

**Call number: 01-75-09\_PT.2**

**TVCC Alyeska Course - Peter DeMay - Project Overview, 10/75**

**Summary created by: Summer Dougherty**

**Date(s) of creation of summary: October 22, 2013; October 24, 2013**

**Notes: Originals on 7 inch reels. Master copies on CD.**

[Continued from 01-75-09 PT1]

Peter DeMay is speaking. He says that even though only the people working on the pipeline who really needed to be in Fairbanks were moved to Fairbanks, it turned out to be quite a sizable group. The heart of project management was in Anchorage. The pipeline part of the project was in Fairbanks. There was still an operation going on in San Francisco, and even at the time DeMay gave this lecture, there was an operation going in Anaheim. The Bellevue, WA operation was terminated. All necessary personnel were moved up to Alaska and headquartered in Anchorage. An office was opened up in Fairbanks for the stations and in Valdez for the terminal. The pipeline was headquartered in Fairbanks. Everything was coordinated in Anchorage.

It is apparent that the project management structure kept changing to fit changing needs. When the growth operation changed into a steady state operation, the CMC (Construction Management Contractor) was changed to a CTSC (Construction Technical Services Contractor) to simplify communications. That is the current state of the operation.

Project management, once assigned a task, is to do the job and, essentially, do itself out of business. Not even halfway done, Alyeska project management already has demobilization plans.

DeMay explains the difference between the Bechtel role and the Fleur(?) role. Bechtel was brought on as a construction management contractor to be an extension of project management. They managed the execution contractors. Whereas, Fleur(?) was given the engineering, procurement, and planning to do. Fleur was also the general contractor for construction.

The CMC was broken into two: one for the pipeline activities and one for the station and terminal activities.

Pipeline contractors usually bid on a job and whoever gives the lowest bid is selected. No contractor dared bid on this pipeline because it was so different than anything done before. So the contacts with them are fixed fee and reimbursable labor contracts. Incentives are also given.

Project management can be thought of as a task force effort that is put into business to do an assignment. Project management needs to recognize weakness and take action quickly, and preferably anticipate problems before they arise. Project management does not think about day to day activities which are delegated out but rather thinks on a timescale of months and years, making sure that the activities being done today will allow the project to be on track six months from now. Every job is different with its own set of problems and challenges.

DeMay finished his presentation and opens up for questions.

Someone asks, "What will happen to the Alyeska company once the pipeline is done?"

DeMay answers that Alyeska will become an operation company that will be in Alaska as long as the pipeline is.

Some one asks why Bellevue was chosen as the main site for the corporate headquarters.

It was chosen because Seattle is the gateway to Alaska. It was also chosen because the time difference between Bellevue and Alaska was 2 hours, between Bellevue and Texas was 2 hours and between Bellevue and New York was three hours. Arco and BP had their headquarters in New York at that time.

Someone asks is he has learned anything during this project that would cause him to manage differently.

DeMay says he has. He also says that the people who started the project would have done it differently if not for problems with environmentalists and government permits. These problems made the project a sort of stop and go operation which made it difficult to get momentum built up. Building and sustaining momentum, says DeMay, is what makes a project successful. If he could do it over again, he would not recommend taking on all of the engineering He would also want a decision made early on about how the project will be managed and would get a commitment from the owners that they will either supply the people or not. If they wont, then contactors will be hired to do those tasks.

A woman asks about R&M(?) and Michael Baker(?).

R&M(?) plays a varied role. They designed the Livengood road, assisted with gathering geotechnical information in the field., analyzed core sample, and currently support engineering and fields activities.

The woman asks if what he means by Livengood is the slippery part between Fairbanks and Livengood. DeMay responds that it is the good road. Not the bad road that was there before. The woman asks for more clarification. DeMay explains that it is about 56 miles of road that was built to extend the highway around Fairbanks. It goes by Livengood. A bit of the road was not improved and it is the part that is giving everyone trouble in the winter.

Michael Baker(?) is a civil engineering design firm that was employed [by Alyeska?]. They designed the road from the Yukon to Prudhoe.

A man asks whether the withholding of the permit form '69 to '74 actually helped Alyeska look at some of the hard questions that they hadn't looked at before in design and logistics.

DeMay thinks that it did.

