"An Act making a special appropriation to the University of Alaska; and providing for an effective date."

2/5/75

COMMITTEE REPORT

HOUSE

Mr. Speaker: Date Feb 5, 1975

The Committee on FINANCE has had HB 77 under consideration. A Majority of the members of the Committee

(X) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

( ) recommends it BE REPLACED WITH CS FOR _____ AND THAT CS FOR _____ DO PASS

( ) "and" recommends it BE REFERRED TO THE _____ COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

Introduced: 1/27/75
Referred: Health,Education & Social Services and Finance

IN THE HOUSE

BY THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

HOUSE BILL NO. 77

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act making a special appropriation to the University of Alaska; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. The sum of $452,400 and eight per cent a year interest on that amount from July 10, 1974 to the date of payment is appropriated from the general fund to the University of Alaska for the payment to Modern Construction, Inc., of court awarded "impact" damages arising from the construction of Wood Center.

* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.070(c).

November 6, 1974

The Honorable William A. Egan
Governor of the State of Alaska
Pouch A
Juneau, AK 99801

Dear Governor Egan:

At the September 25 meeting of the Board of Regents, I was instructed to request your support for the following supplementary appropriations to be presented to the first session of the Ninth State Legislature.

1. Through the great efforts of the State administration and the Legislature, the Fairbanks campus of the University was able to obtain a student activity center. A building was designed and later constructed by Modern Construction, Inc.

   As a result of certain additional expenses incurred during the course of construction, Modern Construction saw fit to file an "impact" claim against the University. This claim was finally resolved by the State Supreme Court and an award was made amounting to $452,369.04 as of July 10, 1974, with interest of 8% continuing. (See Attachment 1 for further details.)

   The University has neither the funds to pay this award of the courts or an authorization to spend funds for the settlement of this claim. Therefore, we request your assistance to help us obtain an appropriation to permit settlement of the claim.

2. For several years the Board of Regents have authorized a salary schedule that provided for an area cost of living differential for the classified staff of the University. This schedule was identical to that provided to other State employees. In May 1974, the Regents adopted a new salary schedule that provided for a similar area differential for the remainder of its employees.

   Chapter 47, SLA1974, relating to compensation of State employees, extends to the professional employees of the University pay increments comparable to the

pay received by classified and partially exempt employees of the State. However, there was no money provision in the appropriation to fund the pay step.

We solicit your help in obtaining a supplementary appropriation in the amount of $1,521,[illegible] to extend the pay step differential to the professional staff of the University in accordance with the intent of AS39.27.020 and Sections 3 and 4 of Chapter 47, Laws of Alaska 1974. (See Attachment 2.)

3. The University is defending against two law suits that charge it with failure to provide adequate safety, security and life support programs for persons and property on the Fairbanks campus. Our Safety and Security Department, under the direction of Mr. Underwood, has identified two areas of need. Both of the areas have been of concern for several years and have now reached the point of requiring immediate correction. These are:

   a. Protection of people. Includes a state trooper on campus, additional security guard supervisors, a security investigator, and support items.

   b. Protection of property. Includes additional professional firemen and year-around coverage by the student firefighters.

   Your assistance in obtaining a supplementary appropriation in the amount of $196,250 for the current fiscal year and continuation funding in future years would be greatly appreciated by all the students and employees of the Fairbanks campus, plus the property owners in our fire protection area. (For further details, please see Attachment 3.)

We acknowledge that our supplementary requests are great, and I regret to make this request of you because you have done a fine job in support of the University during my tenure here. However, I must, of necessity, inform you of these additional requirements of funds for the current fiscal year which are urgent and were impossible to plan for.

Please let us know if you desire additional information.

Sincerely,

Robert W. Hiatt
President

RWH:cb

Attachments - 3

SUMMARY OF INFORMATION RELATING TO
ARBITRATION AWARD ON WOOD CENTER BLDG.

1. Arbitration occurred during September 1972 in which Modern Construction claimed $1.2 million for an impact on their construction because of:
    1. Utilidor Change Order
    2. Beam Failure
    3. Delay in Color Decisions

    Arbitrators awarded $383,779 to Modern on October 10, 1972. The Arbitrators gave no breakdown as to which of three items of the claim accounted for what portion of the award.

2. University Attorney (Steve DeLisio) appealed the case to the Superior Court moving that Court vacate the Arbitrators' Award on the ground that Arbitrators exceeded their powers, that there was evidence of partiality and that they impaired the rights of U of A. This was heard on March 15, 1973 and the University's motion was denied.

3. The ruling of the Superior Court was appealed to the Alaska Supreme Court and filed on October 4, 1973. A petition for Rehearing asked that there be clarification of the Arbitrators' award and that the Arbitrators follow the contract in awarding damages.

    The Supreme Court upheld the award to Modern on June 10, 1974. The University's Attorney filed for Rehearing. This was denied on June 24, 1974.

4. The accounting on the total funds needed to pay the award to Modern and other expenses is attached.

THE SUPREME COURT OF THE STATE OF ALASKA

UNIVERSITY OF ALASKA, Appellant, v. MODERN CONSTRUCTION, INC. Appellee.	File No. 1977 MANDATE

To: Superior Court of the State of Alaska,
Fourth Judicial District at Fairbanks.

University of Alaska filed an appeal from a judgment of the Superior Court, Fourth Judicial District at Fairbanks in Civil Action No. 72-968 entitled "In the Matter of the Arbitration between MODERN CONSTRUCTION, INC. and UNIVERSITY OF ALASKA, Case No. 75 10 0059 72". The case was heard by this court on December 12, 1973. On May 31, 1974, the court filed its written opinion affirming the judgment of the Superior Court. Appellant's petition for rehearing was denied on June 24, 1974.

It Is ORDERED:

1. The judgment of the Superior Court, entered April 5, 1973, is affirmed.

2. Appellee shall recover from appellant costs and attorney's fees as shown below.

WITNESS the Honorable Jay A. Rabinowitz, Chief Justice of the Supreme Court, State of Alaska, this 1st day of July, 1974.

Costs and Attorney's Fees:

Duplicating appellee's brief.....	$124.00
Attorney's fees	350.00
Total	$474.00

Filed and entered July 1 1974
SUPREME COURT of the State of Alaska

Clerk

By Bill Bailey Deputy

Betty H. Bailey
Chief Deputy Clerk
Supreme Court,
State of Alaska

[SEAL]

MODERN CONSTRUCTION, INC., vs. UNIVERSITY OF ALASKA

ACCOUNTING

(Per Judgment May 23, 1973)	
Principal amount	$383,779.00
Interest at 8% from Oct. 10, 1972, to July 10, 1974	55,571.19
	$439,350.19
Costs	$ 2,708.13
Interest at 6% from Jan. 1, 1973, to July 1, 1974	243.75
	$ 2,951.88
Costs	$ 2,597.05
Interest at 8% from May 23, 1973, to July 10, 1974	235.12
	$ 2,832.17
Attorney fees	$ 6,200.00
Interest at 8% from May 23, 1973, to July 10, 1974	560.80
	$ 6,760.80
(Per Judgment Supreme Court July 1, 1974)	
Appeal Costs and Attorney fees	474.00
Interest at 8% from July 1, 1974	
TOTAL	$452,369.04
Increase over original award	68,590.04

DEGARMO, LEEDY, OLES & MORRISON
LAWYERS
SUITE 3108, 1001 4th AVENUE
SEATTLE, WASHINGTON 98154
623-5427

July 17, 1974

Merdes, Schaible, Staley & DeLisio
Attorneys at Law
2400 Spenard Road
Anchorage, Alaska 99503

Re: Modern Construction, Inc., vs.
University of Alaska

Gentlemen:

We note that the above action has now been remitted to the Superior Court. Accordingly our client, Modern Construction, Inc., is interested in effecting a satisfaction of the judgment which it has against the University of Alaska, your clients.

We have prepared an accounting containing the principal amounts awarded by way of judgment with computations of interest up to July 10, 1974, per copy attached showing a total amount due as of July 10, 1974, of $452,369.04.

I would appreciate your advising when we may expect satisfaction of this judgment, at which time the interest computations can be brought up to date.

Yours very truly,

DeGARMO, LEEDY, OLES & MORRISON

By
Bruce T. Rinker

BTR:gf

cc: L. R. Gunderson
Jon Sole
Modern Construction, Inc.

Richard R. Cole
Attorney at Law

To Stan

DE GARMO, LEEDY, OLES & MORRISON
LAWYERS
SUITE 3500, 1001 4TH AVENUE
SEATTLE, WASHINGTON 98154
623-3427

RECEIVED
AUG 16 1974
MERDES, SCHAIBLE, STALEY & DeLISIO

August 13, 1974

Mr. Stephen S. DeLisio
Merdes, Schaible, Staley & DeLisio
2400 Spenard Road
Anchorage, Alaska 99503

Re: Modern Construction, Inc.
vs. University of Alaska

Dear Steve:

I wrote your office on July 17, 1974 regarding the unsatisfied judgment in the above action, requesting some advice as to when Modern could expect satisfaction of the judgment. I know of nothing which exempts the University, its bank accounts and its assets from levy and execution for the satisfaction of the judgment. We are not overly anxious to take this approach, but certainly will unless some assurances are given respecting arrangements for satisfaction, and, if it is your desire to avoid such levies, I would appreciate hearing from you.

Yours very truly,

DeGARMO, LEEDY, OLES & MORRISON

By
Bruce T. Rinker

BTR:bc
cc: L. R. Gunderson
Jon Sole - Modern Construction, Inc.
Richard R. Cole

the intent to permanently reside there, but the strong presumption of domicile which arises from physical presence is usually difficult to rebut.[46] Thus, as a practical matter, domicile may be established either through a "subjective" test—examination of the proponent's actual state of mind—or through an "objective" test—*e. g.*, a durational residency requirement.

[5] The subjective test is, of course, dependent to a large extent upon conduct traditionally indicative of domiciliary intent, *e. g.*, local voter registration.[47] It is also heavily dependent upon the *ex parte* testimony of an interested party—the divorce complainant. As such, it is likely that any form of subjective test would increase the burden upon the divorce courts. But there is no concrete evidence that a subjective test would produce any less respect for the state's divorce decrees or would encourage fraudulent allegations of domicile. A subjective test for domicile thus appears to be a reasonable, less restrictive alternative to the objective test which does not infringe upon or penalize the fundamental constitutional right of interstate travel. It is therefore our view that, when scrutinized under the compelling state interest test, AS 09.55.140 also cannot be sustained upon the basis of the state's interest in assuring the validity of its divorce decrees.

We thus conclude that the trial court was correct in determining that AS 09.55.140 violates the equal protection clauses of the Alaska and United States Constitutions.[48]

The decision of the superior court is affirmed.

46. *See generally*, Annot. 2 A.L.R.2d 271 (1948) and the cases discussed therein.

47. For other relevant criteria, see Comment, 30 Md.L.Rev. 367, 380 n. 113 (1970).

48. Our decision of the case on the equal protection ground and the failure of appellant to brief the due process issue makes it unnecessary to consider whether there are due process problems with the denial of access to the state's divorce courts to those residents who have resided in the state for less than one year.

UNIVERSITY OF ALASKA, Appellant,
v.
MODERN CONSTRUCTION, INC., Appellee.
No. 1977.

Supreme Court of Alaska.
May 31, 1974.

Proceeding on motions by university to vacate arbitrators' award to prime contractor under contract for construction of building on university and for clarification of award. The Superior Court, Fourth Judicial District, Fairbanks, Warren W. Taylor, J., ruled that it had no authority to order aggregation of award, denied motion to vacate and confirmed award, and university appealed. The Supreme Court, Erwin, J., held that superior court had statutory authority to compel arbitraters to clarify award, that arbitrators had power to interpret contract, that arbitrators' dermination that contractor's claims against university for "impact" damages due to delays were arbitrable was not based on an unreasonable interpretation of contract, that presumption did not arise that award was based in part on unverified claims of subcontractors who were not parties to construction contract, that arbitrators' acceptance into evidence of claims of such subcontractors was not reversible error and that arbitrators could determine merits of claims under their own notions of fairness without considering legal precedent of issues involved.

Judgment affirmed.

1. Arbitration and Award ⇐71

Statute pertaining to modification of arbitrators' awards gives superior court au-

UNIVERSITY O

thority to compel arl
award. AS 09.43.090.

2. Arbitration and Awar

Powers of arbitrat
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3. Arbitration and Awar

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4. Arbitration and Awar

When award is a
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5. Contracts ⇐265(2)

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6. Contracts ⇐284(1)

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in question arising out

thority to compel arbitrators to clarify award. AS 09.43.090.

