



Construction equipment from Brice Inc., hard at work hauling material for the runway project at Savoonga.

Bullish Forecast

Calista construction subsidiaries vying for a piece of \$7.1 billion forecast

BY MARGARET BAUMAN
FIRST ALASKANS

Two of Calista Corp. newest acquisitions – both construction subsidiaries – are vying for a share of statewide business projected to be worth \$7.1 billion.

Having weathered a sluggish economy underscored by rising costs and volatile fuel prices, the two companies are expressing cautious optimism in the face of an economic forecast that year-to-year growth could reach 4 percent.

“We think it’s going to be a good year, just based on the amount of requests for quotes on upcoming work,” says Morry Hollowell, president of Yukon Equipment Inc.

“We’re cautiously optimistic,” says Alba Brice, vice president of Brice Inc.

Both companies, acquired by Calista Corp. in the summer of 2010, have a long standing track record statewide, and were busy in March of 2011 securing contracts for the upcoming season.

Calista is the parent company for First Alaskans magazine.

A forecast for the construction industry exclusive of oil and gas projects is that construction spending could reach \$4.2 billion, up 4 percent from 2010.

The study, however, was issued prior to turmoil in Libya and other countries in Africa bordering on the Mediterranean Sea. By excluding the oil and gas sector, the study leaves out 41 percent of the industry’s work.

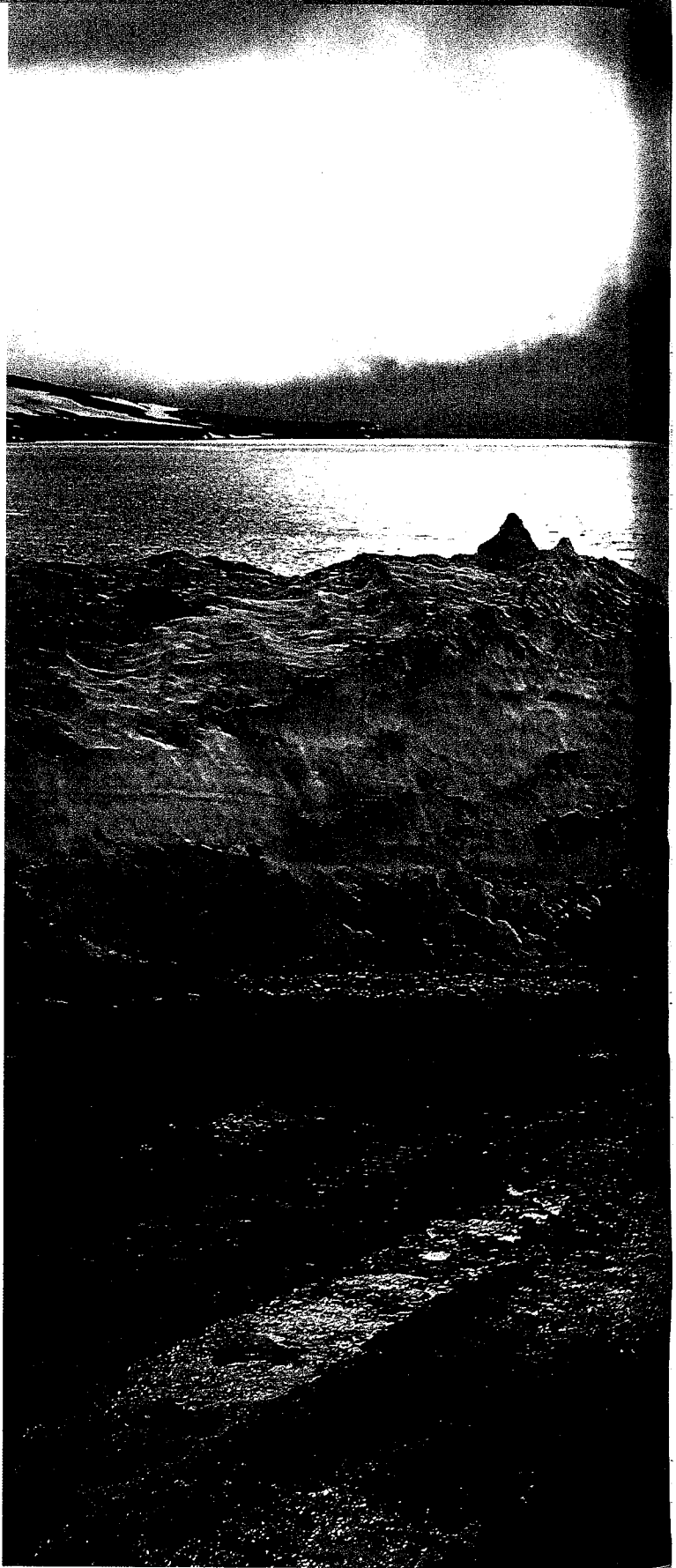
The forecast comes from the Construction Industry Progress Fund and the Associated General Contractors of Alaska and was underwritten by Northrim Bank.

