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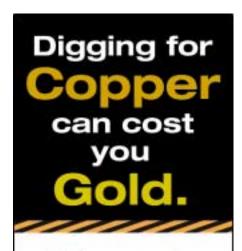
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Sand Point Airport Runway Rehab PHS II **West Construction** \$3.2 million Sand Point, Alaska

Eek Airport Relocation Stage II LSH Constructors \$5.7 million Eek. Alaska

Chefornak Airport Relocation QAP \$4.2 million Chefornak, Alaska

Unalaska St./Parking Lot Improvements REBID Northern Mechanical & West Construction \$3.8 million Unalaska, Alaska

SOUTHCENTRAL ALASKA

Eklutna Lake Road Resufacing Pruhs Corporation \$3,243,260.00

Parks Hwy Safety/Access **Improvements Wilder Construction** \$9,387,256.50



QAP \$19,184,089.50

UAA Ecosystem/Biomedical Health Facility Ken Brady \$4,348,000.00

INTERIOR ALASKA

Ft Greely Missile Assembly Building **Unit Company** \$9,517,660.00

Ft Wainwright Mission Support Training Facility Watterson/Davis \$35,295,000.00

Healy Tri-Valley School Upgrades Wolverine Supply \$3,977,000.00

UAF Museum Expansion Alaska Mechanical \$22,923,866.00

UAF West Ridge Utilidor Extension Alcan General \$5,878,000.00

Parks HWY MP 262-288 Rehab Wilder Construction Co. \$11.7 million Parks Hwy, Alaska

SOUTHEASTERN ALASKA

Ferry Vessel Re-Bid **Conrad Shipyards** \$9.5 million Metlakatla, Alaska

Wrangell Museum/Civic Center **Johnson Supply & Construction** \$4.98 million Wrangell, Alaska

Juneau Wharf/Marine Park **Improvements** Trucano \$4.6 million Juneau, Alaska

Petersburg South Harbor Expansion PHS II

Tamico, Inc.

\$2.6 million

Petersburg, Alaska

Petersburg Mt. View Manor Expansion McGraw Custom Construction \$3.4 million

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Ketchikan Airport West Taxiway Construction **Glacier State Contracting** \$7.9 million

Students - The Future of the Industry



By Phil Anderson, President



egardless of whether you have been in the construction industry one or 50 years, you can always look back and remember the person who gave you your first opportunity. In 1978 that opportunity knocked on my door when an AGC Contractor hired me as a college student intern. Summer employment combined with several AGC scholarships allowed me to complete my college education. I am forever indebted to this person and AGC's commitment to the young people in this industry.

Internship for management positions is crucial to the future of our industry. Currently, there are no apprenticeship training programs for management personnel in our State and our university system has yet to fully accept the needs of our industry. Therefore, we must train our own requirements. We need accountants, business managers, construction managers, engineers, finance directors and people who can perform all of the named professional job functions. The best way to get these trainees is to hire them before other agencies have a chance, and that means summer internship.

Training students is always going to come at a cost. Some trainees may work one season and some may work several seasons then move on to other employment. However, you never know when one may end up running or owning your business. In any case, the investment we make in these students will pay us a reward down the road. How many times have we wished that some governmental employee had more knowledge and understanding of our business? You have an opportunity by hiring a student this summer.

Hiring an intern is not difficult. You can contact our university system directly to reach the department of the discipline you desire, you can contact the AGC office in Anchorage or Fairbanks, or you can go to AGC's website at www.alaska.agc.org to view resumes. I have talked to many students through the University of Alaska Fairbanks AGC Student Chapter, and their interest is high.

Not only do we need to employ students, we need to support their industry interest through financial support. AGC has three scholarship programs in which students can participate. National, Alaska and Fairbanks AGC have scholarship programs. National and State are available for any student from Alaska to apply while Fairbanks is only available to UAF Student Chapter members.

You can support these scholarship programs by sponsoring and participating in several events. State wide scholarships are funded through the annual AGC Anchorage Golf Tournament held in June and UAF scholarships are sponsored through an annual Bowl-a-Thon and Summer Golf Tournament held in Fairbanks in January and July respectively. Sponsorship can be at any level through both financial or donation of prizes. Both are appreciated, so when you're asked or see a registration form in our bulletin please sign up. Schools out the first of May, so please act fast.

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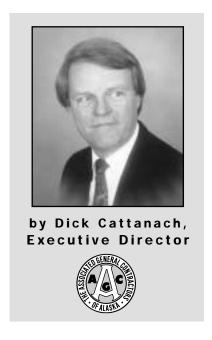
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DO YOU STRIVE FOR EXCELLENCE?



o you strive for excellence?

Does your firm?

How do you know when you or your firm has attained excellence?

When others talk about you or your firm is the adjective excellent automatically included in their comments?

All too often, people settle for being "pretty-good" or

"all right." After all, excellence demands an extra effort, a focus on detail, a primary commitment to the other party, not yourself. It means going the extra mile, doing it right the first time, but in the event that doesn't happen, insuring that it will

Excellence

"The state, quality, or condition of excelling; superiority; pre-eminence. Something in which a person or thing excels."

(The American Heritage Dictionary)

be done correctly without worrying about the cost.

Unfortunately excellence is not something that can be self-proclaimed. It must be earned. It is the recognition others give to you and your product.

As those in the industry understand, construction is a competitive industry. Being excellent is like being on the varsity. Your efforts and commitment have been rewarded, but you're not alone. You've distinguished yourself from others, but you still have competition. If you relax

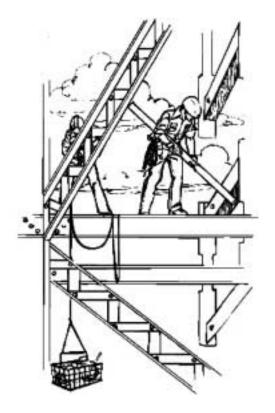
your focus and settle for "pretty good," your competitors will soon distance themselves from you. A question all construction firms must address is how their efforts can be judged excellent and how they can implement an organizational commitment to excellence.

The competitive bid process does not foster an environment for excellence. A contractor dedicated to doing "all

right" or the "minimum allowable" can do quite well in a competitive bid market. But construction is changing. Best-value contracting, design-build and similar contracting methods allow owners to focus on factors other than price. Contractors leaving the traditional

competitive bid marketplace and venturing into the alternative procurement world of contracting have to learn self-promotion. How else can you convince the owner that you can do the job, and that you can do it in a quality manner while at the same time addressing the owner's other concerns?

The transition from traditional competitive bids to the alternative bidding methods requires a change of the company's mindset. Proclaiming excellence is easier when earned in an independently judged industry competition. AGC



offers two opportunities for firms to be judged excellent. The Ribelin and Lowell Excellence in Construction Awards recognize excellent construction projects in a variety of categories. The Brady Company Excellence in Safety awards recognizes a firm's commitment to safety. The criteria for each of these awards are straightforward and the entry process is relatively simple. Awards are offered in all membership categories. Contractor or associate. large or small, it makes no difference. If you are committed to excellence, you are eligible to participate. For more information please call the AGC office and request the application forms and program guidelines.

Construction owners are always looking for external verifications of excellence. The awards you win from the AGC competition or similar award programs represent an independent verification of a commitment to excellence. If you are truly interested in having a reputation for excellence, you should not only participate in these AGC programs this year, you should do so every year. You can't win if you don't participate.

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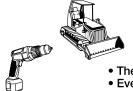


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The Real Threat to Our Freedoms Come from Within



by M. David Stirling

Mr. Stirling is vice president of Pacific Legal

Foundation (www.pacificlegal.org), a Sacramento,

California-based public interest legal organization
that works in the courts to protect individual and
economic freedoms when threatened by overreaching
government. He may be reached at

mds@pacificlegal.org.

believe there are more instances of the abridgement of the freedom of the people by gradual and silent encroachments of those in power than by violent and sudden usurpations. James Madison

Madison's concern is as germane today as it was when America was new: threats to our freedom through "violent and sudden usurpations" elevate our vigilance to the highest level, but abridgements that are "gradual and silent" receive scant attention. Indeed, well after the purveyors of murder and mass destruction are again driven from the world scene, America's seminal principles of freedom, democracy and the rule of law will continue to be assaulted by "those in power" today—the modern government regulatory bureaucracy. Although its encroachments abound, nowhere is the intrusiveness more evident than in the regulatory bureaucracy's assault on Americans' freedom to own and reasonably use private property.

Through laws such as the Clean Water Act (CWA) and the Endangered Species Act (ESA), Congress delegated to federal agencies authority to regulate land use on private property under specified and limited circumstances. Yet, these agencies' heavy-handed and unceasing efforts to expand their authority beyond what Congress delegated increasingly intrude upon the rights of millions of property owners daily. Except for those affected or concerned by the bureaucracy's quest for "command and control," the losses to private property rights go largely unnoticed.

In the CWA, Congress authorized the Army Corps of Engineers to regulate "navigable waters of the United States," yet the Corps continuously asserts its authority to regulate nonnavigable waters, such as isolated wetlands, vernal pools, prairie potholes, and drainage swales—areas wet during the rainy season, but with little or no connection to "navigable waters." The Corps even argued that the "navigable" element lacking with isolated wetlands was supplied by the stopover of "migratory" birds. Finally, in SWANCC v. Army Corps of Engineers, the Supreme Court struck down the Corps' expansive "migratory bird" rule, agreeing with PLF's brief that federal authority under the Clean Water Act does not extend to wetlands that are isolated, or not adjacent to a traditional navigable waterway. The Court even characterized the Corps as "(pushing) the very limit of the congressional authority."

But instead of treating the SWANCC decision as instructive on the limits of its authority, in case after case the Corps pushes beyond its authority. For example, PLF is supporting John Rapanos, who, at the Army Corps' behest, was criminally charged and convicted for filling isolated wetlands on his Michigan property without a CWA permit. He was sentenced to three years' probation and fined \$185,000. The Corps had asserted that Rapanos' wetlands were "adjacent" to navigable waters because they had a surface connection to a navigable waterway—20 miles away. The United States Supreme Court vacated the conviction and remanded the case to the District Court in light of its SWANCC decision. The District Court rejected the Corps' argument, holding that "adjacent" means directly adjacent to navigable waters. Unrelenting, the Corps has appealed this ruling.

Under the ESA, property owners whose land use might "harm" a protected plant or wildlife species can be severely restricted and even prevented from using their property. All too often, and for the purpose of controlling private land use, the Fish and Wildlife Service and the National Marine Fisheries Service utilize "politicized science" to list a species. As an example, hatchery-fertilized coho and naturally spawned coho have interbred in Oregon's Alsea River for more than 50 years. And although they are virtually the same, genetically indistinguishable fish, NMFS lists as "threatened" only the meager number of naturally spawned fish, while disregarding thousands of hatchery coho. Why?