2. Arbitration and Award ⇐29

Powers of arbitrators are confined to those conferred on them by arbitration agreement, subject to further limitations imposed by law of jurisdiction.

3. Arbitration and Award ⇐29

Where arbitration clause empowered arbitrators to decide all "claims, disputes and other matters in question arising out of, or relating to this contract or the breach thereof," arbitrators had power to interpret contract.

4. Arbitration and Award ⇐73

When award is attacked under Uniform Arbitration Act on ground that arbitrators exceeded their powers through erroneous interpretation of contract, reviewing court should determine whether construction of contract made by arbitrators was a reasonably possible one that could seriously be made in context in which contract was made. AS 09.43.010 et seq.

5. Contracts ⇐285(2)

Where parties have clearly agreed to arbitrate only those disputes arising in connection with contract, a particular claim is not arbitrable if it is not mentioned in contract, but fact that a particular claim is not designated by "clear and unequivocal" contract language as being arbitrable does not mean that it is not arbitrable.

6. Contracts ⇐284(1)

Ambiguous contract terms will be construed in favor of arbitrability where such construction is not obviously contrary to parties' intent, especially if party contesting arbitrability drafted contract.

7. Colleges and Universities ⇐5

Arbitrators' determination that prime contractor's claims against university for "impact" damages due to delays were arbitrable under contract for construction of building on university was not based on an unreasonable interpretation of such contract which, inter alia, required arbitration of all "claims, disputes and other matters in question arising out of this Contract or the breach thereof" and which provided that any "claim, dispute or other matter that has been referred to the Architect * * * shall be subject to arbitration upon the written demand of either party." AS 09.43.010 et seq.

8. Arbitration and Award ⇐63

Presumption did not arise that arbitrators' award, which made no allocation between prime contractor's claims for, inter alia, impact expenses due to delays, repair work made necessary by delays and cost incurred by subcontractors due to delays, was based in part on verified claims of such subcontractors who were not parties to construction contract. AS 09.43.080(a).

9. Arbitration and Award ⇐82(1)

If possible, arbitration award rendered in statutorily required form should be regarded as presumptively valid and should be upheld without inquiry into merits of dispute.

10. Arbitration and Award ⇐1

Law favors arbitration with a minimum of court interference.

11. Arbitration and Award ⇐73

In arbitration of prime contractor's claims for, inter alia, impact expenses due to delays, repair work made necessary by delays and costs incurred by subcontractors due to delays, arbitrators' acceptance into evidence of claims of such subcontractors, who were not parties to construction contract, was not reversible error.

12. Arbitration and Award ⇐29

Arbitrators need not follow otherwise applicable law when deciding issues properly before them unless arbitrators are commanded to do so by terms of arbitration agreement.

13. Arbitration and Award ⇐29

Where arbitration clause of construction contract did not require arbitrators to follow otherwise applicable law when deciding issues before them, arbitrators could determine merits of claims under their own notions of fairness without considering legal precedent on issues involved.

John W. Pletcher, III, of Merdes, Schaible, Staley & DeLisio, Anchorage, for appellant.

Richard R. Cole, Fairbanks, Bruce T. Rinker, of DeGarmo, Leedy, Oles & Morrison, Seattle, Wash., for appellee.

OPINION

Before RABINOWITZ, C. J., and CONNOR, ERWIN, BOOCHEVER, and FITZGERALD, JJ.

ERWIN, Justice.

This appeal presents the question whether the superior court properly confirmed an arbitration award.

Appellee Modern Construction, Inc., was prime contractor for construction of a "Campus Activity Center" building on the appellant University of Alaska's College campus. The $3,480,000 contract between Modern and the University empowered the University to alter the scope of the work during the period of construction. These changes, as well as necessary adjustments to the contract price, were to be authorized by a "change order" issued by the University or its architect.[1] The contract also provided that disputes between the parties would be referred initially to the University's architect, and, if necessary, ultimately resolved by arbitration.[2]

During constructi- panded the project of an underground " dor). After Moder- the architect issued ing Modern an addi ern signed the order separate letter expl possible to then dete lay caused by the Modern reserved th claim extra "impact"

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After all contra accepted and paid the University wit impact costs incurr utable to the Univ during the course University rejectec

1. Art. 12 of the contract provided in part:

12.1.1 The Owner, without invalidating the Contract, may order Changes in the Work within the general scope of the Contract consisting of additions, deletions or other revisions, the Contract Sum and the Contract Time being adjusted accordingly. All such Changes in the Work shall be authorized by Change Order, and shall be executed under the applicable conditions of the Contract Documents.

12.1.2 A Change Order is a written order to the Contractor signed by the Owner and the Architect, issued after the execution of the Contract, authorizing a Change in the Work or an adjustment in the Contract Sum or the Contract Time. Alternatively, the Change Order may be signed by the Architect alone, provided he has written authority from the Owner for such procedure and that a copy of such written authority is furnished to the Contractor upon request. The Contract Sum and the Contract Time may be changed only by Change Order.

2. Art. 2 of the contract stated in part:

2.2.6 The Architect will be, in the first instance, the interpreter of the requirements of the Contract Documents and the judge of the performance thereunder by both the Owner and Contractor. The Architect will, within a reasonable time, render such interpretations as he may deem necessary for the proper execution or progress of the Work.

2.2.7 Claims, disputes and other matters in question between the Contractor and the Owner relating to the execution or progress of the Work or the interpretation of the Contract Documents shall be referred initially to the Architect for decision which he will render in writing within a reasonable time.

2.2.8 All interpretations and decisions of the Architect shall be consistent with the intent of the Contract Documents. In his capacity as interpreter and judge, he will exercise his best efforts to insure faithful performance by both the Owner and the Contractor and will not show partiality to either.

. . . . . .

2.2.10 Any claim, dispute or other matter that has been referred to the Architect, except those relating to artistic effect as provided in Subparagraph 2.2.9 and except any which have been waived by the making or acceptance of final payment as provided in Subparagraphs 9.7.5 and 9.7.6, shall be subject to arbitration upon the written demand of either party.

. . .

Art. 7 of the contract provided in part:

7.10.1 All claims, disputes and other matters in question arising out of, or relating to, this Contract or the breach thereof, except as set forth in Subparagraph 2.2.9 with respect to the Architect's decisions on matters relating to artistic effect, and except for claims which have been waived by the making or acceptance of final payment as provided by Subparagraphs 9.7.5 and 9.7.6, shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then obtaining unless the parties mutually agree otherwise. This agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law. The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

7.10.2 Notice of the demand for arbitration shall be filed in writing with the other part to the Contract and with the American Arbitration Association, and a copy shall be filed with the Architect. The demand for arbitration shall be made within the time limits specified in Subparagraphs 2.2.10 and 2.2.11 where applicable, and in all other cases within a reasonable time after the claim,

dispute or other m en, and in no ev institution of leg based on such cl ter in question w plicable statute o

3. As to delays, the 8.3.1 If the Contr in the progress of act of the Owner employee of either tractor employed b ordered in the Wo unusual delay in casualties or any tor's control, or Owner pending a which the Archit the delay, then

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During construction the University expanded the project to include construction of an underground "utilidor" (utility corridor). After Modern completed this work the architect issued a change order allowing Modern an additional $110,000. Modern signed the order and returned it with a separate letter explaining that it was impossible to then determine the extent of delay caused by the extra work and that Modern reserved the right to subsequently claim extra "impact" costs.

Later, defects were discovered in certain concrete beams used in construction of the building itself. These defects stemmed from architectural design errors, as was admitted by the architect. Modern corrected the beam problem, and two additional change orders allowing $65,000 were issued to compensate Modern for this extra work. One order granted a 35-day extension on the main contract which Modern had requested. The other order allowed no extra time, because Modern had asked for none. In contemporaneous letters to the architect, Modern again reserved the right to later claim additional sums for delay caused by the beam work.

After all contr ct work was completed, accepted and paid for, Modern presented the University with additional claims for impact costs incurred due to delays attributable to the University and its architect during the course of construction. The University rejected these claims, evidently because it felt that impact costs due to delay were consequential damages not compensable under the contract.[3]

Modern then demanded arbitration of its claims. The University went to arbitration under objection, restating its position that Modern's claims were not covered by the contract and were therefore not arbitrable. Hearings were held in Fairbanks before a panel of three arbitrators chosen under the auspices of the American Arbitration Association. Both parties were ably represented by counsel.

Modern submitted six claims to the panel, representing approximately $950,000. The claims were generally as follows:

1. $480,000 for impact expenses due to delay caused by the utilidor work.

2. $61,000 for impact expenses due to delay caused by the beam repair.

3. $9,000 for other repair work made necessary by the delays.

4. $49,000 for general manpower and utility costs due to the delays.

5. $46,000 for additional costs incurred by Modern's subcontractors due to the delays, and for payment of which Modern claimed to be ultimately responsible.

6. $304,000 for interest, taxes, bond, insurance, overhead and profit costs.

After the hearings, the arbitrators awarded Modern a lump sum of nearly $384,000 "in full settlement of all claims submitted to this arbitration." No alloca-

dispute or other matter in questoin has arisen, and in no event shall it be made after institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations.

3. As to delays, the contract provided:

8.3.1 If the Contractor is delayed at any time in the progress of the Work by any act or neglect of the Owner or the Architect, or by any employee of either, or by any separate contractor employed by the Owner, or by changes ordered in the Work, or by labor disputes, fire, unusual delay in transportation, unavoidable casualties or any causes beyond the Contractor's control, or by delay authorized by the Owner pending arbitration, or by any cause which the Architect determines may justify the delay, then the Contract time shall be extended by Change Order for such reasonable time as the Architect may determine.

8.3.2 All claims for extension of time shall be made in writing to the Architect no more than fifteen days after the occurrence of the delay; otherwise they shall be waived. In the case of a continuing cause of delay only one claim is necessary.

8.3.3 If no schedule or agreement is made stating the dates upon which written interpretations as set forth in Subparagraph 1.2.5 shall be furnished, then no claim for delay shall be allowed on account of failure to furnish such interpretations until fifteen days after demand is made for them, and not then unless such claim is reasonable.

8.3.4 This Paragraph 8.3 does not exclude the recovery of damages for delay by either party under other provisions of the Contract Documents.

tion of the award among the various claims was made, and there was no mention of findings of fact or conclusions of law made by the arbitrators in reaching their decision.

The University's attorney wasted little time in requesting a clarification of the award. He wrote to the regional director of the American Arbitration Association requesting that the arbitrators be directed to allocate their award among the various claims made by Modern. Apparently the University's request for clarification of the award was denied.

Next the Univeristy filed a motion to vacate the arbitrators' award in the superior court. Thereafter it also moved to compel clarification of the arbitrators' award. Modern filed opposition to both motions, and itself moved the court to confirm the award. After hearing arguments, the superior court ruled that it had no authority to order segregation of the award. After further hearings, the superior court issued an order denying the University's motion and confirming the award. The University then brought this appeal.

[1] Appellant first argues that the superior court erred in failing to compel clarification of the award. In denying the University's motion, the superior court ruled that AS 09.43.090 did not give it authority to compel arbitrators to clarify the award.[4] Apparently the court reasoned that, under the statute, discretion to decide whether or not to clarify the award was properly vested in the arbitrators rather than in the court.[5]

The court's ruling on this point was error. Section 9 of the Uniform Arbitration Act, from which AS 09.43.090 is taken, was intended to empower the court to order clarification.[6] In our view, AS 09.43.090 clearly authorizes the superior court to return an award to the arbitrators for clarification. We hold the error here to be harmless, however, because of our further conclusion that the court properly confirmed the award as made.

The University also contends that the decision below to confirm the award was erroneous because the arbitrators exceeded their powers when they considered Modern's claims. The University insists, as it has throughout this dispute, that the terms of the contract afforded Modern no right to claim "impact" damages due to delays. Consequently, it contends that none of Modern's claims were subject to arbitration and that the panel had no power to consider them. If the arbitrators exceeded their powers in this regard, the award should have been vacated under AS 09.43.120(a)(3) or (5).[7]

4. AS 09.43.090 states in part:
Modification of award by arbitrators. On application to the arbitrators by a party or, if an application to the court by a party is pending under §§ 110, 120, or 130 of this chapter on submission to the arbitrators by the court under the conditions the court may order, the arbitrators may modify or correct the award upon the grounds stated in § 130(a)(1) and (3) of this chapter, or for the purpose of clarifying the award.

