway and added gravel to maintain the integrity of the roadbed. This was a combination of two projects covering a two-year period for a total of \$6 million.

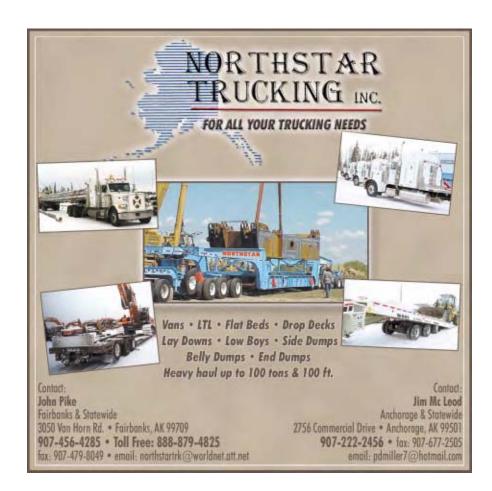
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When asked about the funniest thing that had ever happened on the job, Minder recalled a job in the early 1980s on Airport Way. Northwest had been contracted to bring in topsoil and landscape the meridians. Then it was to seed and add a bright green mulch to the meridians. A young woman driving a convertible Cadillac with white leather seats and her top down was giving the hydro seed crew some grief. "She had just gotten her hair done," Minder said, "and wanted to get home in the worst way. Either she edged too close to the hydro seeding or the operator turned without seeing her, I don't know. But what I do know is that the Cadillac got hosed and the woman's hairdo was blasted with bright green mulch, seed and fertilizer. She was not happy, but we paid for a new hairdo and a \$2,000



cleaning of her caddie and that seemed to satisfy her."

Civil Contracting is a dirty job, but there is lots of work. From landing strips to roadways and landscaping to utility corridors, there is profit in getting dirty. "It's the nature of the beast," Minder said. "We've been at it for 26 years, and we're profitable, and we are one of the last independently owned contractors in Alaska, so we must be doing something right."





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Supreme Court Revisits Contractor Licensing



by Bob Dickson

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

laska law is well established that unless a contractor or subcontractor is licensed at the time it forms a construction contract, it will be unable to use the courts to enforce any amounts due under that contract, regardless of how otherwise meritorious the claims may be. A construction contract can be formed as early as when the contractor's bid is accepted, even if the actual contract document is not signed until later, depending upon the language in the invitation for bid.

A subcontract can be formed as early as when the general contractor's bid is accepted by the owner when the general has used the sub's quote in the general's bid, even if the subcontract document is not signed until later. The statute also

"A contractor is well advised to take the necessary precautions to assure that its license does not lapse."

requires that the license must be issued in the name under which the contractor is doing business.

When the Alaska Supreme Court first took up the issue in 1974, it determined that if a license was not in place at the time the contract was formed, the contractor was simply unable to go to court to recover any amounts due. Later the court decided that a contractor could still use the courts to enforce a claim if the contractor had "substantially complied" with the licensing requirements. In a

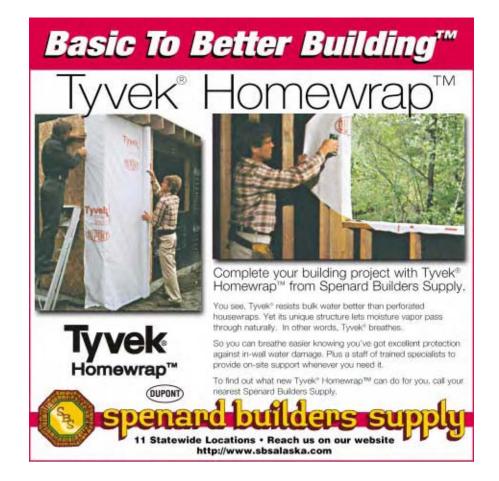
recent opinion, the Alaska Supreme Court clarified its "substantial compliance" doctrine. A contractor who was not licensed at the time it formed the construction contract can still pursue its claims in court if:

The contractor was actually registered though under a name different from that under which it was doing business, and

- (2) its bonding and insurance were in force; *or*
- (1) The contractor was previously registered but its license lapsed (which occurs on December 31st of the appropriate year), and
- (2) the public is able to obtain the information about the contractor's bonding and insurance from the licensing office, and
- (3) the bonding and insurance actually remain in effect during the lapse.

The court's decision was noteworthy in the way it treated the requirement that the bonding must be in place during the lapse. The standard form for license bonds required by the state provides that the bond will be in effect until the license is "revoked or otherwise terminated." Arguably once the license lapses, the bonding is therefore not in effect. However, in this recent case, the bonding company sent a letter in August (eight months after the December lapse of the license) in which the bonding company notified the state that it had elected to cancel the bond. This meant—at least arguably to the court-that the bond was still in place at least through August because the bonding company would not otherwise have sent the notice. The court therefore held that if the contractor can show that its license bond had not been terminated, it would have "substantially complied," and be able to pursue its claims in court. It remains to be seen, although the contractor's license bonding company would agree with that interpretation.

Even though the Supreme Court has clarified the specifics of its "substantial compliance" doctrine, a contractor is well advised to take the necessary precautions to assure that its license does not lapse. The "substantial compliance" doctrine is still a slender reed upon which to rely.







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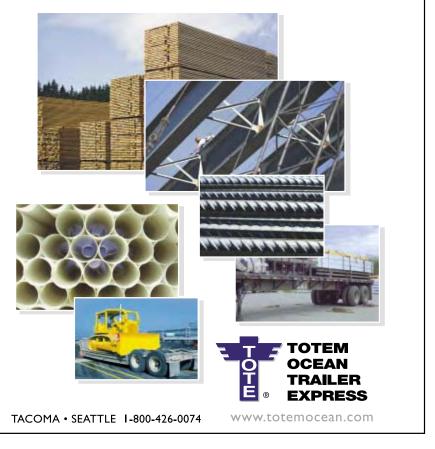
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