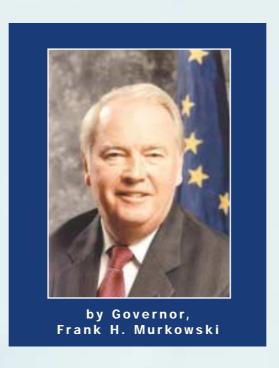
Through the "threatened" listing, allowed by a species' low numbers, NMFS is authorized to control use of all private property on either side of the river for several miles. With similar junk science becoming a routine practice in listings, PLF last year obtained a landmark court ruling requiring regulators to use sound science. Through this and other regulatory devices, these agencies effectively take control of millions of acres of private property without compensating the owners.

The sad truth is that the regulatory bureaucracy has become so large, unaccountable and powerful that Congress effectively has forfeited meaningful oversight of how the bureaucracies administer and enforce the authority Congress gave them. This leaves victimized private citizens, especially smaller landowners and business people, the near-insurmountable burden of challenging the government's intrusive land use control in the courts. Confronted with the enormous costs, delays and sleepless nights associated

with going up against federal bureaucrats with no personal stake in the dispute, but whose overreaching actions are defended by taxpayer-generated resources, most property owners simply capitulate rather than fight.

Until the President and Congress take back the federal government from the regulatory bureaucracy, Pacific Legal Foundation will fight in the courts for America's core values.



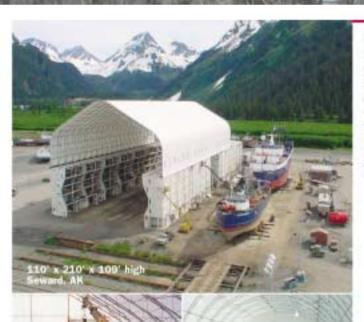


ROAD TO JOBS: TURNING THE STATE AROUND

The basic philosophy of this Administration is to provide Alaskans with jobs and economic opportunities. A strong economy is the foundation for a high quality of life for all Alaskans. We have faced many challenges and have done well so far, but we must do better. I have tasked my team here in Juneau to think "outside the box," and approach Alaska's economic challenges differently.

Throughout its history, Alaska has struggled with the issue of access. In turn, our blue print to turn Alaska's economy around begins with access to our land. Historically Alaska set a responsible course with development, and these projects will be no different. Improved access will allow Alaskans better health care, better education and new job opportunities. With this in mind, we have put together a comprehensive blue print to get the state moving again.

At the top of the list are several access roads in the interior of Alaska. These projects have the immediate potential to provide good, high paying jobs to many Alaskans. New roads will lower the cost to produce our resources, and will allow private investment in the support and service industries.



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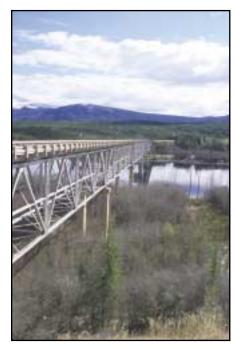
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A comprehensive approach to road building in Alaska is needed. "Roads to jobs" is a coordinated effort by my Administration. I have asked my team here to provide me with a list of roads that can be built now. We will start this year. I have asked our resource agencies to work with federal agencies to streamline permitting. We will begin planning to coordinate service delivery in rural Alaska so that we may take advantage of our new roads. The Department of Revenue will work on financing the roads, and the Department of Labor will implement a workforce-training program that can be tailored to fill jobs with qualified Alaskan workers.



My recent budget proposal and investment plan for Alaska is the first step. It outlines several important initiatives that we can start work on almost immediately. Included in these initiatives are plans to connect the village of Rampart to the Elliott Highway. Other village connector roads are proposed for the Upper Yukon River area, and might stretch from the Elliot Highway all the way to Nome or Unalakleet.

Currently, a project like improving the Glacier Creek Road to the Rock Creek mine will have the immediate potential of providing additional jobs once the road is built.

A seven-mile stretch already exists, and would be cleaned up and short-ened to three miles.

Several transportation opportunities exist on the North Slope, like a road and bridge over the Colville River. This will allow access to oil and gas leases in the National Petroleum Reserve Alaska. These projects, and others like them, will help Alaska develop its resources in a responsible way, while providing access and eco-

nomic opportunities to many remote areas.

I am reminded of the words of our own Senator Bob Bartlett. He said that there were two "very real dangers" facing Alaska after it became a state.

The first and obvious one was

"...is that outside interests, determined to stifle any development in Alaska which might compete with

> their activities elsewhere, will attempt to acquire great areas of Alaska's public lands in order NOT to develop them..."

> Bartlett added that if this were to happen "the people of Alaska may be even more the losers than if the lands had been exploited."

Responsible development of our resources requires a sound

transportation infrastructure. These important transportation initiatives that we are pursuing will help Alaska and Alaskans.



exploitation—the taking of Alaska's resources and using Alaskans without providing a reasonable return to residents or the state.

The second danger, in his words,



Recycled Rubber Technologies

Rubber Risers increase infrastructure, reduce maintenance costs

> Matlock, an Anchorage-based company, is working with GNR Technologies, located in Montreal, Quebec, Canada, to



help lengthen the lifetime of manholes and catch basins while reducing maintenance, repair and installation costs.

Using recycled tire technology, Matlock provides rubber adjustment riser rings, which enable the cast-iron frame and lid components of manhole and catch-basin structures to adjust to road surfaces. The rings are created through advanced rubber composite research and engineered to withstand Alaska's extreme weather conditions.







Reduces Traffic Vibration Damage, dissipates the energy to the structure reducing potential vibration damage to the sewer and surrounding infra-structures.

The rings are offered in a variety of formats to better suit varied construction needs, and include round, square and rectangular shapes. They are available in flat or tapered configurations with thickness ranging from 1/4 to 3 inches.



Sewer on right sides protected by rubber riser. Left photo shows damage caused by vibration.

Matlock also offers a variety of other products, which have proven successful in Alaska's extreme climate. The company has performed city, state and federal highway projects by providing Pre-Mark Thermoplastic Highway Markings.

For more information about the rings or other recycled rubber products, please call Lee Singleton at Matlock, 344-6849 or toll free 1-800-628-6148.

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Brown Construction

By Kelsea Samuelson

fter starting with nothing, growing into a large business, then scaling down, Brown Construction owners say retirement is an "if."

"We built our company up from a small business to what it was a few years ago, and then scaled it back down, which is hard to do," said Miriam Kay Brown (Kay), who describes her job as a mix between secretary, treasurer and owner.

The drilling company Don worked for in Washington brought the husband and wife team to Alaska in 1968.

Don then ran the Alaska Barite Company in Kenai from 1968 to 1973. In 1970, he began the first phase of his own business.

After working for a while, the team decided to branch out on their own.

"Don saw a need, especially for things like putting in sewers and water and fixing the roads," Kay said.

But he was not the only one who saw this need and it was a hard field to break into.

In the beginning, the couple started with a little D6 cat, that Kay says they paid off for years, fixing the roads and putting in water and sewers in Kenai. In 1973 Brown Construction was incorporated.

"When we first moved up here we didn't even have a paved road," she said. "It's unbelievable how much it has changed since we first came here."

Speaking of their first arrival in Alaska, Kay says it's a miracle they made it past the first few years. Her time in Alaska definitely can be described as a hate/love relationship.

"I hated it (Alaska)," she recalls. "I was ready to go

home, but we couldn't afford it."

Don agrees.

"My original reaction to Alaska was, if I'd had enough money, we would have turned around and gone home to Idaho," Don Brown, president, remembers. "The longer we stay, the more Alaska grows on us."

The family was forced to live in a trailer until Kay put her foot down.

"When we got here, there was a great big ship and a trailer house on top of it. My four children—the youngest 6 years old and oldest 10—had to stay in the trailer until the ship was shut down at night. Finally I said, 'You either move it (trailer) down or I'll leave,'" she recalls.

Needless to say, the trailer was moved. Other initial struggles Kay faced was the distance separating the rest of her family, which she said was the hardest part for a mother with young children.

After a couple years though, Alaska had found it's way into her heart.

"It's grown on us. I can't imagine going back and living in Mackay, Idaho," Kay said.

After dabbling with the water-sewer and road business, the company began building airport runways in the Alaska Bush.

"So many people were doing the same things, that we started bidding for projects in the Bush," she remembers. "We did bush airports until 1996."

Don also recalls starting out.

"My wife and I started our contracting business in 1971, installing sewer-water projects in Kenai, Homer and Seward," he said. "We then incorporated in





February 1973."

With that business, the couple was able to travel throughout the state.

"Our company has completed projects as far as Sitka in the Southeast, to Circle in the North; Nome in Western, and Dutch Harbor on the Aleutian chain of Alaska...and lots in between," he said.

The couple owned all the necessary equipment for the business, such as an airplane and water gear.

"The runway building projects Brown Construction did for 15 years were very successful and rewarding," he said. "I really do miss the excitement and challenges flying supplies and parts into the remote sites."

His experiences in the Bush are quite possibly where Don gained his respect for Alaska.

"My experience working in the Bush were some of the best days of my life," he said. "If I were 10 years younger, I would still be bidding projects in the Bush area. I have met and know a lot of wonderful people there."

His Bush experience was also where the most difficult projects he worked on and the one he is most proud of took place.

"One of the most difficult projects was barging gravel material from Nome to Alakanuk, which is approximately 20 miles from the mouth of the Yukon River," he explained as he recalled the difficult project. "The challenge was trying to make a sea tugboat skipper into a river tugboat skipper. It is, and was, a very stressful challenge."

The project he is most proud of was also a challenge.

"One of the projects I am most proud of was constructing the Deep Water Ferry Terminal in King Cove," he said. "It consisted of 900 feet of causeway to the construction area."

In 1995, the couple decided it was time to slow down.

"We scaled down a lot because of Don's cancer scare in 1995," Kay said.

She explains she asked for Don to slow down a bit and downsize the company.

The company took a gravel pit in

Anchor Point and developed it into a productive pit that should last for at least another 20 years, Don says.

"We had our own airplane and water gear, and many employees, so it was hard," Kay said regarding the decision to downsize. "And now he's just as busy and just as stressed, but at least he's close to home."

Contractors now consult Don for his expertise.

"He's a very hard worker," Kay said. "A lot of people pick his brain on what he's doing and look for advice."