5. The court made reference to the language of AS 09.43.090 that ". . . the arbitrators *may* modify or correct the award . . . for the purpose of clarifying the award." (emphasis added)

6. One commentator has observed:
. . . If the award is before the court on a motion of the character indicated, [to confirm or vacate] the court in its discretion may return the award to the arbitrators to make such changes as the act permits and under such conditions as the court specifies. (footnote omitted)
Pirsig, Some Comments on Arbitration Legislation and the Uniform Act, 10 Vand.L.Rev. 685, 703 (1957). *See also* the following cases construing similar state arbitration statutes to the same effect: LaVale Plaza, Inc. v. R. S. Noonan, Inc., 378 F.2d 569, 574 (3d Cir. 1967) (Pennsylvania statute); Solari v. Onetto, 166 Cal.App.2d 145, 333 P.2d 218, 221 (1958); Weiss v. Metalsalts Corp., 15 A.D.2d 46, 222 N.Y.S.2d 7, 8 (App.Div.1961), aff'd. 11 N.Y.2d 1012, 230 N.Y.S.2d 32, 183 N.E.2d 913 (1962).

7. AS 09.43.120 provides in part:
Vacating an award. (a) On application of a party, the court shall vacate an award *if*
. . . . . .
(3) the arbitrators exceeded their powers;
. . . . . .
(5) there was no arbitration agreement and the issue was not adversely determined in proceedings under § 20 of this chapter and the party did not participate in the arbitration hearing without raising the objection.

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8. Lundgren v. Freema
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Corp. v. Gaddis Mini
951 (10th Cir. 1962);
Ins. Co. v. Loring, 91
2d 418, 420-421 (Ill.A

9. Note 2 *supra*.

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513 (7th Cir. 1971);
Workers, Inc. v. West
F.Supp. 1277, 1280 (

[2,3] The powers of arbitrators are confined to those conferred upon them by the arbitration agreement, subject, of course, to further limitations imposed by the law of the jurisdiction.[8] Here, the contractual arbitration clause empowered the arbitrators to decide "[a]ll claims, disputes and other matters in question arising out of, or relating to this Contract or the breach thereof . . . ."[9] This agreement necessarily gave the arbitrators power to interpret the contract; otherwise it would have been impossible for them to determine which claims or disputes they could properly arbitrate.[10] The arbitrators concluded that the intent of the parties, as evidenced by their written contract, was to arbitrate any claims Modern might have for damages caused by delays attributable to the University.[11]

[4] When an award is attacked under the Uniform Arbitration Act on the grounds that the arbitrators exceeded their powers through erroneous interpretation of the contract, the reviewing court should determine

> . . . whether the construction of the contract made by the arbitrator[s] is a reasonably possible one that can seriously be made in the context in which the contract was made. Stated affirmatively, if all fair and reasonable minds would agree that the construction of the contract made by the arbitrator[s] was not possible under a fair interpretation of the contract, then the court would be bound to vacate or refuse to confirm the award.[12]

In Harrison F. Blades, Inc. v. Jarman Memorial Hospital Building Fund, Inc.,[13] the Appellate Court of Illinois was faced with the question whether a contractor's claim for damages due to the owner's delays was arbitrable. The arbitration clause in the contract there involved stated in part:

> It is mutually agreed that all disputes arising in connection with this contract shall be submitted to arbitration in accordance with the provisions of the current Standard Form of Arbitration Procedure of the American Institute of Architects.[14]

The only mention of delay damages in the contract was a clause protecting the contractor from being compelled to pay liquidated damages for delays caused by the owner.[15] In affirming a lower court decision to stay arbitration, the court first noted that "in Illinois for an issue to be the subject of arbitration, it must be included in the contract in clear and unequivocal language."[16] Examining the contract language, the court found no provision dealing with the contractor's right to claim damages due to owner delays.[17] Conse-

8. Lundgren v. Freeman, 307 F.2d 104, 109–110 (9th Cir. 1962); Continental Materials Corp. v. Gaddis Mining Co., 306 F.2d 952, 954 (10th Cir. 1962); Liberty Mutual Fire Ins. Co. v. Loring, 91 Ill.App.2d 372, 235 N.E.2d 418, 420–421 (Ill.App.1968).

9. Note 2 *supra*.

10. Thomasville Chair Co. v. United Furniture Workers of America, 233 N.C. 46, 62 S.E.2d 535, 537–538 (N.C.1950).

11. Early in the arbitration proceedings the University moved for dismissal of Modern's claims, alleging that they were not arbitrable under the contract. The arbitration panel denied the motion.

12. Pirsig, Some Comments on Arbitration Legislation and the Uniform Act, 10 Vand.L.Rev. 685, 706 (1957). *See* Mogge v. Dist. 8 Int'l Ass'n of Machinists, 451 F.2d 510, 513 (7th Cir. 1971); Communications Equip. Workers, Inc. v. Western Elec. Co., Inc., 320 F.Supp. 1277, 1280 (D.Md.1970).

13. 109 Ill.App.2d 224, 248 N.E.2d 289 (1969).

14. *Id.* at 291.

15. *Id.* at 292.

16. *Id.* at 290.

17. In this regard, the court stated:
> It is one thing to excuse the contractor from liquidated damages because of delays due to acts of the owner—it is quite another thing to provide for liquidated damages to the contractor for delays due to acts of the owner. The former as noted was provided for in the contract. There is nothing that we have been able to find nor pointed out to us in the contract documents which requires Jarman to pay the contractor [for] any damages for losses occasioned by delays or the changes of the owner.

Id. at 292. *See* Silver Cross Hosp. v. S. N. Nielsen Co., 8 Ill.App.3d 1000, 291 N.E.2d 217, 218 (1972). *But cf.* Paschen Contractors, Inc. v. John J. Calnan Co., 13 Ill.App.3d 485, 300 N.E.2d 795, 799 (1973).

quently, the court held that the contractor's claims were not "'disputes arising in connection with this contract'" within the meaning of the arbitration clause, and were therefore not arbitrable.[18]

[5, 6] We agree with the Illinois court that where the parties have clearly agreed to arbitrate only those "disputes arising in connection with this contract" a particular claim is not arbitrable if it is nowhere mentioned in the contract. However, we do not agree that in all cases a particular claim is not arbitrable unless it is so designated by "clear and unequivocal" contract language. Alaska's arbitration act evinces a strong public policy in favor of arbitration.[19] We would therefore allow ambiguous contract terms to be construed in favor of arbitrability where such construction is not obviously contrary to the parties' intent, especially where, as here, the party contesting arbitrability drafted the contract.[20] We are convinced, however, that the critical contract language in the present case would reasonably support the interpretation given it by the arbitrators even under the more restrictive Illinois standard.

[7] The arbitration clause here mandated arbitration of "[a]ll claims, disputes and other matters in question arising out of this Contract or the breach thereof . . . ."[21] Section 2.10 of article 2 of the contract expressed the parties' further intent that "[a]ny claim, dispute or other matter that has been referred to the Architect . . . shall be subject to arbitration upon the written demand of either party."[22] Finally, section 3 of article 8, which specifically addressed delays attributable to the owner, provided in section 3.4:

> This Paragraph 8.3 does not exclude the recovery of damages for delay by either party under other provisions of the Contract Documents.[23]

In view of this specific language we agree with the superior court that the arbitrators' decision on the arbitrability of Modern's claims for "impact" damages due to delays was not based upon an unreasonable interpretation of the contract.[24]

18. 248 N.E.2d at 292.

19. Nizinski v. Golden Valley Elec. Ass'n, Inc., 509 P.2d 280, 283 (Alaska 1973).

Although arbitration agreements were given some effect at common law the attitude of the courts toward them was mainly hostile until a change in judicial philosophy and the advent of commercial arbitration statutes combined to change public policy on the desirability of arbitration. Comment, Arbitration and Award—Commercial Arbitration in Oregon, 26 Ore.L.Rev. 280, 281 (1974); Symposium on Arbitration, 83 U. of Penn.L.Rev. 119–215 (1934).

Alaska reflected this early view, Marthia v. Jiminez, 4 Alaska L.J. 20 (Super.Ct.1966), until the present arbitration statute was enacted in 1968. At that time Alaska adopted the Uniform Arbitration Act with its broad policy favoring arbitration. 1968 Journal of the Alaska House of Representatives 861–62; *see* Layne Minnesota Co. v. Regents of Univ. of Minn., 266 Minn. 281, 123 N.W.2d 371 (Minn.1963).

20. The rule in insurance contract cases is that, due to an inherent disparity in bargaining power between the insurer who drafts the contract and the insured, ambiguous coverage and exclusion clauses must be resolved in favor of coverage wherever possible. United Fire Ins. Co. v. Schnabel, 504 P.2d 847, 851 n. 13 (Alaska 1973); Marwell Const., Inc. v. Underwriters at Lloyd's, London, 465 P.2d 298, 313 (Alaska 1970); Pepsi Cola Bottling Co. v. New Hampshire Ins. Co., 407 P.2d 1069, 1073 n. 4 (Alaska 1965); Lumbermen's Mut. Cas. Co. v. Continental Cas. Co. 387, P.2d 104, 109 (Alaska 1963). We recognize that arbitration clauses are not necessarily imposed under adhesional circumstances. Nevertheless, we feel that the policy of our arbitration statute will be best advanced by a rule of construction similar to that employed to further public policy in insurance situations.

21. Note 2 *supra*.

22. *Id.*

23. Note 3 *supra*.

24. We note in passing that AS 09.43.020 provides for court determination of the issue of arbitrability prior to rendition of an award and before the parties have subjected themselves to the effort and expense of arguing the merits of the dispute to the panel. AS 09.43.020(b) states:

> On application, the court may stay an arbitration proceeding commenced or threatened on a showing that there is no agreement

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[8] Next the University contends that the arbitrators exceeded their powers by awarding compensation based upon the claims of Modern's subcontractors, who were not parties to the contract. Had it been alleged that the panel attempted to adjudicate the rights and liabilities of the subcontractors, who were neither parties to the contract nor represented at the hearings, close inspection would, indeed, be warranted. The University, however, has not made such allegations. Instead, it argues that the panel exceeded its powers by awarding Modern an unknown amount in reliance upon the unverified claims of subcontractors. The thrust of the University's argument is that, since the record is silent as to how the panel arrived at the lump sum award, it is possible that the award was based in part upon unverified subcontractor claims. Consequently, the University contends that the award must be presumed invalid.

[9–11] We disagree with appellant's argument and decline to adopt this presumption as the law in Alaska. Instead, we conclude that whenever possible an arbitration award rendered in the form required by our statute[25] is presumptively valid and shall be upheld without inquiry into the merits of the dispute. It is our belief that "[t]he law now favors arbitration with a minimum of court interference."[26] We find nothing in the record to rebut the presumption of validity due the award.[27]

to arbitrate. The issue, when in substantial and bona fide dispute, shall be immediately and summarily tried and the stay ordered if no agreement is found to exist. If found for the opposing party, the court shall order the parties to proceed to arbitration.

At least one court has implied that the possibility of waiver or estoppel exists where a party fails to seek court review of the arbitrators' decision on arbitrability until after rendition of the award. Bd. of Ed. of Community School Dist. No. 4 v. Champaign Ed. Ass'n, 15 Ill.App.3d 335, 304 N.E.2d 138, 142–143 (1973). The issue has not been raised here, and we do not decide it.

25. AS 09.43.080(a) sets out the minimum requirements as to the form of an award:

Award. (a) The award shall be in writing and signed by the arbitrators joining in the award. The arbitrators shall deliver a copy to each party personally or by registered mail, or as provided in the agreement.

Most courts have held that this type of language does not require the arbitrators to submit written findings of fact or conclusions of law. *E. g.*, Fidelity & Cas. Co. of New York v. Cooke, 357 Mass. 763, 256 N.E.2d 447, 448 (1970); *see also* William B. Lucke, Inc. v. Spiegel, 131 Ill.App.2d 532, 266 N.E.2d 501, 507–508 (1970).