On the Web:

More information on these companies is at

www.yukoneq.com

www.bricecompanies.com



ATB landing at Savoonga. PHOTO COURTESY OF BRICE INC.



Constructing a seawall at Kivalina in Northwest Alaska, an Inupiat Eskimo community on a barrier reef between the Chukchi Sea and Kivalina River which has been hard hit by continuous erosion. PHOTO COURTESY OF BRICE INC.

It states private sector construction spending would rise 6 percent, to \$4.5 billion, despite an expected slow growth in the overall Alaska economy, and that oil and gas entity spending would be about \$2.9 billion, up 3 percent from a year ago.

Brice Inc., with over 40 years in the building industry in Alaska, was acquired by Calista in July, 2010, and shortly thereafter, Calista announced the purchase of Yukon Equipment Inc., the oldest heavy equipment dealer in the state.

Calista officials said the acquisitions would help clients lower costs and improve overall construction services, as well as provide additional employment opportunities to Calista shareholders.

Sam Robert Brice, president of Brice Inc., which is well known for its innovative engineering practices, hailed the acquisition of the family firm as an opportunity to re-define construction services in Alaska. Hollowell says the acquisition of his firm also would benefit both clients and Calista shareholders.

Strong history

Yukon Equipment got its start in Alaska in September 1945, just a month before the end of World War Two, when three men bought an Alaskan outfitting business that would eventually become Yukon Equipment, as Alaska was beginning to transition from a land that was to many unknown wilderness into the state it is today.

Early on, Yukon Equipment provided equipment for construction of the Alaska Highway, the Distant Early Warning line.

Expanded development of natural resources, transportation, communications and other services statewide have provided growing opportunity for the firm.

Growth includes boosts in sales, service and rentals of backhoe loaders, skid steers, excavators, wheel loaders, and equipment trailers.

"We've been involved in every large project (in Alaska) since 1945 and we have added and gotten rid of different products over the years," Hollowell says.

The firm surveys customers in advance of its spring ordering, to be sure that client needs can be filled during the construction season.

Back in the 1970s, for example, Yukon Equipment was the distributor for Dupont Explosives, which provided a lot of materials for building the trans-Alaska oil pipeline from the North Slope to Valdez. "Then they got out of that business," he says.

During oil spills, Yukon Equipment offers a piece of equipment made by Snowdragon, which melts snow so that all contaminated liquid can be removed, he says.

The bulk of Yukon Equipment's current statewide deliveries is driven through the Alaska Department of Transportation and Public Utilities, he says. "It depends on where the state needs delivery of a unit, and that's all tied into bids."

Yukon Equipment also has dedicated services for utility and underground equipment used by companies such as Enstar Gas.

With offices in Anchorage and Fairbanks, Yukon Equipment's staff averages 32 people for sales, rental, leases and service.

"We send people to Prudhoe Bay as required," Hollowell says. "We do a fair amount of business with BP Exploration (Alaska) Inc., ConocoPhillips, Alyeska Pipeline service Co. and all the associated contractors – Frontier, NANA, Doyon and all the others that work under contract with them.

"Usibelli (Coal Mine Inc.) has been a customer of ours for a lot of years," he says.

Brice Inc., founded in 1961, prides itself on its work as a logistical contractor in remote locations. Its varied business enterprises offer civil construction, marine services, environmental services, materials and equipment rental.

The firm's environmental company has worked in the various locations in the Lower 48, on the East Coast, West Coast, Midwest, and Hawaii, as well as Alaska.

"The more difficult the location, the more suitable for us," Brice says. The firm is also proud of its local hire policy in rural Alaska. "There is a

lot of talent, of capable, hard working people in these communities," he says. "We hire as many locals as we can wherever we work, and we try to leave as much money as we can in the village."