Don enjoys the camaraderie in Alaska.

"I get calls all the time from different contractors about earthwork, tug and barge schedules, remote river depths, and conditions," he explains. "I also get questions about what type of equipment to use for a particular job."

His knowledge comes from on-thejob experience.

"You store a lot of information in 32 years of contracting, and it's a good feeling to pass on some of that information to help someone else to succeed in their ventures," he said.

The Associated General Contractors of Alaska has helped the process of learning and sharing.

"I am a member of AGC in order to keep up on all projects being bid," he said. "They are always willing to help with questions that come up on concerns of projects."

He attributes his success to a variety of aspects.

"My partner—my wife—and a determination to succeed," are a few of the reasons for his success. "Having your own business is a challenge everyone should have a shot at doing."

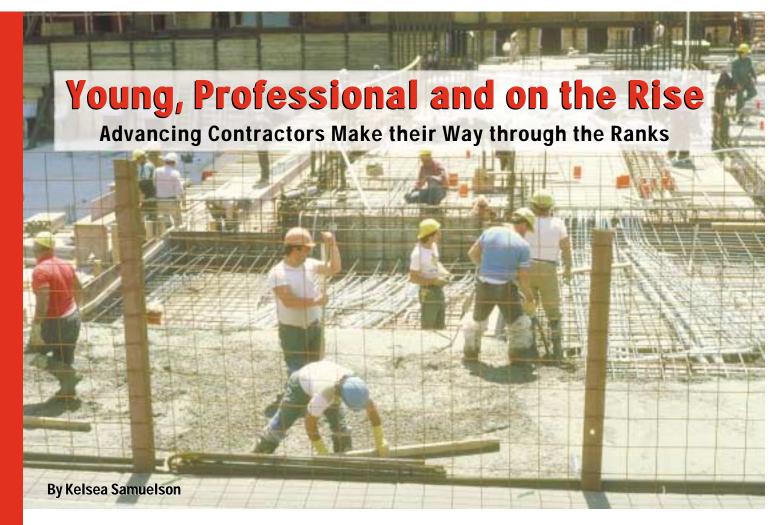
The two have a mutual respect for each other that shines in their business success.

"My wife, Kay, has always been involved in every aspect of our business, from accounting, to ordering of parts and equipment, to putting camp supplies on job sites," Don said.

When asked what else he'd like to say, Don quipped, "I'd like to do it all over again."







he would-be dentist, fisherman and professional skier have found their niches in the last place they would have imagined—the construction industry.

For Brian Horschel, Acme Fence Company; Jeff Dinwiddie, Alaska Trailblazing; and Bill Vizzera, Midnight Sun Services, the roads have been anything but straight.

"Sure we're young guys now, but I've got this tunnel vision, and I can probably speak for Jeff and for Brian, that we're going to be in this business until we die," Vizzera said. "We're all about the same age, we're all part of AGC and I think it's safe to bet we're going to see Jeff, Brian and I competing to become (AGC) president someday. If not, we're going to be in line back-to-back."

Brian Horschel: ACME FENCE



Horschel put a lot of time and effort into creating Advancing Contractors Alaska three years ago, because he says working together is a key to success especially to those who are new to the contracting business and just learning the ropes.

"It was so important to get advancing contractors going," he said. "It supplies an avenue for all of us to get together and know each other off the phone essentially. It greases the whole entire contracting process."

ACA essentially benefits all Alaskans by creating camaraderie between competitors. It's a chance for people to network, bounce ideas off each other and learn from seasoned contractors who know Alaska.

"It allows us to work together rather than against each other," Horschel said. "It benefits everyone—the owner (of the business) as well as the state of Alaska."

The idea originated from Young Contractors in the Lower 48, and AGC Executive Director Dick Cattanach had the foresight to mention it to AGC members. Horschel was involved from day one because he believed it was an extremely important endeavor.

"It brings us to a new level," he explained. "I don't think there's any reason competitors should work against each other. Everyone is working toward the same goal: to keep working in Alaska and keep our companies going."

There are, of course, times when you work as your own entity, but you always maintain focus on that main goal.

"Of course on bid day, we're not going to call each other and talk about our bids," he said. "But when it comes to work advice or going to the legislature, you're much more likely to be heard. There are so many benefits of having your competitors work side-by-side."

Horschel just recently relinquished his title.

"I think it's good for other people go get up there—it's fresh talent," he said. "They can take it (ACA) to the next level and at

the same time, I've seen a lot of recognition and I'd like to share that with the other members of the group."

Horschel describes himself as "a little bit of everything" at Acme Fence.

Acme Fence was founded in 1978 by Horschel's grandfather and mother as the main founders, and his three uncles as contributors. Eventually shares were passed on solely to his mother and he says eventually he will be president.

Yet the title will have been earned after all the time and effort he has devoted to the company.

"I started very young," he said. "I worked for a rock company, and for Gary King as a ski coach, but I really like the fence company. It's a good company."

The company is relatively small with approximately 30 summer employees, but that's what he likes.

"It's more of a family atmosphere than a business atmosphere," he explained. "You now everyone, which is both a plus and a minus. We are the largest fence company in Alaska and I don't think there's anyone that says anyone does a better job."

With the combined knowledge, experience and common goals, the company leaves little room for failure.

"All the workers are interested in doing a good job as well as getting out of there quickly—you just can't go wrong with all those things in common," Horschel said.

He attended Albertson College in Colville, Idaho, and graduated in 1999 with degrees in Business Administration and Physical Education. After college, he came back and started working in sales.

Horschel, who will be 27 in May, wouldn't describe his

young age as an aid in his success.

"It's absolutely difficult being young," he said. "The hard part isn't with other leaders, because they tend to be young or they have an understanding. The hard part is dealing with people who aren't used to having a younger boss."

But he stands by his position because he believes in his company.

"We really care about the customer. It's not so much about the job," he said. "We treat the person who just wants to buy one part the same as the person who wants to buy 80 feet of chain link. We don't see each person as a cash register, but as a person that needs a service."

Jeff Dinwiddie: ALASKA TRAILBLAZING



For Jeff Dinwiddie, ACA has provided him with an outlet to network with like individuals.

He has actively recruited new members, who are new to the community, to become a part of ACA.

He describes ACA as an entry opportunity to get involved with AGC.

"Typically AGC has been made up of individuals who are at the top of their game in the business," he described. "Basically all the board

members are senior management at most of the construction industries and ACA is an opportunity to meet new hires, new employees and get younger guys involved before they actual-

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ly become the managers or the vice presidents."

He does this because he knows what it was like to start out as the new guy on the block. After pursuing a career in commercial fishing, Dinwiddie stepped into the construction industry with a lot of entrepreneurial qualities, but not a whole lot of contracting experience.

"I was going to school at UAA and I started a snow removal business while at the same time going to school and working in the commercial fishing industry," he said.

The fishing idea quite literally "sunk."

"I had a boat and a permit and was fishing in Kodiak," he recalls. "Then in1995 I had an accident with the boat and sank her, so after that I decided there is a safer way to make money."

At about the same time, the construction industry was picking up throughout Alaska. Senator Ted Stevens brought a lot of highway funds and for Dinwiddie things just fell into place.

He abandoned the plan of fishing for a couple of years, then attended law school and, began working with dirt.

They started making topsoil for landscaping and then erosion control fell into the equation shortly after. He found many opportunities and he met each. He began his business in 1994 and started landscaping in 1998.

Now, nine years later, at 32, the entrepreneur is one of the largest topsoil producers for wholesale and resale in the state of Alaska and has worked in all arenas at his business.

"My role changes as the company grows," he said. "When we first started I seemed to do everything. I wore every hat in the business and now because we've got good people my job is more focused."

He describes Alaska Trailblazing as almost exclusively a commercial landscaping company, which is weird considering the name originated from snow removal. The company still does some snow removal in the winter to offset the seasonal business, but after years like this, they rely primarily on their summer work to carry them through the year.

The biggest struggle he faced was dealing with the accelerated growth the company originally felt.

"When you double your revenue every year for a few years straight, you have a difficult time dealing with that growth and keeping up with it," he explained. "You can be making all kinds of money, but it's an intricate balancing act."

After the five-year mark, the company peaked and they now have a healthy growth with more options.

"You don't hit stable growth until about five years. Statistics show businesses fail in the first three years," he said. "We struggled at first, but now we are in a position where we can really control which direction we want to go, and which jobs to bid."

He lists a good relationship with local banks and suppliers as one key to his success.

Dinwiddie received an Economics degree with a minor in justice from UAA. He first found his knack in business in high school.

He shares a funny story about how this Wasilla boy turned fisherman then businessman.

"The year I graduated, I went to a Business Professionals of America national conference in Kentucky," he recalls.

He, and a group of three other boys competed against schools from all over the United States and eventually the Alaska quad took first place in the nation by demonstrating their skills to write marketing plans for a struggling company.

"We were competing against some big schools in Texas and New York City," he said with a smile of remembrance. "They had flip charts and laptop computers and were dressed in business suits. And here were four guys from Wasilla, Alaska, who came dressed in khakis and all we had were spiral notebooks and a calculator. We came away with first place."

He attributes the victory to the charismatic members of the team.

"We wowed them with charisma rather than with what we actually knew," he said with a smile.

That charisma has followed him through his business endeavors, although his knowledge and the assistance of others has helped. And because of that he gives back as much as he can. "I would say that I'm community oriented," he said. "I like to see that people who are successful in businesses give back what they take from the community. It's an important way to be successful."

He volunteers with Rotary and with the Alzheimer's Foundation to name just a couple of his outside activities.

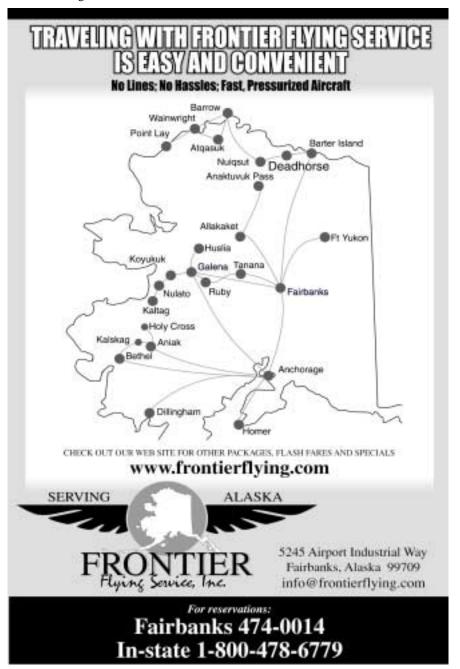
He also believes that reputation is key, in Anchorage especially. Because most companies are relatively new, you are given a chance you may not be offered in the Lower 48.