26. Nizinski v. Golden Valley Elec. Ass'n, 509 P.2d 280, 283 (Alaska 1973).

27. Even assuming that there is evidence in the record to rebut this presumption, we note a substantial line of authority holding that a prime contractor may, on behalf of a subcontractor, maintain a claim against the government for an equitable adjustment due to government-caused delay where the claim is provided for in the prime contract and any exculpatory language releasing the prime contractor from liability is limited to damages resulting from a breach of the contract. Owens-Corning Fiberglas Corp. v. United States, 419 F.2d 349, 455–458, 190 Ct.Cl. 211 (1969); Blount Bros. Constr. Co. v. United States, 348 F.2d 471, 172 Ct.Cl. 1 (1965); S. J. McBride and L. Wachtel, Government Contracts § 49.30 [4] (1971, Supp.1974). *Compare* Severin v. United States, 99 Ct.Cl. 435, cert. denied, 322 U.S. 733, 64 S.Ct. 1045, 88 L.Ed. 1567 (1944). In the present case, the contract provided for equitable adjustments for delay through the mechanism of arbitration, and Modern's subcontractors released it from all liability in excess of the amount it would recover from the University on their behalf. Regarding a similar contract and exculpatory provision in *Blount Bros.*, the court stated:

As plaintiff points out, the exculpatory clause was intended to insulate the general contractor from the possibility of being (1) liable to the subcontractor for delay caused by the Government, yet (2) unable to recover from the Government. The need for such a protective clause is clear when the contractor's remedy against the Government is an action for breach of contract. On the other hand, the same necessity does not exist when the contract provides that the Government will compensate the contractor for such delay. Thus, we accept the contention of plaintiff that the exculpatory clause did not affect plaintiff's liability to its subcontractor insofar as *claims under the prime contract* were concerned. 348 F.2d at 474 (emphasis in original).

[12, 13] Finally, the University claims that the arbitrators exceeded their powers by ignoring legal precedent on the issues of (1) recoverability of "consequential" damages; (2) accord and satisfaction; (3) proof of liability for delays; and (4) propriety of the "total cost—total time" method for computing the amount of Modern's damages. The general rule in both statutory and common law arbitration is that arbitrators need not follow otherwise applicable law when deciding issues properly before them, unless they are commanded to do so by the terms of the arbitration agreement.[28] Since the relevant clause here contains no such command, the arbitrators were free to determine the merits of Modern's claims under their own notions of fairness.[29]

The judgment of the superior court is affirmed.

James E. DAVENPORT, Appellant,

v.

Frederick McGINNIS, Commissioner of the Department of Health and Social Services, et al., Appellees.

No. 1942.

Supreme Court of Alaska.

May 31, 1974.

Action against Commissioner of Health and Social Services, Superintendent of Youth Center and other employees of Department of Health and Social Services brought by plaintiff who alleged that he had been wrongfully placed in facility with adults and wrongfully imprisoned past his 19th birthday. The Superior Court, Third Judicial District, Anchorage, Edmond W. Burke, J., granted summary judgment for defendants on one issue and entered judgment on verdict for defendants and plaintiff appealed. The Supreme Court, Boochever, J., held that where at time minor committed act which conferred jurisdiction upon juvenile court and at time he was sentenced the applicable statute required that minor found to be delinquent be committed to Department for indeterminate period to end not later than day he became 21 years of age, fact that, shortly after he was committed, statute reducing age for release to 19 became effective did not mandate his release on day he attained age of 19; thus he was not wronged by incarceration beyond that day and that where plaintiff had attained age of 18 at time of his commitment to facility for young offenders up to 27 years of age, such placement did not violate statute requiring juveniles to be held in custody in place separate from adults.

Affirmed.

Erwin, J., with whom Rabinowitz, C. J., joined, concurred in part and dissented in part and filed opinion.

1. Infants ⇐16.12

Where, at time minor committed act which conferred jurisdiction upon juvenile court and at time he was sentenced, appli-

We realize that this line of authority pertains to standardized government contracts. But it nevertheless persuades us that in this case the arbitrators' acceptance into evidence of the subcontractors' claims did not constitute reversible error. We do not reach the question of whether such claims could properly be considered by arbitrators in determining a prime contractor's damages.

28. In re Reynold's Estate, 221 N.C. 449, 20 S.E.2d 348, 351 (1942); Ramonas v. Kerelis, 102 Ill.App.2d 262, 243 N.E.2d 711, 717 (1968).

29. Lentine v. Fundaro, 29 N.Y.2d 382, 328 N.Y.S.2d 418, 421, 278 N.E.2d 633, 635 (1972). It should be noted that a different rule applies where the arbitrators have shown intent to adhere to legal doctrine but through mistake have misapplied the law. Country Mut. Ins. Co. v. Nat'l Bank of Decatur, 109 Ill.App.2d 133, 248 N.E.2d 299, 302 (1969). There seems to be no indication that such is the case here. *See also* Note, The Enforceability of an Arbitrator's Award of a Penalty, 52 Colum.L.Rev. 963 (1952); Note, Judicial Review of Arbitration Awards on the Merits, 63 Harv.L.Rev. 681 (1950).

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MODERN CONSTRUCTION, INC., vs. UNIVERSITY OF ALASKA

ACCOUNTING

(Per Judgment May 23, 1973)

Principal amount	$383,779.00
Interest at 8% from Oct. 10, 1972, to July 10, 1974	55,571.19
	$439,350.19
Costs	$ 2,708.13
Interest at 6% from Jan. 1, 1973, to July 1, 1974	243.75
	$ 2,951.88
Costs	$ 2,597.05
Interest at 8% from May 23, 1973, to July 10, 1974	235.12
	$ 2,832.17
Attorney fees	$ 6,200.00
Interest at 8% from May 23, 1973, to July 10, 1974	560.80
	$ 6,760.80

(Per Judgment Supreme Court July 1, 1974)

Appeal Costs and Attorney fees	474.00
Interest at 8% from July 1, 1974	
TOTAL	$452,369.04
Increase over original award	68,590.04

UNIVERSITY OF ALASKA

TROOPER BUDGET

A. Personnel Services:

Trooper Salary $1,445/mo x 12 mo =	$17,340	
Overtime 26 hrs/mo x $8.89/hr x 12 mo =	2,775	
Shift differential .68 x 2000 hrs =	1,360	
Standby duty 25 days x $6.60/day =	165	
	$21,640	
Benefits @ 18% of $21,640 =	3,895	
		$ 25,535

B. Contractual:

Insurance	100

C. Travel:

Minimum mileage per Department of Public Works =	$ 1,920	
30 miles/day x 5 days x 50 weeks @ 19¢ =	1,425	
		3,345

D. Commodities:

Uniform - Complete Issue	500

E. Equipment:

One time charge for vehicle completely equipped	6,500
TOTAL BUDGET	$ 35,983

I. Security (Cont'd.)

4) An assault-attempted rape occurred on campus in August of 1971.

5) Increases are noted in reported cases of Breaking and Entering-Burglary, Larceny, Narcotics, Vandalism, Trespass (potentially dangerous especially in dormitories), Hazardous Safety Conditions, and Misuse of University Property.

One of the changes in recent years that appears to have been a factor in the deminishing concern for the security environment has been the removal of a State Trooper from the campus. A second factor is the increased levels of crime being experienced state-wide due to increased economic activity.

1) Assign a state trooper to the campus.
Contracted price per State Troopers is estimated on attached memo. $36,000

2) Upgrade Security Patrol supervisors from 2.00 FTE to 5.3 FTE to allow for 24 hour, 7 day per week coverage as back-up for student security patrol. Grade 13 @ $13,356 x 3.3 FTE plus 17% benefits 51,600

3) Add a security investigator to staff. Salary plus benefits. 21,000

4) Support services - desks, chairs, vehicles, files, radio, etc. 20,000

TOTAL $128,600

NOTE:
The amount requested is on a full fiscal year funding basis. Since October 1 is the earliest possible date to implement any portion of the program, the actual maximum FY-75 budget required would be 9/12 of $128,600 or $96,500. Each month of delay would reduce the cost by $10,700.

BULLETIN

As this issue of the *Newsletter* was going to press, the voters of Alaska approved the $15.0 million dollar capital improvements bond issue in the November 7, 1972 General Election. As a result, monies are available for the 1973 Capital Improvements Program described in the following article.

BUILDING SYSTEMS ON THE CAMPUS PART II

THE UNIVERSITY OF ALASKA

INTRODUCTION

Part I of this series on "Building Systems on the Campus" described systems projects in New Jersey, Florida and Oregon. Part II details the efforts of the University of Alaska to develop a systems approach that will provide facilities for higher education in a state with an area more than three and one half times that of New Jersey, Florida and Oregon combined.

The University of Alaska is responsible for all publicly supported higher education in the state. This means that, in addition to its campuses at Fairbanks, Anchorage and Juneau it operates numerous community colleges throughout the state. Just how scattered and isolated some of these facilities are was brought home to the BSIC staff on its fact-finding trip prior to the preparation of this article. The staff spent one entire day attempting to get to Kodiak from Anchorage —about as far as New York City to Washington, D.C.—and never made it.

The problems involved in providing appropriate facilities in a state such as Alaska are compounded by four conditions: 1) climate, 2) distances, 3) labor and contractor shortages, and 4) inflation. While other areas of the country may have to contend with one or two of these factors, Alaska must find the means to ameliorate the combined effect of all four.

The innovative procedures devised by the University and its consultants to combat the effects of these factors are a result of a willingness on the part of those charged with the responsibility for programming, design and construction to challenge accepted practices and to seek better solutions. Development of new procedures is, however, only part of the solution. The real test comes in getting new procedures accepted by those who are affected and in turn affect the solution.

The University's decision to apply three sets of innovative design and construction procedures at the same time could not have succeeded without the strong backing of Dr. Donald Moyer, Executive Director of the University's Office of Planning and Institutional Studies, architect Richard Holden and construction administrator William King of his staff. The leadership and dedication of these men successfully guided the project through many periods of crisis.

What is presented here is not the final solution to the University's facility problem. It is a promising first step which has already given rise to the development of new procedures which will be used in a second program. It is this quality of dynamic evolution that makes the Alaska program an important one to watch.

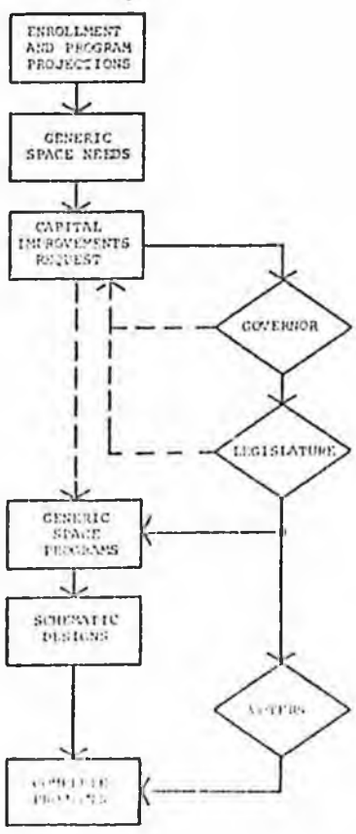
BACKGROUND

The University of Alaska.

In order to serve the higher education needs of the state, the University of Alaska operates University campuses at Fairbanks, Anchorage and Juneau, and numerous community colleges which offer vocational training programs. Administratively, the facilities are organized into three geographic regions under the University's Board of Regents. Staff functions for the entire system are performed by offices located on the Fairbanks campus.

To serve a state with vast area and sparse population, the University has adopted policies on the location of new facilities. Community colleges will be established jointly with any eligible school district, while new university level campuses will be placed only where population pressure and demand clearly define a need. As a result of these policies, University construction programs contain both large scale buildings located near major urban centers and much smaller facilities located near remote population centers.

The Office of Planning and Institutional Studies. All University construction programs, including those for the community colleges, are administered by the Office of Planning and Institutional Studies under Dr. Donald Moyer, Executive Director, located at Fairbanks. This office combines the functions of institutional planning, physical planning, and construction administration under one head (see Figure 1). The small size of the staff of this office makes possible close cooperation between its three divisions and a high degree of personal interaction.



Advanced Planning and Project Funding. The Institutional Studies section prepares enrollment and staff projections, program development studies, and analyzes existing space utilization on each campus. Under the generic space planning method adopted in the 1971 Capital Improvements Program and described in detail later in this article, the Facilities Planning Section converts these projections into campus by campus generic space needs. From these two sets of studies, the Capital Improvements Request is derived.

Funding of University construction programs comes from the sale of state bonds, authorized by the voters of the state at biennial general elections. In order to place a bond issue on the ballot, the University must submit a Capital Improvements Request to the Governor. The Governor may reject the request, or approve or modify the request and send it to the Legislature as a request for a bond authorization. If the legislature approves placing the bond authorization on the ballot, and it may also reject or modify the request, the authorization is submitted to the voters.

Programming and Construction. While the legislative process is going on, the Facilities Planning Section converts the various projections into generic space programs and construction budgets for each campus. If the bond issue succeeds, the generic space program, the budget, and other information provided by the University, are formed into a design manual for each project. These design manuals are released to the architects and schematic design begins.