Brice Construction projects range from rock sea walls to slow erosion to airport construction, and other projects all over Alaska, including, but not limited to building pads, missile pads, erosion control, excavation, ice roads, soil compacting and asphalt paving.

Brice Environmental specializes in evaluating contaminated soils to determine the technically viable treatment and/or disposition approaches, and conducting field treatment engineering and cost evaluations. The focus here is reducing technical uncertainty, field treatment durations, cost and client liability, the company said.

For more than a decade, Brice has worked in sustainable small arms firing range maintenance and range closure. The team has evaluated over 50 small arms firing ranges and implemented field treatment systems nationwide.

Brice also has a long history in operating marine vessels. Early on, Brice principals determined that the success of their remote construction work in Alaska would depend as much or more on the company's logistical capabilities as the actual construction work itself.

Its current equipment inventory is designed to give the firm the ability to mobilize equipment, cargo and materials in all oceans as well as to most locations in Alaska accessible by navigable waters.

Brice commissioned its first vessel in the early 1970s – with the purchase of a surplus Navy LCU - and aside from a short hiatus has owned and operated vessels in Alaska for over 30 years. This first step into water borne capability did not work out well, as the vessel sank at Icy Bay on its way from San Diego to Anchorage.

The next vessel was the conversion in 1976 of the minesweeper "Surfbird" into a 350-ton capacity landing craft in Seattle. "Surfbird" has a storied history of service in World War Two and the Vietnam War. In

fact, the original crews of "Surfbird" still hold reunions.

This vessel, christened "Helenka B" after company founder Helenka Brice, worked well until it could no longer keep up with Brice's growing work load. Company officials said the "Helenka B" was sold just in time for it to be the first vessel to reach the Exxon Valdez after it ran aground at Bligh Reef in Prince William Sound, causing a major oil spill environmental disaster.

By 2007, Brice introduced the ATB – Articulated Tug and Barge.

The ATB tug is married to the barge by large hydraulic rams on the tug that fit into receivers on the barge.

The design, say Brice officials, takes on the characteristics and efficiency advantages of a traditional ship, but retains the manning requirements of the tugboat, which allows for less crewing than a one-piece vessel of the same size and capacity. This unit makes one entry into the water and is much faster and maneuverable than the traditional style set with a tow wire, company officials say.

While the construction work itself is often straightforward, getting to the site with the right people, equipment, fuel and materials in a timely manner is anything but simple.

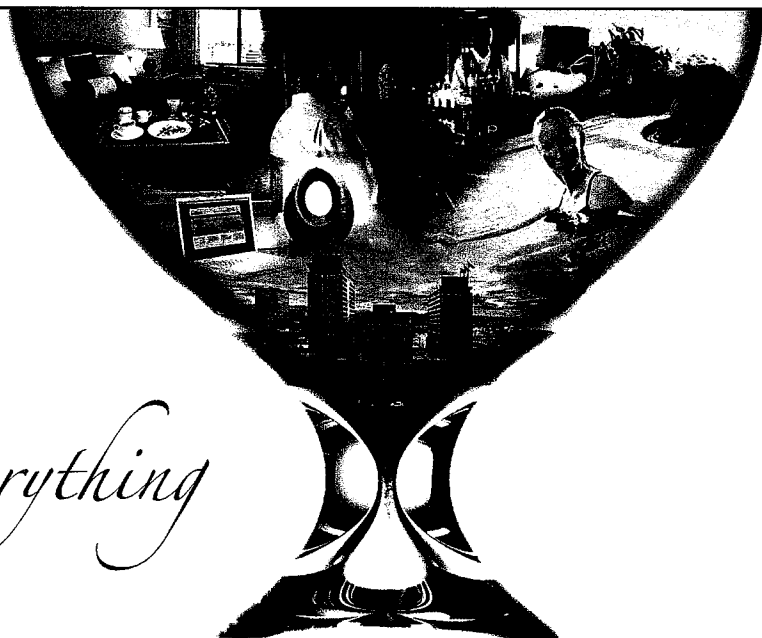
On many of these projects the working season is limited and every possible workday needs to be available to the company

Brice also has access to a ready source for rock and aggregate products in the Fairbanks area, through Browns Hill Quarry, purchased by Brice Companies in 1999. Browns Hill processes and manufactures 200,000 cubic yards of rock and aggregate products annually. With an estimated commercial life of 30 years, the quarry is expected to be offering its materials for many years to com. ■

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