"Anchorage is such a small commu-

nity that most everybody knows you after a couple of years," he said. "They know who you are and how you do business. Anchorage is one of the few places where a reputation really counts."

He is proud of his company's reputation.

"I think one of the reasons general contractors and owners like to do business with us is because we do have good reputation," he said. "We're easy to work with, we like to get the job done, and our guys are generally happy to be working with us."



Bill Vizzera:MIDNIGHT SUN SERVICES



Vizzera, who is co-chair with Horschel, finds his relationship with AGC as part of his success and asks where else he would find such networking opportunities.

Through AGC, we've been given the opportu-

nity of networking and the power to shake hands with the people who write checks for my company and the people who put food on my guys tables, he said. It s a strong connection to know that I can go out and network with all those people.

Vizzera said this connection was much needed when he was starting out his business.

He started in October of 1993 when he was 21 and also in school and working as a dental assistant.

I started with plowing services and then started bidding on commercial prop-

erties, he recalled. The business started picking up really quick and before you knew it in I blew off dental school to be a plow truck driver.

Needless to say, his parents weren t too happy. And in the beginning it was hard not only because of his age, but because he had a lot to learn.

When we rolled up on a construction process it was intimidating, he said. And it was embarrassing when you were wrong.

He had to maintain the right attitude and swallow his pride on more than a few occasions.

The learning curve is fast and you can either just avoid it and get scared and run away, or go in head first and make mistakes and learn from them and know you ll have success later, he said.

He chose to go in head first, but describes those first bids as humorous now that they re over.

Let me give you a picture, he explained. Right now we show up with these huge striping machines. Back then, I d show up with a cart to do an entire road.

That s when he first learned to overcome the obstacles. I remember hearing general contractors or even the state inspectors and engineers as they watched this young guy who showed up with just a cart to stripe a road, he recalled. The first thing you hear is, Is that all you got? You ve got to admit to it, and take it from there. You feel the holes burning through your back with all the eyes on you as you do your job.

But he got through it and he learned. A lot.

In the beginning, the General Contractors completely helped and if we didn t recognize something, they d point and show me exactly what to do, he said.

You d think I would have known, but at the same time, I was trying to learn. And I m glad to say it s not like that anymore at least I hope not.

He received his Bachelor s in Health Sciences through the Nursing Department at UAA and doesn't really know what caused the 180-degree turnaround.

I don t know what came over me, but I enjoyed being my own boss and plowing driveways and making some cash, he said. There s nothing more exciting than being my own boss.

Continued on Page 52 ...



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Allen & Petersen

By Kelsea Samuelson

ake a drive around town, glance at the buildings the windows and the exteriors in particular. Odds are you ll catch a glimpse of something done by Commercial Contractors, Inc., otherwise known as Allen & Petersen.

We have done commercial glazing on numerous projects around the state, Dick Sloan, long-time Allen & Petersen employee said. We have been associated with many of the major buildings around town the Performing Arts Center, Nesbett Courthouse, UAA

Consortium
Library, 5th Ave.
Mall, Ted Stevens
International
Airport and the
National Parks
Service, to name a
few. We just completed the new rail
station blinds, windows, shades
that s what we do.

A l a s k a n owned and operated since 1967, Allen & Petersen has continued to improve and pros-

per in spite of Alaska's fluctuating economic stability throughout the last 36 years.

Jack Petersen and Ray Allen founded Commercial Contractors Inc., after Fuller Paint and Glass closed its contract unit in Anchorage. At the time, Alaska was in its boom, and business for the new company was not difficult to come by.

Yet a few years later, when many contracting companies were going out of business, Allen & Petersen continued to expand even opening up a retail store and adding other aspects to the contracting side.

They opened the commercial shop for the initial

purpose of getting rid of excess paint and flooring materials. They called their retail operation Allen & Petersen Home Decorating Center.

These entrepreneurs had a knack for business. Soon the retail business was booming and they took up another endeavor. During the boom period, they bought out Nobelcraft Kitchens and began selling kitchen cabinetry at



the retail store.

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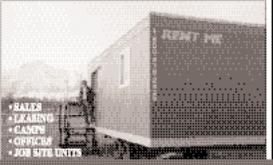
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ances and cooking classes. And when many hear Allen & Petersen, that s what they think, yet most of their business still comes from the commercial floor and glasswork.

Sloan has been the glass specialist for years and has formed his own opinions for the success of Allen & Petersen.

What I m most proud of is our reputation, Sloan said. People know they can rely on us as far as expertise and craftsmanship.



Well known for years in Alaska construction circles for their quality commercial floor coverings, glass, ceiling and curtain-wall subcontracting, the company has earned its reputation for quality products and quality work. In many aspects, this reputation is thanks to their employees.

Employees of Allen & Petersen stay employees.

We have glazers and even though they re union, they have remained with us for five to 20 years, Sloan, who is a prime example of someone who stuck around for the long haul, said. They just don t leave that s a good sign.

Sloan said he is on his way to retirement, but the years he spent with Allen & Petersen were challenging, yet extremely rewarding as long as he put in his all.

It s job security if you do your job and do it very well there is nothing to worry about, he said. Plus every day I got to do something new. We re diverse. One day we will be inside and the next well be outside. And we work all over the state.

One of the projects he is most proud of, but says received little recognition and is so unique, is the Ann Stevens addition to the Red Cross Building.

With three stories of open glass, the Ann Stevens Atrium was created as a fundraising place in memory of Ann Stevens, Ted Stevens s wife who died in a plane crash, he explained. The architects called on me because I am experienced. I have been here since day one.

To build the project, they had to cut a hole in the building and design all the glass front. This was difficult both due to the logistics and thatach glass panel was ten feet high, but Sloan welcomed the challenge.

Ann Stevens was an integral part of the Red Cross and the project was for a worthy cause, he said.

In the time Sloan has been at Allen & Petersen, he has seen so many changes and been extremely happy to assist others in the business, including many affiliates from AGC.

I have a lot of the architects call me all the time, he said. They ask how we are going to do this, how can we do this on different projects, etc. and that s just one of the rolls I play within the business.

Although he says his time for retirement is nearing.

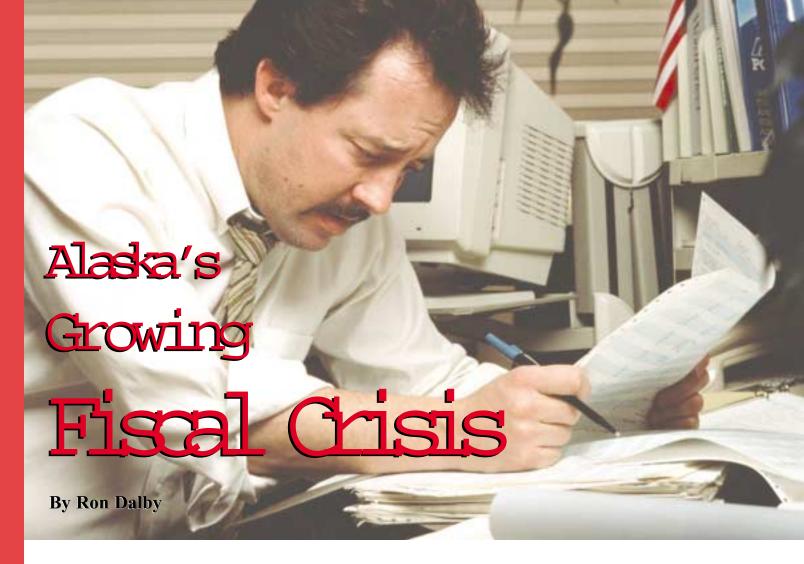
Contracting is changing, he said. I do everything with a pencil. We need to get young people in here.

He sees that technology is surpassing him.

Continued on Page 34 ...







laska's looming fiscal crisis is a five-headed political hydra based not on what people want but on what they fear. This makes the problem a five-sided political fight with no single group able to concentrate the necessary political power to gain the upper hand.

Some are afraid of income taxes, or sales taxes or any other kind of taxes. Some don t want to trim the state s budget. Still others worry about spending permanent fund earnings, or raising oil revenues (either taxing the producers or finding additional sources of supply), or, finally, many worry about what kind of crash lies ahead.

Let s take these one at a time to see where each might lead.

Taxes

Last year Governor Frank Murkowski's most visible campaign theme was, No new taxes. Yet when he introduced his budget this spring, there were a host of suggested costs to consumers masquerading as user fees. Based on his comments since he released this information, one can't help but get the feeling that what he really should have said was no state income tax or state sales tax.

A state income tax has a lot of problems. It s likely popular with lower-income households because it will cost them little, if anything. The majority of the burden will be borne by the one-third to one-half of Alaska's working men and women who

fall into upper income brackets. Opposition almost certainly runs strong in this latter group the people in our economy who require the least amount of help from state agencies don t want to fund the disproportionate number of services that are provided to those who rely more heavily on state funds.

A sales tax, on the other hand, does mean everybody in the state participates to at least some degree. And those who spend more, pay more. If a statewide tax of some sort is ultimately deemed the necessary solution, this will likely be opposed by lower-income households and supported by middle- and upper-income households.

Thus with taxes it s kind of a lose-lose situation. Neither one of these will likely find its way into law this given the current make-up of the legislature.

Statewide taxes are not, however, the ultimate solution. Neither of these programs can be expected to generate anywhere near the \$900 million annually it s said will be required a few years from now. Even both together would likely raise little more than half of that if current suggestions for tax rates are realized.

Trim the Budget

The two arguments are almost polar opposites. There are those who are convinced we ve already gone too far with budget cuts and those who believe our state bureaucracy is still bloated.

In part, both may be right.

By now everyone understands that the relatively luxurious free ride of the past couple of decades is over. And because it was much more than a barebones ride, there are almost certainly some things out there that we can do without, or with at least a scaled-down version of current programs. The problem is that literally each line item in the state's budget has a hardcore, vocal constituency, a group of supporters who can often take something from the realm of the possible to the politically impossible.

But, by the same token, some of the cuts taken in the previous few years are beginning to be felt in people s lives. There are, for example, a number of unfunded State Trooper positions that remain vacant, which means vast tracts of Alaska have only a modest level of law enforcement protection at best.

Potentially the biggest single state expenditure that causes considerable grief no matter how it is approached is state funding for school districts, and there probably are some luxuries here that ought to be looked at. Gov. Murkowski added fuel to this fire when he proposed cutting \$40 million from the budget for schools. He couched his presentation mostly in terms of bus service for students, overlooking the one place where he could probably save that much money and more the proliferation of tiny school districts scattered across the state.