Before turning to the processes and procedures developed by the University and the Office of Planning and Institutional Studies, it will be useful to briefly discuss some of the problems facing the Alaskan construction industry.

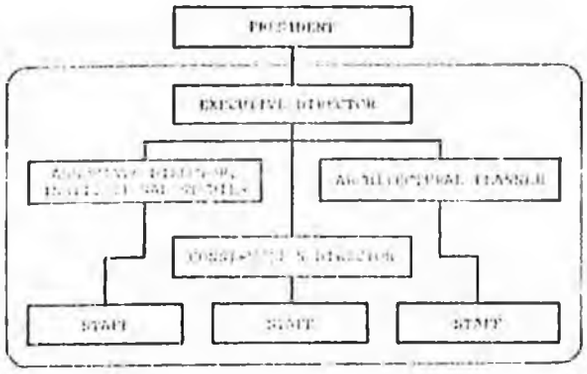


Figure 1
Office of Planning and Institutional Studies

Problems of Construction in Alaska.

Alaska's location and environment present a number of problems to its construction industry. Key among these are: 1) the climate; 2) logistics; 3) labor and contractor shortages; and 4) construction cost inflation. While none of these problems is unique to the state, they are exaggerated by its remoteness and extreme conditions.

Weather—the Number One Problem. Alaska is a land of climatological extremes: in virtually every area there are mild but short summers and long, bitterly cold winters. During the winter season it is nearly impossible to work outdoors within existing construction technologies. Where outside work is essential, it is costly and unproductive. As a result, outside construction work is confined to the summer period of mild weather.

Although there is some variation, outside construction is typically scheduled to start about the first of April in Anchorage, and about a month later in Fairbanks. In both areas, frosts and cold weather are anticipated by the first of October, ending the season.

Logistics—the Problems of Distance. Most construction products used in Alaska are manufactured "outside" in the "lower forty-eight" and shipped into the state. With the exception of concrete products which are available locally in the major cities, construction products require considerable lead-in time for fabrication, shipment and delivery to the construction site. Communication between designer and manufacturer, for example in the submission of shop drawings, is made more difficult because of the distances involved.

Practically all shipments into the state come via Seattle, where many consultants and contractors employed in Alaska are also located. Most construction products go from Seattle to Alaskan ports via water transport, often with destination at a port near the construction site. In the summer months, some construction items are shipped by road over the Alaska Highway. Shipping delays and transshipment problems are a recurrent part of Alaskan construction.

Labor and Specialty Contractor Shortages. As in any frontier area, skilled labor and specialty contractors are in short supply in Alaska. Many workers spend only the summer season, when sixty-hour work weeks are standard, in the state. As a result of short supply and high demand in the four summer months, labor costs are high.

Inflation of Construction Costs. The combined effect of long distance shipment of materials and products, high labor costs, and other factors is to drive Alaskan construction costs up to 140 to 200 per cent of Seattle costs. For Fairbanks and Anchorage, construction costs are about 1.7 times those in Seattle.

In addition to these increased costs, inflation takes a killing toll of budgets. The University estimates that its construction costs inflated:

4.5 per cent a year through 1966
5.5 per cent in 1967
9.0 per cent in 1968
10 to 12 per cent in 1969
12 to 18 per cent per year from 1970–1972.

The rate of inflation may have fallen off in the second half of 1972 but data is not available.

Costs and the University. From the University's point of view, the most serious effect of cost escalation and its erratic pattern lies in its effect on what they can get for their money. As a public agency, the University must build within the budgets established when projects are undertaken—the only way additional funds can be made available for a project are to take them from other projects. When a building has a long construction period of three to five years in an inflation ridden environment, the University's experience has been that it is impossible to balance the construction budget.

Experience has led the University planning staff to conclude that two approaches to controlling costs in an inflationary environment exist. The first and least acceptable of these is to admit defeat and simply set higher budgets for construction—or build less. The second is to find techniques of construction and management which offer better cost performance and control.

THE 1971 CAPITAL IMPROVEMENTS PROGRAM

In the fall of 1969 the University prepared and submitted to the Governor a request for funding of the 1971 construction program. This program included thirteen construction projects on eight campuses, costing about $30 million.

Apprehension about the impact of the construction of the trans Alaska oil pipeline and state construction pro-

grams on labor and costs created a desire on the University's part to undertake and complete this construction program as quickly as possible. During the summer and fall, studies were made by the University and its consultants, Lawrence Lackey and Associates (LLA) and Building Systems Development, Inc. (BSD), into various techniques by which construction could be speeded up.

These studies led to the University's decision to apply three sets of innovative design and construction methods to the program. These three were: 1) fast-tracking of design and construction process by the generic space design method; 2) application of building systems technology; and 3) use of management contracting. Although each of these techniques was considered and adopted as a largely independent approach, it will be seen that they complement one another.

In November 1970, the voters approved the sale of $29.7 million of bonds to finance the 1971 Capital Improvements Program of the University. The University immediately commissioned architects for the construction projects and began converting the bond funds into individual site budgets.

Design and Construction by the Generic Space Method.

The shortness of the period between bond approval in November and the end of the first construction season in October of the following year does not allow enough time for the architects to complete the programming, design, and bidding of large University projects using traditional linear approaches. As a result, construction of University projects has traditionally begun no earlier than the second outdoor construction season following approval of a bond issue.

In order to speed the project delivery process, the University sought a design and construction method which would allow construction to begin the first season. To solve this problem, the University and LLA found that a building could be divided into two functional packages—the basic building shell and the internal functional division. These packages could form the basis of two separate but interrelated design and construction processes which could be overlapped.

By separating the time consuming process of programming and designing the functional layout of the building from the process of designing the basic building shell, it was felt that the design schedule for the shell could be sufficiently shortened to allow on-site construction to begin during the first outdoor construction season following issuing of bonds. In fact, this process of design and construction in two phases does not differ greatly from the processes used to provide shopping centers, office buildings, and other facilities where an early return on investment is vital.

In order to achieve this type of two stage design on projects as functionally complex as university buildings, two elements are essential—1) adequate criteria for performance and planning of the "generic spaces" of the building shell, and 2) a compatible and flexible means of conditioning and subdividing the interior into functional units.

The Generic Space Method. To satisfy the need for adequate generic criteria, the University defined nine categories of space use, or "generic space types," covering all of its facilities:

1. Classroom ("dry academic")
2. Laboratories ("wet academic")
3. Heavy shop
4. Special use
5. Residential.

For each of these defined generic space types, the University and LLA prepared performance and planning criteria which were included in the design manual for each project.

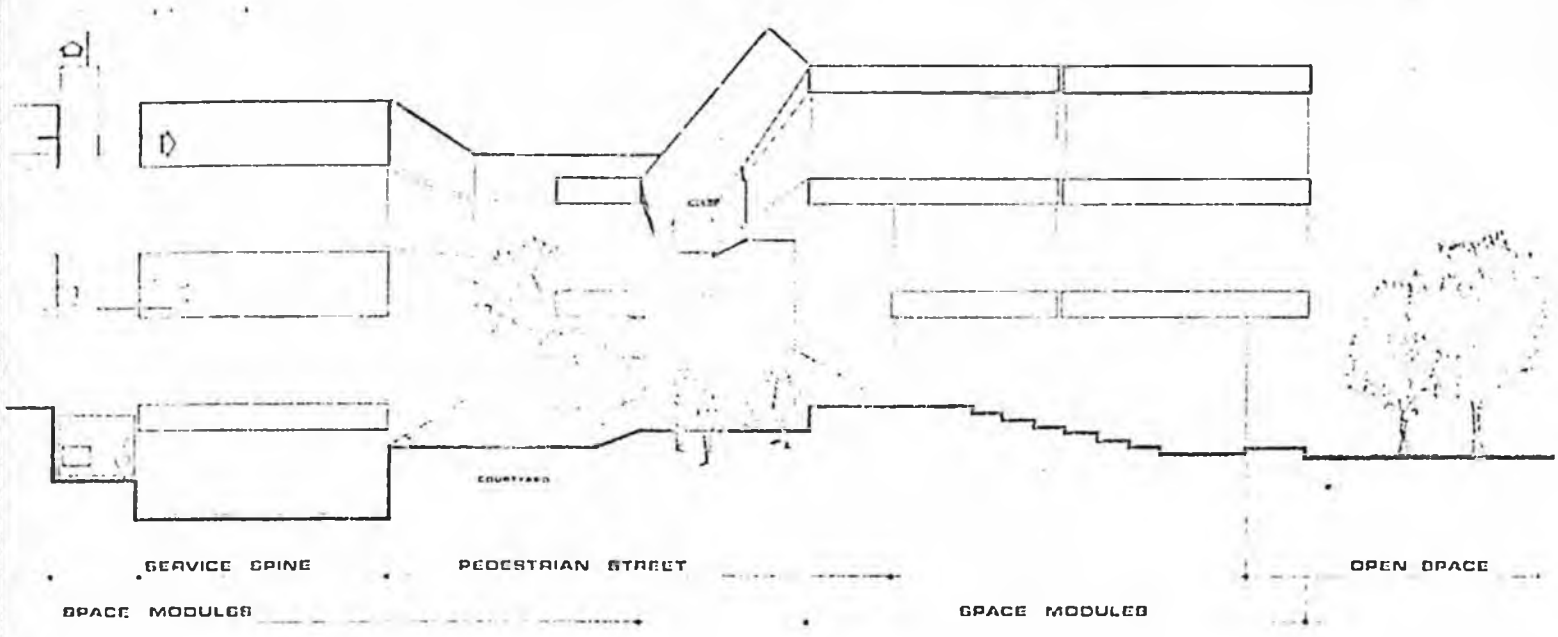
In this view, each building consists of three functional elements—the shell, one or more space modules, and a spine. The shell or "generic space structure" contains and provides services to blocks of generic space or "space modules." Each space module contains one type of generic space and its direct supporting functions, such as storage. The spine element provides general supporting services for all types of space modules—stairs, toilets, service chases, utility runs, etc. The spine may exist as a continuous backbone element or as isolated service elements on multibuilding campuses.

The functional programming and layout of each space module is a separate process although constrained by the design of the generic space structure and the building's overall program.

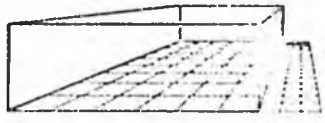
Application of Building Systems Technology.

In addition to better value for the dollar and quicker on-site assembly, building systems appeared to offer the University two types of flexibility needed in this program. The first of these was design flexibility which gives each architect design freedom within basic system constraints. The second was adaptive flexibility which would a) allow internal functional planning during the construction process and b) provide relative ease of change of layout in the future.

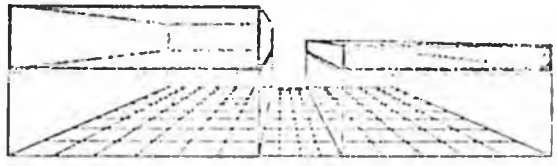
After further research, it was decided to group the six projects committed to building systems into a single bidding package. This was done in order to achieve cost savings from volume purchasing, to simplify the University's administrative problems, and to gain certain benefits for the smaller projects. By bidding as part of a large state-wide program, the smaller projects, as small as 7200 square feet and in remote locations, could obtain participation from bidders who would otherwise only be interested in the larger urban projects.



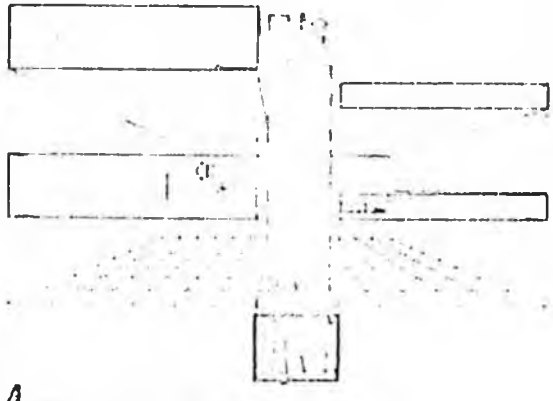
1 GRID



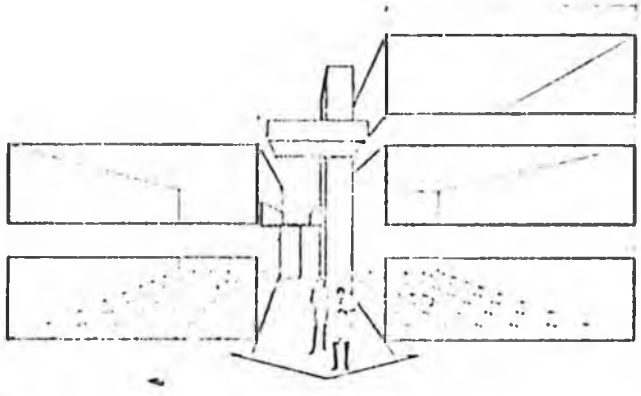
2 SPACE MODULE



3 INTERSTITIAL SPACE



4 SERVICE SPINE



5 PEDESTRIAN STREET

Figure 2
Generic Space Design

shorter construction time required makes possible the completion of documents, bidding of contracts, and construction on the shorter delivery schedules within the framework of traditional general contracting.