Many of these school districts were formed by small towns that didn t want their schools affiliated with the larger city schools in the region. There are examples near Bethel, Nome and Dillingham among other areas. These districts are totally funded by the state and border somewhat on the absurd. Each district requires a superintendent, a full staff, office facilities and much more, often for only three or four very small schools with a bare handful of students. Some consolidation in this regard could almost certainly save most of the \$40 million Gov. Murkowski wants to cut.



The Permanent Fund

Alaska voters created the permanent fund in 1976. It was not created to pay dividends, but to provide a means of funding state government when the oil money ran out. In the generation since, however, the Permanent Fund Dividend has become a political sacred cow.

Of the people who lived in Alaska when we created the permanent fund, perhaps 25 percent have either died or moved away. Thus, of Alaska s 610,000-plus population today, fewer than half lived in Alaska when the fund was created. The others either moved here or were born here in the interim. To them, the fund is an entitlement that has always been present. Businesses, too, count on Alaska's annual infusion of cash to give their sales figures a boost every fall.

Bottom line: there is a lot of political pressure to never use the fund for the reason it was created. Even the creator of the fund, former Gov. Jay Hammond, has backed away from the reason he sold us on the permanent fund in the first place.

Increase Oil Revenues

There are only two ways to do this find and produce more oil or raise the taxes on the oil we are currently producing. Late last month the U.S. Senate thwarted our best efforts to open ANWR, which offers the most immedi-







ate potential as a major source of new oil, so the bulk of additions to our saleable oil supply in the immediate future are the small satellite fields yet to be found or developed and scattered across the National Petroleum Reserve.

That leaves raising taxes on the producing oil companies to immediately increase the money flowing into the state treasury. But at what



point do you end up killing the goose that laid the golden egg? Already the major players in Alaska's oil industry are reducing their staffing levels in Alaska and cutting back on exploration.

The Crash

There are, in any discussion of the state s fiscal situation, the ultimate gloom-and-doom sayers who are convinced we re going to see a crash no matter what we do or how much we argue about it.

Currently it looks like the Constitutional Budget Reserve will prop Alaska up financially for another four to five years. When that money dries up, something will have to give, whether we like it or not.

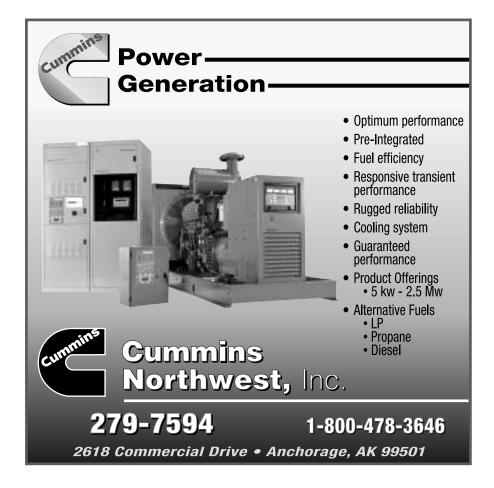
I however, do not subscribe to the gloom-and-doom scenario. We have four years to work things out.

Ultimately, I think we will probably have to create a program offering a mix of solutions. Perhaps a few hundred million from the Permanent Fun with a proportionately reduced dividend; maybe a sales tax that exempts certain items like food and medication to better protect low-income families; some realistic budget cutting that does away with wasteful duplications of services; and perhaps even a small adjustment on taxes paid by oil companies.

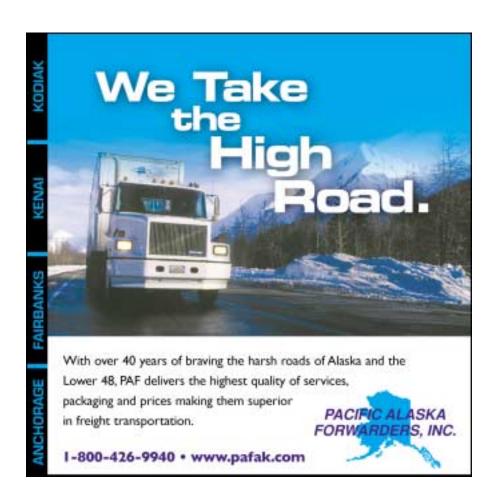
I look for the solution to be a combination of factors, not a single element, simply because not one of the elements described above can single handedly erase the budget shortfall.

But, if we want a combination solution, people in Alaska are going to have to compromise. Irrationally closing your mind to anything but your own fears leads not to compromise but to confrontation. We need to stop confronting each other and seek a solution. The four-year clock is ticking.

I am indebted to Cliff Groh, Sitka's city attorney, for much of the research that makes this article possible. Groh has been concerned about this subject for a long time and makes regular presentations to various organizations.









... Continued from page 29.

I see the younger people coming in and it ll be easier for them. It s time for me to back out, but they can always call on my expertise. I m not going anywhere.

Yet at the same time he sees technology aiding in the business, he sees problems.



The biggest disadvantage to the technical age is fax machines or email. The personal aspect of the contracting camaraderie is gone, he said. It s not, how was the snow at Eureka, when you talk to someone anymore you re not even talking to a person.

He says that interaction is an integral part to contracting.

Personal feelings and communication will alleviate a lot of problems, he said. If people were more interactive, problems would be resolved a lot earlier. The personal relationship is part of the fun part of building. You didn t build it yourself, but you were a part of it.



Dimond Fence

By Kelsea Samuelson

lot has changed in the 20 years since Dimond Fence started in 1983, but one thing that hasn t and will not change is the hands-on time and sweat the owners put into their company.

We know what s going on day to day. That has a lot to do with it (success), Fran Westervelt, president of Dimond Fence, said. When you get too big you don't know what's going on and your quality of work makes a difference.

The owners don't expect to get any bigger for just that reason.

You know as far as growing, probably not, because we prefer the hands-on, she said. We both enjoy it and we love it in Fairbanks.

Fran and Bill Westervelt started Dimond Fence in 1983 in Fairbanks after purchasing the company from someone else. They specialize in guardrail construction, and chain link fencing both commercial and residential. They also place highway signs.

Bill has been working with fencing since 1970 knows the work inside out, Fran said. He's very fair and honest, sometimes to a fault. He really likes what he does and takes a lot of pride in his work.

The interaction with community members, as well as maintaining good relationships is what Fran attributes to her success.

I feel like we have a great rapport with the other fence company in town, she said. One of the things is productivity and that customer satisfaction is so important. Word of mouth is your biggest advertising, and we don't advertise a lot. Instead, we sponsor a lot in the community, such as children's activities, mushers, softball teams, hockey teams, the high school and wrestlers.

Some things, Fran says, may only happen in Alaska especially because there are only two fencing companies in Fairbanks.

If you re running low on materials, you can buy from your competitor, she said. Acme Fence, Denali Fence and AAA people move up and we get referrals. I think this is unique to Alaska.

The company runs their season for as long as the weather permits, however recent years have affected their operation time.

The last few years they have been working into December, Fran said. Right now it s been an oddball season and we re doing oddball work. We usually do snow removal in the winter to utilize our equipment, and insulation of mailboxes in the state.

The company repairs mailboxes in the wintertime, which, Fran says, for a company that is seasonal, really helps.

Rather than have your equipment sitting idle, you might as well utilize it, she said.

To keep up with technology, Fran had to learn how to operate a computer, which she said has been her biggest challenge in the past 20 years.

Learning the technology with the computers and the programs was the most challenging, she said. I had never operated a computer before I was here now I use the computer for just about anything.

But it came to her relatively quickly because she said she started with a blank slate and was able to take on class and learn it all at one time. She says it was a lot different in the beginning.

It was a lot harder then, but life was so much simpler, she said.

Bill stays clear of the computers even after all these years. He s an old dinosaur, she said. He doesn t want to learn the computer.

The company also stays competitive by keeping their equipment up to date. I was just looking at our vehicles and the oldest on the lot is a 1997 if you have trucks breaking down on the road, you re not going to be as productive, she explained. Keeping new equipment is the most productive, along with keeping experienced help.

The company has at least two employees that have been around all 20 years, and with only 10 employees counting themselves, that says something about the couple s fairness. It also speaks for the company s combined knowledge.

The two say retirement is something that may come in the future, but right now they still love what they do.

It s not boring, Fran said. Every day is a little bit different, and there s always a challenge coming up.



proposed \$450 million per year funding package currently making its way through Congress would add to the momentum already present at the Denali Commission, which just finished up its third year serving as a collaborative agency for rural Alaskan development.

First, it has got to happen, said Jeff Staser, federal co-chair of the commission in reference to what would dramatically increase the funding that could be funneled to distressed, but sustainable rural communities.

I am not trying to raise any false expectations. We have to see how it all unfolds. But if we get the authority and the funding, we will see contractors having an awful lot of work to do.

That's because the proposal put forth by Sen. Lisa Murkowski, R- Alaska, represents approximately a four-fold budgetary increase for the Denali Commission.

Murkowski s proposal amends the Denali Commission Act of 1998 the brainchild of Sen. Ted Stevens, R- Alaska that established the organization and its current budget of about \$100 million per year. It will allow the commission to address issues of access in rural communities. Access includes air, land or water transportation and communications-related infrastructure

needs.

Rather than continuing to beat

Staser envisions the additional funding to come alongside the states transportation plan and its current identification of rural projects.

We will go where they (the state) cannot go, he said.

It's helpful that the state co-chair of the Denali Commission happens to be Lt. Gov. Loren Leman, whose rural roots on the Kenai Peninsula lead him to be an ardent promoter of non-urban development needs.

the drum on the issue of urban/rural divide,

I d like to see us bridge
together and find all sorts of collaborative
ways to get those needs met.

When Governor Murkowski asked me to work as cochair of the Denali Commission, I was really glad to take it on, Leman said at a recent appearance at a Commonwealth North forum in Anchorage. This is a high priority to the governor.

He admits that the honeymoon is over for the Murkowski administration, which has been in office now for less than 150 days.

It s time to show rural Alaskans that government is serious about providing for their needs, he said.

Rather than continuing to beat the drum on the issue of urban/rural divide, I d like to see us bridge together and find all sorts of collaborative ways to get those needs met, he said.



Enter the Denali Commission.

The potential \$450 million per year funding package covering fiscal years 2003 to 2009 represents yet another chapter that will build upon the previous work of bringing work force training as well as bulk fuel storage and medical clinics to villages.

But the real story of the Denali Commission doesn't end there.

The organization just released its 2002 annual report titled, A Catalyst for Positive Change.

In a techno-savvy move, commission leaders made the report available on compact disc to all in attendance at the Commonwealth North forum in late March. Instead of reams of paperwork, those interested in the workings of the Denali Commission can use the interactive CD to hear reports from the organization's commissioners as well as rural leaders whose communities have benefited from commission funding.

It s a whole lot cheaper to get information out this way, Staser said.

It s just one of the ways commission leaders keep its workings under a mandatory 5 percent overhead cap. Staser said the organization currently operates with about a 2.5 percent overhead.

In February of 2002, the commission implemented a cost containment policy, the first of its kind for a federal agency, to ensure that construction projects are done at a reasonable cost.

It s all part of a focus on sustainability that the commission itself adheres to as it identifies appropriate rural projects to fund, Staser said.

It s also part of why training local resident for local hire is the commission s cornerstone project. More than 1,500 people have received work force training via commission dollars.



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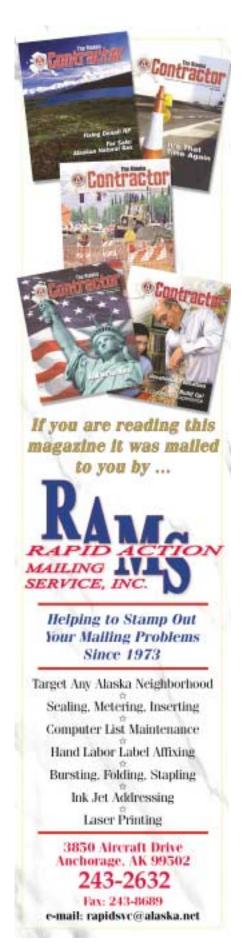
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It s the most effective job training program the state has ever had, Staser said.

But for rural residents, the job training is much more than just mastering marketable job skills.

Meera Kohler, president and CEO of the Alaska Village Electric Cooperative, said the commission's training program is the most important thing done by the Denali Commission in rural Alaska.

In her audio portion of the interactive CD report, Kohler said it is, extremely refreshing to give quality schooling and education to villagers in the area of welding, construction and equipment-handling skills.

In the past when a major construction project was done in rural Alaska, all the significant jobs went to outsiders, meaning non-villagers, she said. Now we no longer have to import all the skilled labor. We have the capacity to provide from within, and it is a wonderful boost to the rural Alaskan economy.

One of the commission s biggest success stories in providing training and in securing environmentally sound power generation has been in the area of replacing aging bulk fuel storage tanks.

Just a few years ago, the top officials in the United States Coast Guard made moves to stop the delivery of diesel fuel to rural communities, stating that nearly 90 communities had been cited by the Environmental Protection Agency as having tanks that were leaking and not in compliance with current code.

It was an orphaned issue, Staser said.

Knowing that diesel fuel is the power generator of choice in rural Alaska where electricity is often either too expensive or unreliable, Staser said the Denali Commission decided to tackle the issue in concert





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In 2002, 16 bulk fuel projects totaling \$66.8 million were completed. Fourteen rural power system upgrades worth \$30 million were also completed.

But as Staser is quick to point out, the Denali Commission did much more than just replace leaking fuel tanks.

Each community worked out a business plan for each new tank farm. It gives the community itself the opportunity to make its power generation a sustainable project.

The same concept applies to the commission s work in the area of rural health care.

Every clinic we build has to have a sustainable business plan attached to it, Staser said.

Since the commission began its work in 1999, it has put together funding packages for 50 medical care facilities in rural Alaska.

The clinics are shining examples of the collaborative process.

We get the local person trained as a medical professional with Indian Health Services dollars to occupy a facility built with Denali Commission dollars so that the community can be seen at a community clinic, he said.

A 9,600 square foot primary care clinic built in King Cove in June of 2002 came about via a group effort by the Eastern Aleutians Tribes, the City of King Cove, the Indian Health Service and the Agdaagux Tribe. Together, the four entities applied for funding from the U.S. Dept. of Health and Human Services and received construction-funding coordination through the Denali Commission.

We know how to work together, Staser said.

Continued on Page 48 ...



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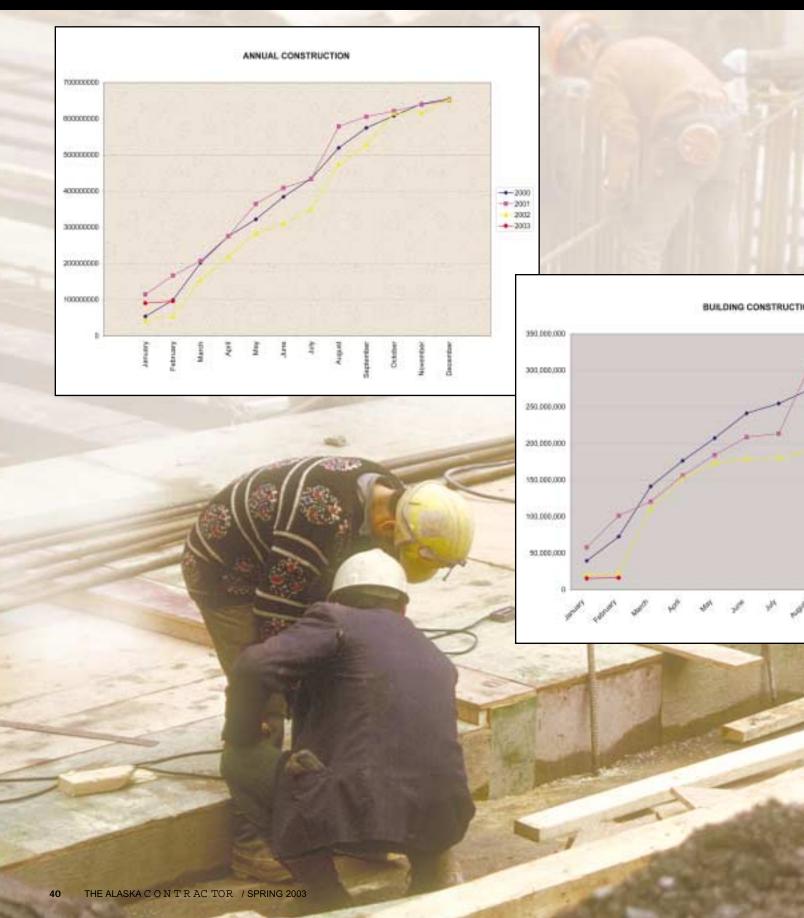
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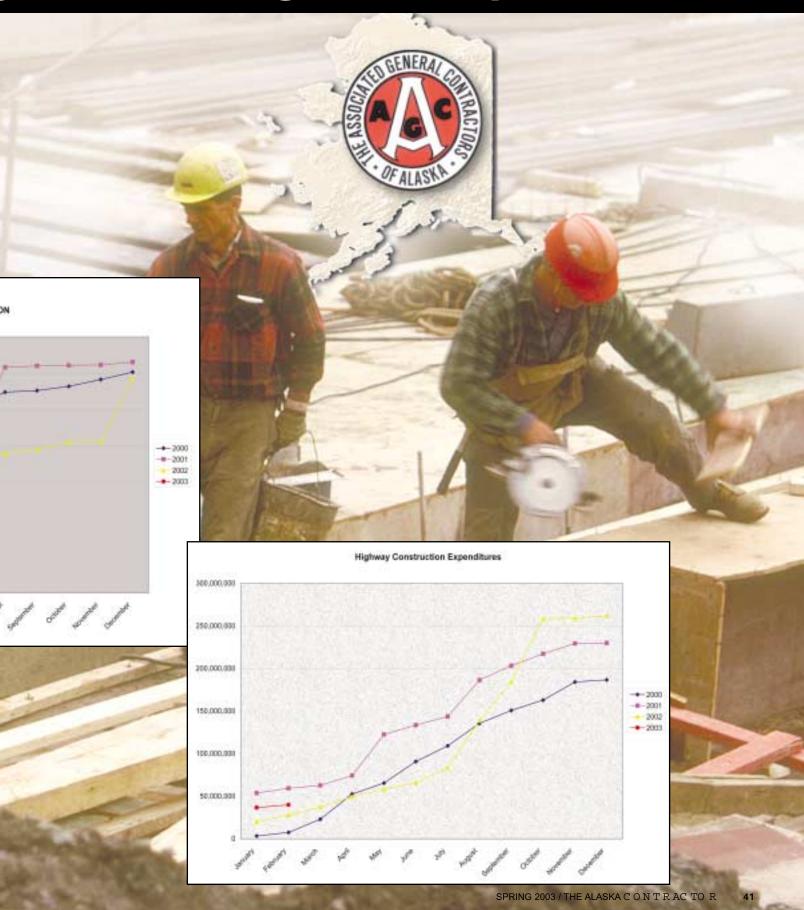
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Inequitable Conduct Towards Contractor Can Subordinate Construction Lender to Wechanic's Lien

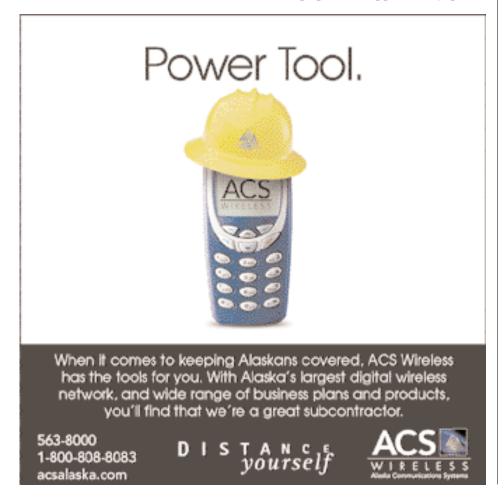
ince the Alaska legislature thoroughly revised the mechanic's lien laws in 1978, the basic rule has been that a construction lender's deed of trust, recorded before a contractor's mechanic's lien is recorded, has priority over the lien. This means that the proceeds from the loan foreclosure sale of the property will be first applied to the deed of trust, and then if any-

thing is left over, the remainder will be applied to the mechanic's lienor's claim. This has substantially reduced the utility of a mechanic's lien as a payment enforcement mechanism.

A recent Alaska Supreme Court case made clear that when the developer or owner of the property engages in inequitable conduct towards the contractor or an equipment supplier, any prior deeds of trust in favor of insiders or principals of the developer can be subordinated to those mechanic's liens. The effect is that the mechanic's lien claimant goes to the head of the line when the property is sold and sale proceeds are distributed.