Accordingly in June 1970 the University asked its consultants to study and report on alternative methods of contracting. Three possible methods were studied—phased bidding with a management consultant, design/construct contracts, and management contracting on the University of California model.

A lack of specialty contractors, especially in the site work and foundation categories, combined with reluctance to accept exposure as its own general contractor, led the University to reject phased bidding and management consultancy. Design/construct contracts were felt to be undesirable because of the difficulty of developing and enforcing an effective design/construct specification.

Management Contracting—California Style. The use of management contractors along lines similar to those used in the University of California's URBS program appeared to offer the most to the University. This process is characterized by:

1. use of experienced general contractors in a largely management capacity;
2. prequalification of candidates on the basis of experience and financial ability;
3. selection of a management contractor (MC) by competitive bids based on fees and expenses;
4. performance of most of the actual construction work by subcontractors who bid publicly to the MC or the owner—the MC performs a specified percentage of the work and may bid on the subcontracts;
5. establishment of an "upset" fixed price by the MC based on known costs;
6. consultancy by the MC during the design phase;
7. reimbursement of the MC's direct and some indirect costs.

In order to introduce the management contracting concept to the state and to answer questions about it, the University held a series of seminars with the AGC and active contractors in the state. Initial opposition to the concept and procedures was somewhat lessened by these meetings, although uncertainty and reluctance remained through the program. On the other hand, the prequalification feature of the process was abandoned in the face of contractor opposition.

Specifications and bidding documents for management contracts on the three largest 1971 program projects were prepared and released in March 1971. The three projects using MCs are: the Community College Expansion and the Higher Education Library at Anchorage, and the Resources Building at Fairbanks.

Modifications. During the discussions between the University and the contractors, Governor William Egan had become concerned about the procedure because of possible inefficiencies and high costs. As a result of his concern and at his direction, the State Bond Committee—state officials charged with the proper sale of bonds—looked further into the matter. This committee discussed the matter with the University and hired DeLeuw-Cather, Associates, of San Francisco, California—an engineering consulting firm familiar with management techniques—to assist them in their analysis.

After careful analysis of the process and the contract documents, DeLeuw-Cather recommended some modifications and alterations which were adopted. Although still not convinced of the value of the approach, the governor felt that sufficient improvement had been made to insure the protection of the public interest and that the process could be attempted. DeLeuw-Cather remained with the program, as a consultant providing a monitoring service.

Alaska's extreme climate has produced numerous specialized building elements. An example is the "upside-down" roof used on University buildings. In this roof, rigid insulation is laid on top of the weatherproof membrane and held in place by pavers. Pavers and insulation may be removed for maintenance access to the membrane.

Shell Structure Subsystems. Accordingly and in line with the two stage design and construction process, work was begun on the design for the generic space structure for each site and on the three building subsystems—structure, HVC, and lighting/ceiling—which would be included in the first bid package. The University's consultants developed the necessary information which was bound, along with the generic space program and criteria, into the project program book for each site, released to the architects in early December 1970.

The schedule called for completion of schematics on each project early in 1971. Building systems were to be bid in March or April to allow maximum lead-in time for the successful bidders, especially structure, to submit shop drawings, fabricate and deliver their subsystems. The architects would have to complete their schematic designs, obtain approval, and prepare necessary systems bidding drawings by February.

The consultants undertook the development of the performance specifications and other contract documents for the program immediately after the bond election. These documents required, in addition to proof of performance, that each bidder submit two sets of prices for his subsystem—one a price covering the entire six project package, the other a breakdown for each of the projects.

Systems bidding documents—two printed books, one containing the performance specifications and contract documents, the other drawings for each project necessary for bidding of the subsystems—were released to potential bidders on February 21, 1971. Bids were taken on April 14, 1971. At that time, seventeen bidders—four in structure, five in HVC, and eight in lighting/ceiling—submitted 198 compatible building systems proposals.

The proposal submitted by the successful bidders was considerably below established budget costs:

Subsystem	*Successful Bidder*	*Budget/sf*	*Bid/sf*
STRUCTURE:	Bomac Steel, Inc.	$ 5.92	$ 4.00
HVC:	MacDonald/Miller	$ 5.49	$ 4.30
LIGHTING/ CEILING:	Grasle Electric	$ 2.70	$ 2.17
	TOTAL	$14.11	$10.47

These subsystems were 27 per cent less than budget and 20 per cent less than target costs prepared by BSD.

Following the nomination of successful bidders, the architects began design development and preparation of working drawings for nonsystem elements of the generic space structures. The University signed contracts with Bomac and MacDonald Miller on May 21, 1971 and with Grasle in early June.

In spite of the logistics problems involved in shipping the structural subsystem from the Florida manufacturing plant to the various Alaskan sites, made more difficult by the lengthy West Coast dock strike, structural delivery schedules were met. Four of the six systems projects were enclosed by the end of the first construction season following the bond issue. This was achieved by the combination of the quick assembly characteristics of the structural subsystem and the management techniques described below.

Interior Subsystems. As the design of the projects developed and the interior space plan became defined, bids were requested for interior subsystems—moveable partitions, service columns, and carpeting. Based again on performance specifications and contract documents prepared by BSD and on subsystems bidding drawings prepared by the architects, these subsystems were bid on November 2, 1971.

The bidding package for the Moveable Partitions and Service Columns Subsystems consisted of the six projects in the April bidding package plus the Resources and General Classroom Buildings at Fairbanks. Only four of these projects used carpeting, however, and carpeting bidders were allowed to bid for either a four project package, the two Fairbanks projects, the two Anchorage projects, or a single project.

The results of the bidding are shown on page 14. The low partition bid was 30 per cent below the target figures established by BSD, while the service column and carpeting were 20 and 18 per cent below respectively. Separate bids for each project provided the lowest combined price for the Carpet Subsystem.

Furnishing Subsystems. On May 2, 1972, bids were taken on two furnishing subsystems—furniture and chairs—for the eight projects in the interior subsystems bid package. Performance specifications for these two subsystems were prepared by McClure Nixon, AIA, of Seattle. Full results of this bidding are shown on page 14. Successful bids for the furnishings and chairs were 10 and 4 per cent below McClure/Nixon's targets respectively.

Management Contracting.

In addition to the possible cost and time savings inherent in the process, the University turned to a management contracting approach to cope with the problems of phased construction unique to public works construction. Because Alaska's laws do not permit negotiation of public works contracts, the application of the fasttracked design and construction processes of generic space design meant that traditional general contracting procedures could not be followed. The delay caused by withholding the start of construction until the completion of all project documentation, necessary in general contracting because bids are based on these complete documents, was one of the problems generic space design was intended to solve.

These problems affect primarily the larger construction projects of the University. On smaller jobs, the

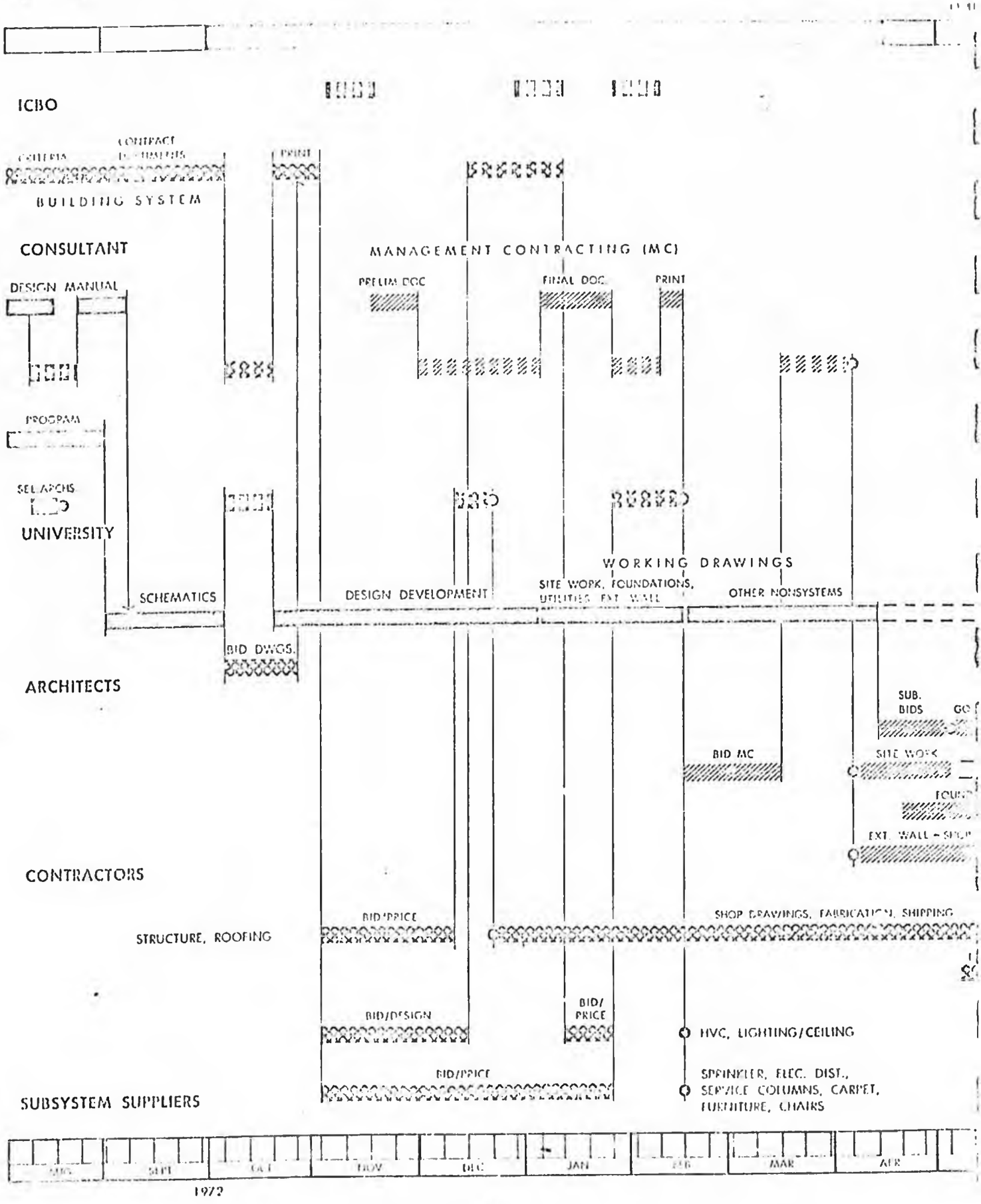
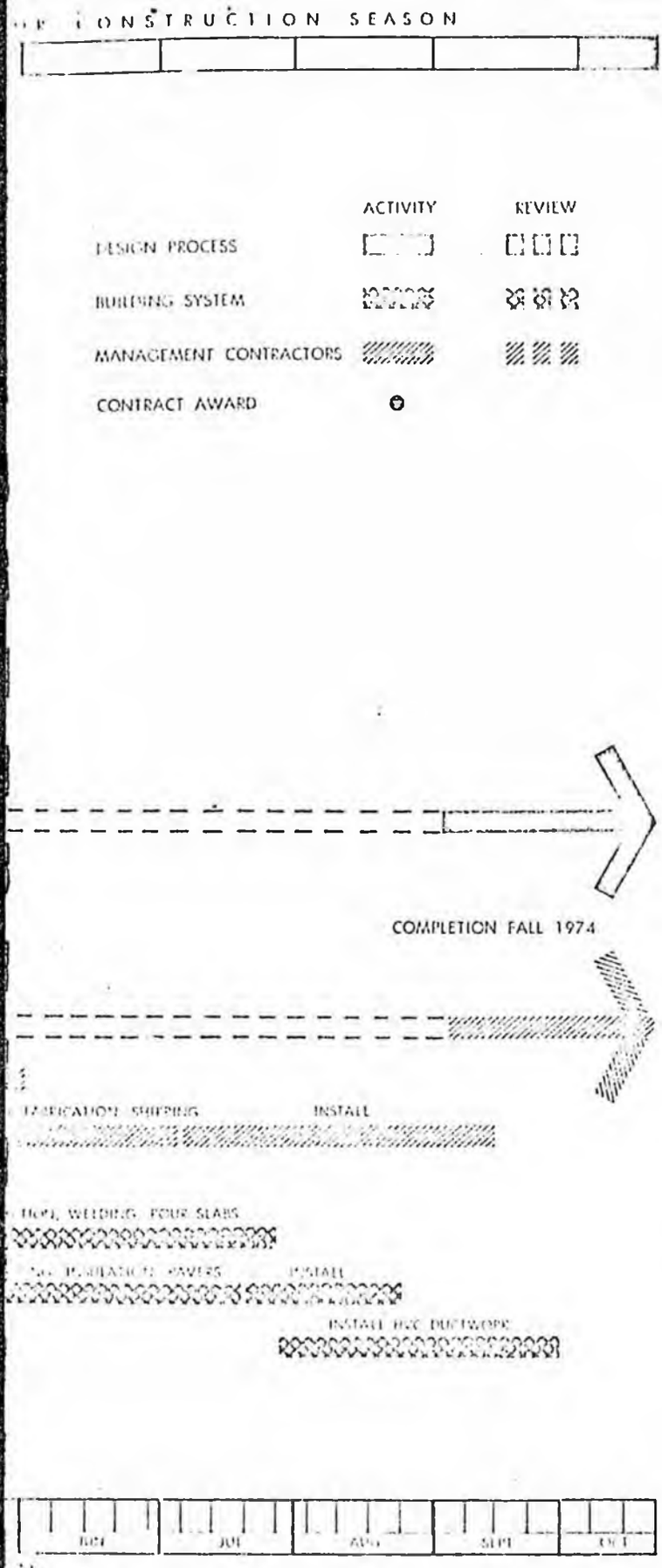