In the case involved, the holder of a state coal lease rented a number of pieces of equipment which were used in reopening the mine. The company holding the lease was insolvent and had no assets other than the state coal lease. The persons who controlled the company had invested money in it in order to acquire the lease, but had not capitalized the company sufficiently to actually put the mine into operation. When it became clear that the mine would not begin actual operations, the principals of the company recorded a deed of trust in their own favor purportedly securing the million dollars they had invested in the project. This and another similar deed of trust were recorded after the equipment suppliers had furnished their equipment, but before it became clear that they were not going to get paid, and before they recorded their claims of lien.

The court treated the undercapitalization of the leaseholdercompany in conjunction with the



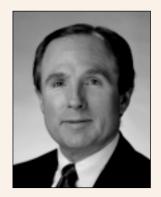
hasty preparation and recording of the deeds of trust as a form of fraud against the creditors, basically an effort to isolate the lease from the claims of the legitimate creditors. The court therefore subordinated the deeds of trust to the liens of the equipment suppliers.

Courts "may undo or offset any inequity in the claim position of a creditor that would produce injustice or unfairness to other creditors..." even outside the bankruptcy context. While outside the context of bankruptcy, a company can prefer one creditor over another, that preference can-

not be in favor of insiders and others that control the company at the expense of legitimate creditors. Directors of insolvent corporations have a fiduciary duty to preserve the assets of the corporation "for the"

benefit of its creditors." When the directors and officers of corporations prefer themselves to legitimate creditors, this is considered conduct sufficiently inequitable to subordinate any deeds of trust that may have been recorded in their favor.

In an earlier case, the Alaska Supreme Court subordinated the deed of trust of a construction lender to the mechanic's lien of the general contractor where the construction lender had improperly advanced funds knowing that there were insufficient loan proceeds to pay for the entire project, and had further led the general contractor to believe that the contractor would be paid in full if it kept working. The construction lender did not inform the contractor that there were insufficient funds until the contractor had completed the work and had submitted its last pay request for



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.

Directors of insolvent corporations have a fiduciary duty to preserve the assets of the corporation "for the benefit of its creditors."

approximately \$400,000, which then went unpaid. The court treated the construction lender's actions and statements as a breach of direct promises to the contractor as well as outright deception, and approved the subordination of the construction lender's deed of trust to the contractor's claim of lien.

The lesson from these cases is that where the construction lender, owner or developer has recorded a deed of trust prior to a mechanic's lien, but has breached expressed promises, been dishonest, or otherwise acted inequitably, a court has the power

to put the contractor back at the front of the line when and if the property is sold. While the circumstances justifying such relief are rare, relief is available when the circumstances warrant.



EDUCATION REPORT

Toolbox Activities

By Vicki Schneibel AGC Training Director



Build Up! (elementary)

Build Up! is in: 40 Anchorage classrooms

40 Fairbanks classrooms

43 rural classrooms

123 total classrooms this school year!

On Site! (middle school)

On Site! is in: 11 Anchorage classrooms

46 rural classrooms

57 total classrooms this school year!

That s a total of 180 toolboxes being used this

school year!

we ve offered Build Up! and the two years On Site! has been available, 6,700 students have experienced the curriculum! That s estimating 25 students for every urban toolbox and 10 students for every rural toolbox.

This school year our Build Up! Contractor/Teacher Reception was held at Tanglewood Lakes Golf Club September 24 and was well attended (again) by both our contractors and teachers.

We invited a guest speaker, John Carpenter, from KTUU Channel 2 Sports, to address the group and encourage everyone. As you can imagine he

AT Ad Goes Here

shared humorous stories and applauded the efforts of all involved in Build Up! and confirmed the value of the effort.

During the AGC November Convention we held a toolbox workshop. Contractors were invited to experience a few of the activities from both Build Up! and On Site! toolboxes. Our current national AGC of America President, Larry Gaskins, attended our workshop. It was fun to have him participate with us!



Photo provided by AGC Training.

"Photo: Tracy Link & Jeff Miller of Wilder Construction designing a house water system".

In Anchorage, one of our volunteers, Kevin Norton, from Anchorage Sand & Gravel, was surprised by his Build Up! class when they presented him with a 10-foot roll of paper filled with photos of each student with a comment about the Build Up! program!

Further, Kevin was named Volunteer of the Year by the AGC staff at the November convention.

KTUU Channel 2 did a news story about Kevin's Build Up! class at Oceanview Elementary on February 11. The story showed the students building their bridges.

One of this year s Anchorage rookie volunteers went above and beyond with his class at Wonder Park. Fritz Hoffman of Dokoozian & Associates, Inc. added an activity, which was showing students how trusses work. Spenard Builders Supply prepared a drawing of trusses for a small house and agreed to let the class use the drawing. Fritz made copies on 11 x 17 paper, then had each laminated. The students then used the drawing as a pattern with their Popsicle sticks. With the help of small clamps the students actually built miniature trusses.

NCCER

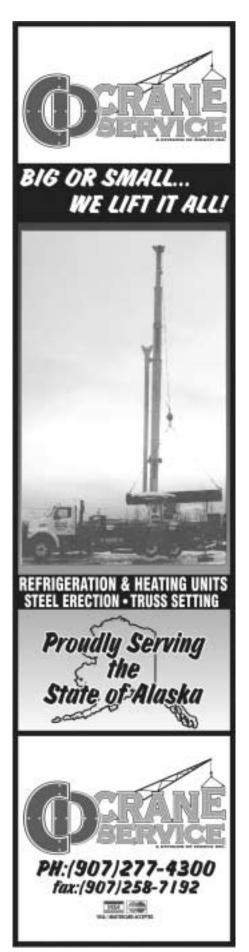
Several school districts are moving toward construction career pathways and NCCER is at the top of the list for curriculum choice. This coming school year we ll see an expansion of NCCER curriculum being used. Plus, it will be used by Certified Instructors so the students who successfully pass the modules will earn a nationally recognized certificate and be entered into the NCCER National Registry.

Construction **Management Degree**

February 25 and 26 a DACUM was held at UAA for the purpose of take the first step in designing curriculum for a two-year rolling to a four-year Construction Management degree. AGC provided 10 construction-management SMEs (Subject Matter Experts) for the DACUM.

The support of the AGC members who committed someone to two days away from a project is admirable. The enthusiasm of those contractors invited to participate was outstanding. The University is pleased with how our industry has responded. The team worked hard and was pleased with the results, which covered and entire wall.







Not Testing?

You re Facing a Sophisticated Opponent



by Steve Mihalik WorkSafe General Manager

id you know that more than 70 percent of illegal drug users are employed? Could they be working for you?

According to the U.S. Department of Health and Human Services (SAMHSA), in 2001 13.2 percent of all male construction workers over the age of 18 reported using illicit drugs. How does that statistic translate to your own company? Do the math. If you have 100 male employees over the age of 18, chances are 13 of them are using illegal drugs. And, if your company is not currently testing for drugs, your slice of that 13.2 percent may be bigger than you think.

In 2002, WorkSafe found that the positive drug test rate for non-Department of Transportation (DOT) workers was 4.7 percent, while DOT workers had a rate of just 2 percent. This means that non-regulated employees tested positive 135 percent more often than those working under DOT guidelines. A likely explanation for this significant difference is that DOT

employees expect to be tested for drugs in the workplace, since federal law mandates drug testing in DOT industries. Additional WorkSafe studies find that positives can be as high as 15 percent in large non-DOT companies that have recently introduced testing. This may be a direct result of drug users migrating to companies that do not drug test. Therefore, if your company does not drug test, you are likely receiving more than your share of applicants seeking employers that do not test.

How do they know?

Many industries have resource organizations, such as Associated General Contractors for the construction trade, The Alliance for the oil support industry, and Society of Human Resource Management for human resources professionals. Drug users have also formed their own support systems. You probably wouldn t be surprised to find that drug users are champions at networking. You may, however, be astonished

to find out how sophisticated the networks have become.

Have you been to www.nontesterslist.com lately? How about www.passyourtest.com? On this site, there are 6,387 companies listed that drug test nationwide, and this list is growing. In fact, four Alaska companies are on the first page. To see if your business made the list, just log on and type in your company s name. Remember, this it the way drug users find out which companies test and which ones don t. They then know where to submit an application for the next job. Statistics prove that companies with an established history of testing actually deter workers who use drugs in two ways: through the testing itself and by discouraging illegal drug users from applying in the first place.

What can you do?

Become one of the companies that tests for illegal drug use. With the construction season about to begin and the likely build up of your workforce, WorkSafe suggests that you consider implementing instant-result testing for your worksites. The benefit to your company is that you get test results when you need them now. This means faster worker dispatch to your jobs and more effective management of on-the-job safety concerns. Laboratory confirmations are also easily available when needed. For more information about instant-result testing, please contact:

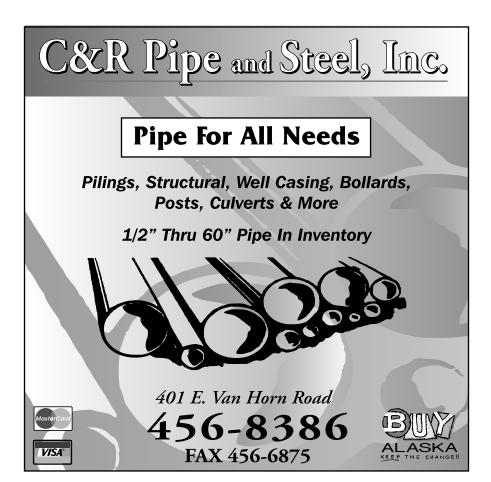
Steve Mihalik at 907-563-8378.

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WorkSafe, Inc. offers a full spectrum of workplace drug and alcohol program services at its offices at 36th and C Streets in Anchorage, and instant-results testing for your worksite. WorkSafe provides corporate training, drug and alcohol testing consultation services, pre-employment drug and alcohol screening, returnto-duty services, and follow-up testing. It also has on-call personnel 24 hours a day if an employer s work shifts require testing availability around the clock.

For more information regarding a drug-free workplace, contact: WorkSafe at 907-563-8378.

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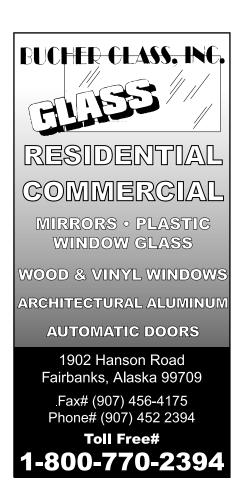
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That should be good news to the contracting community that will hope to provide the muscle to complete projects in rural Alaska.

Staser and Leman are both acutely aware that some in the contracting community remain skeptical about publicly funded construction projects.

In the fall of 2000, then Gov. Tony Knowles pulled a major road construction project in St.Mary's off the bid list of the Department of Transportation and ordered the agency to complete the project via force accounting.

This angered many in the contracting community whom feared other bid list projects would get yanked.

The then governor convened a task force to address rural construction needs, but within a year the task force disbanded.

But that doesn't mean lessons weren't learned and that other government officials didn't get the message, said Staser.

One of the things that came out of that task force was the clear understanding of the power of collaboration, Staser said. The contractors represent the backbone of how things get done in this state and their voice is critical. I am optimistic that the Murkowski administration will use an inclusive process.

It s a sentiment Leman echoed after his presentation to the members of the Commonwealth North.

There will be a role for force accounting in some projects, he said. But clearly, there is an appropriate role for the private contracting community in the statewide transportation plan. Often times there is better accounting when a project is done by the private sector.



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Mega-Projects Update

ANWR

The U.S. Senate voted late last month to effectively kill any chance to open the Arctic National Wildlife Refuge to exploration and possible development this year.

Opening ANWR had been a feature of the budget bill working it s way through Congress. President George W. Bush had inserted projected federal revenues from ANWR into his planned budget for FY2004. Under Senate rules a budget bill only requires a majority vote; in this case 50 Senators had to agree.

To get the opening of ANWR through as part of an overall energy bill would, in contrast, require a minimum of 60 votes from the Senate to override a threatened filibuster by opponents to opening the refuge to oil exploration and drilling. The 60 votes were not there, but Senate leaders felt there was a good chance that 50 votes were available through

the small Republican majority that currently exists in the Senate.

As it turned out, proponents of opening the refuge were able to muster only 48 votes as against a total of 51 votes in opposition when an amendment was introduced to pull the ANWR language from the budget bill. Thus ANWR is effec-

tively eliminated from the FY 2004 budget. If it is brought to the floor later this year as part of an energy bill, we can expect a filibuster led by Senate democrats, which will effectively kill any chance of its passage.

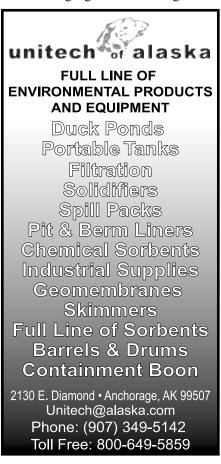
Is there any hope at all for opening ANWR? If there is, it s pretty ugly.

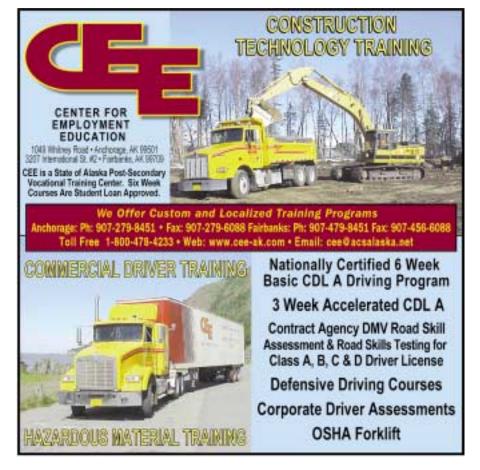
The bill that paved the way for the trans-Alaska pipeline three decades ago ended up tied in the Senate; then Vice President Spiro Agnew cast the tie-breaking vote that

allowed the pipeline to be built. And the key reason for the high level of interest in the pipeline back then was the Arab oil embargo that had created a brief but intense energy shortage in the United States in 1973.

Probably a similar situation would have to develop this year either in terms of extremely high prices at the pump or an acute shortage of petroleum products before

enough members of the Senate could be brought around to favorably consider opening ANWR to exploration and development. Those of us who experienced the long lines and limited ability to purchase fuel in 1973 can only shudder to think such a situation would have to repeat itself before a handful of Senators come to their senses.











Knik Arm Crossing

More and more politicians seem to want to be part of the groundswell of support developing to build a bridge/causeway across Cook Inlet to Point MacKenzie. Anchorage Mayor George Weurch made a point of listing the Knik Arm Crossing as one of the projects he supports during his campaign for re-election in March.

Alaska's entire congressional delegation is on board in support of the idea, which is important because most of the money to fund the project will have to come from the federal government. And having Congressman Don Young as head of the House Transportation Committee certainly doesn't hurt.

We re also seeing more and more people who recognize that Anchorage is running out of land that can be developed for either businesses or housing. Bridging Cook Inlet will open up hundreds of thousands of acres of land, much of it closer to the city center than the Hillside neighborhoods in south Anchorage.

Missile Defense System

This project is moving forward. In December, Unit Co. was awarded a \$9.5 million contract to construct the Missile Assembly Building at Fort Greely. President Bush has also earmarked funds in his FY2004 budget to continue research on the project and for additional construction at both Fort Greely and on Shemya Island at the far end of the Aleutian Chain.

We expect this project to continue to develop over a period of years, not suddenly show up as a massive upturn in construction overnight.

Gas Line

There likely will be some sort of gas line provision in the upcoming congressional energy bill. Just what form this will take is not at all clear. The companies that own the line are looking for federal help, claiming that the price of gas is too low to justify the cost of construction at present. There is, however, considerable sentiment in Congress to let the owners of the gas develop and pay for the line.

Then, too, there is the argument as to where the line will be built. Most Alaska politicians are on record as supporting a natural gas pipeline that will run through Alaska, either down the pipeline corridor to Fairbanks and thence down the Alaska Highway to connect with existing lines in Alberta, or under the Beaufort Sea to Northwest Territories and then south to Alberta. The latter is believed to be the lowercost alternative.

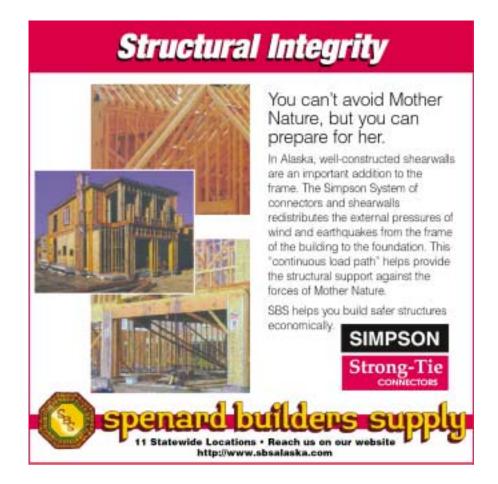
Alaska Senator Ted Stevens has floated an idea within the past few weeks to provide federal help to financial institutions to encourage them to provide better arrangements to the oil and gas companies for financing a gas line and thus avoid been seen as giving money in the form of tax breaks directly to the oil and gas companies. As chair of the Senate **Appropriations** Committee, Stevens ideas can be thought of as carrying considerable weight.

Just what kind of Alaska gas line provisions will come out of Congress this year are still anybody s guess.

Other

Elsewhere in this issue Alaska Governor Frank Murkowski hints that there might be more on the horizon. He openly suggests the possibility of a road to Nome and/or Unalakleet, though he writes that his first priorities are a series of smaller roads connecting villages in Alaska's Interior.

Murkowski actively campaigned on promises to enhance Alaska's transportation infrastructure, mentioning both roads and railroads at various times. He is in a position to push for projects such as these, and we can probably expect to see more efforts in this direction in the years ahead.







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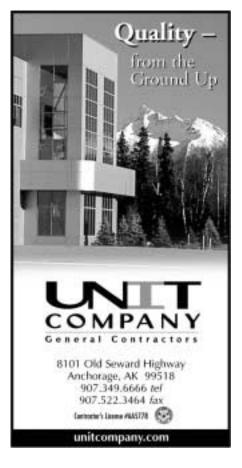
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And as his company grew, he learned from those in the business as well as from his customers.

You get a sense of what other services customers need provided and before I knew it, I was sanding, and then we had to pick up the sand in spring, so we bought a sweeper in 1996, and then in 1997, we started offering striping services.

Vizzera hired a man who knew a lot about road construction and the striping business and things took off from there. He learned to do bids, read bids and everything he maybe should have known before he started.

At that time in 1998, the business hired roughly six summer employees and that's when they bought out a striping company and started to grow big time.

I studied the market and found there was room for another striping company. I got minority preference and at that point, all our priorities went from the private sector to complete government work, he said.

The minority status helped in the beginning, but it was the quality work that helped the company grow.

Because of our age, we re into it so early that we re going to be around a long time, he said. The minority preference got us into the door, but our general contractors believe in the fact that we can fulfill whatever job we bid in. They have complete belief in our ability.

They became a certified company in 1999 and the work compounded.

We took all that to the bank and pushed for funds for bigger equipment, he said. Now we provide three primary services.

Currently, they provide pavement striping, traffic signs and landscape construction. And their original endeavor snow removal ended this season.

The funny thing was that as of this winter, we will no longer provide snow removal service, he said. We re finding that with winters like the winter we re having are terrible and we need to start treating this company as a seasonal-based company and close the doors and send everyone home for the winter.

The figures didn t add up for the snow removal services.

When you look at doing a \$250,000 job and then compare it to a \$100 snow removal job where you use the same equipment and you destroy it out on the parking lot, it doesn't add up, he said. The wear and tear on the equipment is just killing it.

Vizzera said he has struggled with putting the cart before the horse on a few occasions, in which he lists traffic signs as one and his second as the most challenging project in his career.

I bid a job and the day I signed the contract, we were \$300,000 upside down and that was difficult, he said. We had to cut every corner to cut costs. Our last resort was to not perform for the General Contractor and we didn t want to do that because at our early stage it meant a tarnished reputation.

After that point, the company leaders sat down and evaluated their priorities. They found that landscape construction is their fastest growing service and one he looks forward to expanding on.

Vizzera is noticeably proud of what he does.

To know the governor is going to cut a ribbon on a project we worked on, to know every time I go to the airport as painful as that sign was I did that, he said. I used to track all the projects. I d land on a runway and know I did that the gratification is great.

He also takes pride in his employees.

I get extremely overwhelmed with emotion to see that my men are making money justifiably making money and going home to their families and sending their kids to college and buying their first homes, he said.

It s this close knit relationship that allows Vizzera to be an easy going boss for the most part, but one who knows when to get serious.

For me, that s totally cool. They believe in the company and what they re doing. They get to go all over the state and I *know* they re fishing, he joked.

And his parents have since forgiven him for blowing off is career as a dentist.

But to say the least, I think it s all turned around for the better, he said.







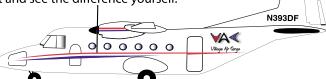


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