Figure 3
Activities of the First Year of the
1973 Capital Improvements Program



Management Contracting—Alaska Style. The documents were re-released to bidders embodying the changes and modifications. The basic features of management contracting as bid by the University in April 1971 are:

1. use of experienced contractors in a management role;
2. selection of MC's on the basis of
   - A. a fee covering all work
   - B. cost of obtaining bonding
   - C. cost of workmen's compensation insurance
   - D. cost of indirect job labor as defined in contract documents;
3. performance by the MC of fifteen per cent of the work with his own forces on a guaranteed price basis;
4. taking of bids from subcontractors for the remainder of the nonsystems portion of the work—the MC may also bid on this work;
5. administration of the subcontracts and, on systems projects, of the subsystem contracts by the MC;
6. provision of value engineering services during the design phase by the MC, reimbursed on a per diem basis;
7. establishment by the MC of a Guaranteed Outside Price (GOP) for each project, based on known costs, to be changed only by authorized change orders.

Seven firms submitted bids on the three projects on April 30, 1971. In order to provide a comparison price for each bidder, the fees bid were applied to the budgeted costs of each project. The following table summarizes the results of the bidding:

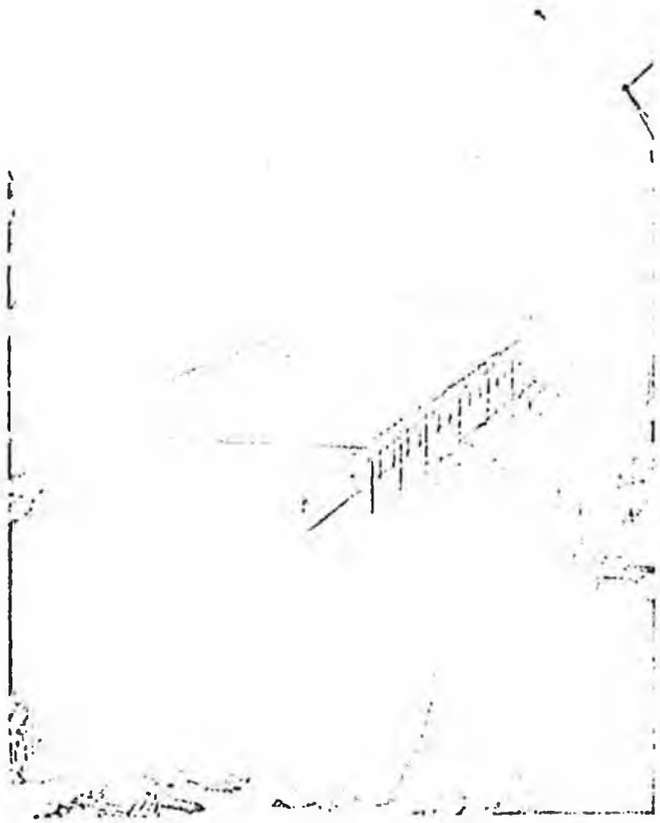
Project	*Range of Fee "Bids"*	*Successful Bidder*
Anchorage Comm. College	$357,493–$673,552 $4,730,000°	Modern
Anchorage Higher Ed. Library	$362,335–$784,784 $5,160,000°	Modern
Resources Building	$309,880–$506,625 $3,860,000°	Peter Kiewit

° Construction Budget

Management contracts for the three projects were awarded to the successful bidders in May and June 1971. On-site construction work began soon thereafter on each site. As will be seen in the next section, the management contractor on the Resources Building had his work cut out for him.

The Resources Building.

The construction of the Resources Building at Fairbanks employed the generic space design and management contracting methods of the 1970 program, but was not included in the volume bidding of building system



The Resources Building at Fairbanks combines modules of "wet academic" space with deep interstitial spaces for service runs. The value and flexibility of management contracting was demonstrated on this project.

components. This building is a three-story, 60,000 square foot facility, housing several modules of laboratory or "wet academic" space.

Because the building's program called for an eight-foot deep interstitial service space between floors, the architects, Jennings H. Graham, AIA, of Ketchikan, Alaska, and Knorr and Elliott, AIA, of San Francisco, felt that a custom designed structural system would serve better than available building systems structures. Working to certain constraints of the building system, notably the five-foot planning discipline, the project engineers designed a structure of deep precast concrete trusses. A precast concrete ceiling grid supported ceiling elements and catwalks providing access to interstitial services.

This precast structure was budgeted, based on the engineer's estimates, at about $100,000. In July 1971, Peter Kiewit's Sons, the project MC, took bids on the construction subcontracts for the building. The low structural bid came in at $720,000 plus an additional $80,000 for the precast concrete ceiling grid.

The University could not afford to exceed their budget so badly on this project so the architects were instructed to redesign. The MC, having seen the results of building systems application on the other projects, suggested that the approach be used here. Accordingly, the architect and MC turned to a building system structure which could be planned on the foundations already in place under the accelerated schedule.

Documents were prepared and released for bidding of three subsystems—structure, HVC, and lighting ceiling—in November 1971. Bids were taken and contracts awarded in December 1971. Successful bidders were Romac Steel for the structure, Owens-Corning Fiberglas for the lighting ceiling, and Trans-Alaska Mechanical for HVC. While Romac was structural contractor and Owens-Corning the partition contractor for the other systems projects, Trans-Alaska was bidding systems for the first time.

The successful structural bid of $295,000 contributed to a combined savings with the three subsystems of $500,000 over the rejected bids. The only major alteration in performance was the elimination of the catwalk support grid. The catwalks are now suspended by hooks from the structure and moved along as the worker moves through the interstitial space.

In addition, the rapid on-site assembly of the subsystems and the flexibility and control afforded by management contracting has made possible the redesign, rebid, and delivery of the building on a schedule which has slipped only two months from the target dates set in 1970.

Results of the 1971 Capital Improvements Program.

Advantages of the Innovative Methods to the University. In a discussion with BSIC staff, Richard Holden, Architectural Planner on the University staff, was asked what advantages had accrued to the University from the use of innovative techniques in the 1971 program. Holden listed three major advantages:

1. The flexibility inherent in the building systems is of definite value both for design and for future adaptability.
2. Although data is not available for cost comparisons, the University obtained greater areas of building than anticipated and without exceeding a single budget.
3. The reduction in project delivery time due to the combination of generic space design, use of building systems, and management contracting has given the University its buildings almost a year sooner than with traditional methods.

Perhaps the clearest indication of the University's satisfaction with these methods is their decision to apply them, modified in the light of experience, when they undertake their 1973 capital improvements program. On the other hand, these advantages have not accrued

without considerable effort and participation by the University as a strong, directive client. In the following sections, this increased role of the University in building programs will be further discussed.

1973 CAPITAL IMPROVEMENTS PROGRAM

At the time of this writing, the University is awaiting action by the voters on November 7, 1972 on a bond issue authorization for $18.0 million worth of capital improvements. As itemized in Table I, about $11.6 million of these funds will go for projects upon which generic space design, building systems, and management contracting will be used. Most of the buildings in the program are scheduled to go into service in the fall of 1974.

Experience gained in the 1971 program has led the University to make some significant changes in the application of building systems and management contracting to the 1973 program. Generic space design has proven successful and, with necessary modifications to criteria and standards, will be used largely unchanged. In applying all of these processes, the University has realized and accepted the role of a strong, participatory client, a necessary condition for success.

The following discussions will be more easily understood if the reader will first study Figure 3, the chart of activities for the first year of the 1973 program, found on pages 8–9. Data for this chart was provided by Carl Bryant of McClure/Nixon, systems consultants.

Application of Building Systems.

Satisfaction with building systems, especially in the areas of cost control and speed of assembly, has led the University to increase the proportion of the building in the system in the 1973 program to 55–60 per cent of building cost. As in the 1971 program, the ten systems projects will be bid as one package. At the same time, however, some problems encountered in the 1971 program have caused changes to be made in the process of selection of certain subsystems.

Enlarging the System. Little modification has been made in the technical performance requirements of the 1971 subsystems which were:

1. Structure
2. HVC
3. Lighting/ceiling
4. Moveable Partitions
5. Service Columns
6. Carpeting
7. Furnishings
8. Chairs

To these, the University has added for 1973:

9. Secondary Electrical Distribution
10. Roofing
11. Fire Protection Sprinklers.

Changes in the Bidding Process. For most of the subsystems used in the 1971 program, the bidding process calling for the submittal of a priced system proposal was successful. With the HVC and lighting/ceiling and the partitions and demountable furnishings subsystems, however, problems of interface following selection were encountered which delayed acceptance of the components by code officials and hence delivery and installation schedules. In order to counteract these problems, the University has decided to further fast-track the bidding of subsystems in the 1973 program.

In the modified process, systems bidding documents will be released for all subsystems immediately after

TABLE I
1973 CAPITAL IMPROVEMENTS PROGRAM PROJECTS USING BUILDING SYSTEMS AND MANAGEMENT CONTRACTING

Facility	*Location*	*Budget*	*Architect*
Laboratory Building*	UA Fairbanks	$2.5 million	Jennings H. Graham
Classroom/office Building*	UA Anchorage	$4.25 million	Lane/Knorr/Elliott
Music Wing	Anchorage CC	$1.0 million	Blomfield/McClure/Nixon
Vocational Ed. Building	Juneau CC	$1.35 million	George Filler
Vocational Ed. Additions	Kenai CC Kodiak CC Mat-Su CC (Palmer)	$1.5 million	Maynard and Wirum
Extension Centers	Nome CC Sitka CC Kuskokwim CC (Bethel)	$1.0 million	W. Wellenstein

* Indicates project using building systems and management contracting procedures; all others use building systems and general contracting procedures.

approval of the bond issue. The preparation of schematic designs and systems bidding drawings by the architects and performance specifications and contract documents by McClure/Nixon, AIA, the University's consultant, will be completed by the bond election.

These activities have been going on since August 1972, financed by funds from a revolving advanced planning fund. This fund consists primarily of interest payments made on the University's land grant, recently supplemented by large appropriations from the state legislature. The revolving fund is reimbursed for its advances from bond funds on passage of the bond issue.

The subsystems most affected by the changes in the bidding process are HVC and lighting/ceiling. Because of their crucial effect on project schedules, a priced bid proposal will be taken on the structural and roofing subsystems in early December 1972. A week later, design proposals only for the HVC and lighting/ceiling subsystems will be taken by the University.

The design proposals for these subsystems will be carefully evaluated for technical suitability, compatibility, and code acceptance before returning them for final design and pricing by the bidders. To insure rapid code approval, the University has signed a special contract with the International Congress of Building Officials (ICBO), who write and administer the Uniform Building Code, which is in force in Alaska.

Priced bid proposals will be taken on HVC and lighting/ceiling, and on the remaining subsystems late in January 1973. Contracts will be awarded in these subsystems in mid-February simultaneously with the release of documents for bidding the management contracts. Erection of structural steel on some of the projects is scheduled to begin in May 1973.

Management Contracting Procedures—the General Goes Back In.

Although generally satisfied with the management contracting procedures used in the 1971 program, the University has made some important changes to the procedure in its application to the 1973 program projects. As a result of these changes it is probably more descriptive to use the term "management general contractor" to identify this participant.

The management general contractor role remains virtually the same with one significant difference. In the 1971 program, the University found that the management contractor's role as value engineering consultant did not result in any significant benefit. They did find that the contractors were, in fact, quite competent to consult in the areas in which they possessed expertise and that such advice was useful. However, the role of the general contractor has become so heavily management oriented that most GC firms do not possess overall building expertise in-house, rather they subcontract out most of the work to other parties. The University has therefore decided to drop the per diem consultancy requirements of the 1971 contracts.

The major procedure changes have to do with bidding for the management contracts. Instead of the bidding by fee and selected expenses followed in 1971, the University will this time solicit lump-sum bids from the potential contractors. In the bidding documents the University will include the prices of the subsystems contracts plus its estimates of the costs of other work broken down into the sixteen division standard format.

Each bidder will then submit in mid-March 1973 a lump-sum bid based on factors similar to those in the 1971 program—costs of work with own forces, costs of administering subsystems contracts and other subcontracts, and other expenses. Reimbursement will be on a lump-sum basis, however, similar to that employed in general contracting procedures.

The management general contractor for each project will still be responsible for establishing the Guaranteed Outside Price—the upset fixed price—for the project after subcontract bids are taken. As before this GOP can only be modified by legitimate change order from the University. Establishment of the GOPs should take place in May 1973.

Increased University Involvement.

In addition to the procedural and substantive changes in the building systems and management contracting processes, the University plans to increase its participation in the 1973 program. One key area of such participation is in the type and quality of information to be provided to architects and contractors. As will be discussed further in the section on program costs to the University, the staff has found that it can prepare better and at less cost, or provide more efficiently through consultants, some of the services it formerly obtained from architects and contractors.

A second area of increased participation is in supervision of the smaller projects. In the 1971 program, some of the smaller projects fell behind their original schedules in the absence of continuous University supervision. Also, the smaller project architects and contractors felt that the systems contractors had favored the larger projects at their expense. While some of this complaint is due to point of view, the University feels that the relationship between smaller projects and subsystem contractors could definitely be improved and will seek to do something about it.

FROM THE CLIENT'S SIDE

Even if the results justify them, an innovative program requiring increased client participation costs him something in time, manpower, and other resources. In this

section, the view of part of the University's staff as to program costs will be presented.

Program Costs to the University.

In interview with BSIC personnel, members of the staff of the Office of Planning and Institutional Studies suggested that use of the various innovative approaches in the 1971 program had increased their work load by as much as twenty per cent. They felt that this increase was due entirely to procedural changes, that, for example, the use of building systems had not directly influenced them as most of the documentation, etc., had been prepared by consultants.

In addition to these manpower commitments to procedural innovation, much time had been spent on solving political problems. The problems attendant upon the introduction of management contracting in 1970–1971 have already been mentioned. Other problems this program encountered could be mentioned.

Consultants and their Costs. On these programs the University is employing expert consultants to prepare documents and define procedures. The goal of the University is to develop staff and industry expertise to the point that consultants will no longer be required to repeat activities. Counterbalancing these costs, it has been estimated by BSD that their involvement as consultants in the program resulted in large savings to the University, on the order of a $10 saving for each $1 paid to the consultants.

Economies of Scale. The University has found that by its participation at the overall program level, it can accomplish more efficiently and at less cost some of the activities formerly entrusted to its architects and contractors. This has been especially true in information collection, establishment of criteria, and hiring of consultants.

The Architect and His Fee. At this point one could logically ask, if the architect is not doing parts of his traditional role why not alter his fee to correspond with what he is doing? Richard Holden of the University staff ventured to answer this question. Holden feels that although certain aspects of the architect's role—information gathering, drafting, cost analysis, etc.—have been reduced or disappeared, the actual cost of doing a project in the architect's office has stayed the same, if not increased. More time is now required in decision making and in information flow, both activities requiring larger input of more expensive principal time.

As a result of the feeling that the architect does not have access to the type of information required for best decision making—and because of this he is unfairly condemned for failure to control costs—the staff has developed various tools for use on the projects. One of these is a means of trading off quality and quantity levels and costs. This tool was used in the decision to abandon the precast ceiling grid in the Fairbanks Resources Building and to use a less costly method of suspending the access catwalks.

The University as an Educational Institution.

Holden further commented on what he saw as the University's role in education in the broadest sense. The question of using local architects, contractors, and consultants or to go "outside" for this assistance came up continuously in the program development. The staff arrived at the following conclusion: as a state agency, and an educational one, the University should use its resources to sponsor programs which not only fulfill its needs within the limits of serving the public good, but it should also use these programs to develop and advance the local professions.

In an environment such as Alaska with limited expert resources, it may be necessary to go outside and hire expertise. But these experts should bring the local professions and industry along and work themselves out of a job. In the 1971 program, such has been the case. Holden feels that the University can now rely on the state's architects to deliver buildings on short schedules using procedures which insure good cost control and performance.

1971 CAPITAL IMPROVEMENTS PROGRAM

University of Alaska, Fairbanks, Alaska

Building Teams:

Facility	*Location*	*Architect*	*Contractor*
Community College Addition	Anchorage CC	W. J. Wellenstein, AIA, Anchorage McClure/Nixon, Seattle	Modern Construction Co.,° Fairbanks
Higher Education Library	UA-Anchorage	Crittenden, Cassetta and Cannon, Anchorage Helmuth, Obata and Kassabaum, San Francisco	Modern Construction Co.,° Fairbanks
Community College Addition	Juneau CC	George Filler, AIA, Juneau	Triplette Construction Co., Juneau
Community College	Kenai	Jenkins and Bridges, Anchorage	Sandland Construction Co., Anchorage
Community College	Kodiak	Maynard and Wirum, AIA, Anchorage	F&W Construction Co., Anchorage
Mat-Su Community College	Palmer	Ralph M. Alley, Jr., Anchorage	Firor-Janssen Construction Co., Anchorage
Resources Building°°	UA-College	Jennings H. Graham, AIA, Ketchikan Knorr/Elliott, San Francisco	Peter Kiewit's Sons,° Fairbanks

° Denotes management contractor.
°° Indicates buildings systems not initially used on project.

Volume Purchased Subsystems and Costs:

GENERIC SPACE SUBSYSTEMS: 6 projects with total area of 206,350 square feet			
SUBSYSTEM	SUCCESSFUL BIDDER	PRODUCT LINE	CONTRACT VALUE
STRUCTURE	Romac Steel Company, Inc.	Romac MODULOC	$ 840,527
HVC	MacDonald Miller/Hohn Corp.	Trane VAV	$ 913,836
LIGHTING/CEILING	W. R. Grasle Electric Co.	Conwed 5 + 5	$ 346,119
INTERIOR SPACE SUBSYSTEMS: 8 projects with total area of 366,350 square feet			
MOVEABLE PARTITIONS	Owens-Corning Fiberglas	Donn VANGUARD	$ 368,838
SERVICE COLUMNS	Electrolink, Ltd.		$ 23,651
CARPETING	Commercial Carpet Corp. Floreraft Tipton G.J Flooring	CCC Mohawk Lees Alexander Smith	$ 74,610 $ 36,649 $ 62,463 $ 64,218
FURNISHING SUBSYSTEMS: 8 projects with total area of 366,350 square feet			
FURNITURE	Westinghouse	ASD	$ 291,518
CHAIRS	Alaska Curtain Wall/J.K.Gill	Hgrman Miller/Knoll	$ 171,446
TOTAL VALUE OF VOLUME PURCHASE CONTRACTS			$3,193,875

Projects, Sizes, Costs and Schedules:

FACILITY	LOCATION	AREA (sf)	BUILDING SYSTEMS		CONSTRUCTION COSTS		CONSTRUCTION	
			CONTRACTS	$/sf	CONTRACTS	$/sf	BEGUN	COMP.
Higher Education Library	Anchorage	86,000	$1,007,335	$11.71	$5,037,578	$58.58	6/71	11/72
Community College Expansion	Anchorage	81,650	$ 830,047	$10.17	$4,406,839	$53.97	5/71	11/72
Resources Building (see below)	Fairbanks	60,000	$ 774,228	$12.90	$3,987,133	$66.45	6/71	2/73
Community College	Kenai	12,400	$ 180,873	$14.59	$ 625,651	$50.46	8/71	10/72
Community College Expansion	Juneau	10,800	$ 196,388	$18.18	$ 628,894	$58.23	8/71	10/72
Community College	Kodiak	7,700	$ 110,083	$14.30	$ 403,286	$52.37	4/72	9/72
Mat-Su Community College	Palmer	7,200	$ 113,961	$15.83	$ 422,964	$58.74	4/72	8/72

Building Systems Costs are total amounts of contracts plus change orders as of September 1, 1972 for these subsystems: structure, HVC, lighting/ceiling, moveable partitions, service columns and carpeting.

Construction Cost is as defined by the AIA and includes Building Systems Costs. Amounts shown are total amounts of contracts plus change orders as of September 1, 1972.

Generic Space Subsystems for the Resources Building were selected separately, see text page 9 for details.

The Anchorage Community College Expansion provides over 80,000 square feet of general classroom space. The fly-loft is for a theater to be built in the next construction program. The exterior walls of the loft are precast concrete panels reaching its full height—among the tallest ever erected.

HOUSE JOURNAL

The Committe decided not to enter this letter.

FINANCE COMMITTEE REPORT

ON

HOUSE BILL 77

The majority of members of the House Finance Committee recommended a "do pass" on House Bill 77. However, the majority feel that this supplemental appropriation to pay for the cost of building of Wood Center at the University of Alaska, Fairbanks campus, is unwarranted as more careful planning and management could have been practiced prior to the construction phase of this structure in order to avoid this additional cost.

We urge that the University of Alaska avoid any future cost overrun.

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Hugh Malone, Chairman
House Finance Committee

V

7 Analysis of Governor's Decisions

HB 77 & 79

ITEM	AMOUNT	FUNDING SOURCE	EXPLANATION
FY 75 Supplemental Request	2,169.7	GF	
Professional Employees Area Salary Differential	(1,521.0)	GF	
Safety and Security Upgrading Security Patrol	(70.0)	GF	
Additional Fire Protection	(99.8)	GF	
Recommendation	478.9	GF	Includes 452.4 (plus interest) for court award to Modern Construction and 26.5 for State Trooper on Fairbanks Campus.

BRU University of Alaska BRU CODE FY 75 Supplementals REVISED

7 ANALYSIS OF GOVERNOR'S DECISIONS

UNIVERSITY OF ALASKA

REQUEST FOR SPECIAL APPROPRIATION
SAFETY AND SECURITY DEPARTMENT

JUSTIFICATION:

The present conditions in the Safety and Security Department suggest that consideration be given for an emergency supplemental appropriation during FY-75. Two major areas of concern exist. Each of these will be discussed in detail with funding amounts identified.

I. Security: The campus presently is divided into patrol zones. Student security patrolmen cover the assigned areas on an after-hours basis beginning at 10:00 pm and ending at 6:00 am. During the day one professional who serves as Chief of the Security Patrol is on duty. His major task is coordinating the efforts of 22 student patrolmen, two full-time supervisors, as well as five radio clerk-dispatchers and clerical personnel. He reviews each incident report filed by patrolmen on duty, aids in necessary coordination with State Troopers, files reports, attends meetings, assists with traffic control and parking problems.

With nearly 1,200 housing residents on campus, nearly 3,000 vehicles registered, over 1,000 employees on campus daily in addition to approximately 3,000 students plus the increased number of buildings and expanding dollar volume of equipment, the need for security is evident. Present staff does not address the magnitude of this problem.

Evidence of this lack of security has been apparent over the past several months. A recap of incidents will aid in focusing on the need for an environment that is more "security" conscious.

1) Incident reports or violations reported has increased from 576 in 1970-71 to 788 in 1973-74. This is a 37% increase and does not address the unreported events.

2) A rape-murder occurred on campus in December of 1972.

3) An assault-rape occurred on campus in June of 1974.