A man says that they were recently on a field trip to pump station 8. He says that one of the personnel at the station said that there is a new, earlier anticipated completion date of November '76. He asks about this.

DeMay responds that the job of project management is to improve scheduling. The pipeline should be finished before next winter. DeMay gives details about completion dates.

A woman has two questions. She says that on the fieldtrip, a person at the station mentioned that they were starting to lay off a lot of the workers. She asks what workers these are.

DeMay says that these are not the people at the stations. They will be needed through the winter. As far as the pipeline portion of the project, they do not intend to retain the workforce that they had. These crews will be “eliminated” as they reach the end of their usefulness.

The woman asks her second question about unions, hiring and teamsters.

DeMay says that they have a Project Labor Agreement which is an agreement entered into by Alyeska with the international unions. Only union members are hired for the project. All conditions for employment are agreed to in that contract. There are no strike provisions. There are provisions for arbitration. This is so that the project can be completed without disruption. DeMay elaborates on a problem with bus drivers.

The woman asks about Native workers.

DeMay says that the same conditions apply. Alyeska has obligations to hire certain numbers of Natives and other minorities, including Native contractors. He thinks Alyeska has a good record of hiring Natives, locals and minorities. And females, too.

A man asks about the effect the barges not getting through to Prudhoe Bay will have on the date of oil delivery.

Alyeska, for the pipeline, only had two barge loads of equipment going up the slope – consisting mainly of cement and pipe for the fuel gas line. The barges were diverted to Seward. Some of the materials are already up north. It will not have an effect on the project except for the added cost.

For the producers, DeMay understands that they have their critical materials in and the rest of the materials that have been diverted will be moved up by truck. They will be in a position to achieve their target dates. Again, it is just about added cost.

A man asks when Bechtel was brought on board.

DeMay says that the Bechtel contract was issued late in '73.

The man concludes from this information that they would have had 6 months of preparation time. He then asks if their duties paralleled DeMay's office.

DeMay responds that they would have reported to Frank Moolin. They would have been an extension of project management between Frank Moolin and the execution contractors if everything had gone according to plan.

A man asks how much contact DeMay has with Frank Moolin.

DeMay says he talks to Frank 5-10 times a day, sometimes all day. DeMay says he keeps close touch with all of his key people. DeMay is a great believer in giving a man enough freedom and responsibility to do a job. He also knows that a manager cannot assume something is going well just because it seems to be.

A man asks for a copy of DeMay's notes for the lecture. DeMay says he sees no objection to it, though he did not follow his notes exactly.

A man says that the Bechtel layer of management was removed. He asks if DeMay will address whether this was due to mismanagement and waste as it is rumored to be.

DeMay says that on any big project there will be some waste, some misappropriation of materials, etc. That cannot be attributed to Bechtel. There was a lack of warehouse facilities, materials were spread around and there was no security. Much of this can be attributed to not being ready. DeMay says that he must give Bechtel their due for doing the thing well which they did well. There are many things Alyeska is critical about, but it is Alyeska's job to be critical. Even the best contractor will do things that the company doesn't like. Alyeska probably did get ripped off, but that was partly Alyeska's fault for not being ready.

A man says that DeMay covered project management up through the construction phase well. He asks about the operations and maintenance phase.

Project management will be in existence until all of the facilities are complete and the pipeline is operational. It will then disappear.

The man asks how the operations and maintenance will be managed.

DeMay answers that this will be handled by a corporate structure. The next lecturer will cover this topic.

A man says, "Don't you agree that if you didn't have to hire so many minorities and so many Alaskans you could get the job done faster?"

DeMay says that he does not know; this is a hard question to answer. He says that hiring minorities who may not be as experienced as some of the other craftsmen carries some debits with it. He cannot quantify this, though. He says that every project has a responsibility to bring forward minorities that were not brought forward in the past.

A man says that rent in Fairbanks has increased significantly since 1973. He asks if Alyeska has any social viewpoints as to its responsibility to lower rent and cost of living in Fairbanks and other areas.

DeMay says that he doesn't think Alyeska can do anything. They have built a lot of their own housing and did things to take care of their own needs and people. When the project is completed and forces in Fairbanks are reduced, these will become available to Fairbanksans but this is a later benefit. Fairbanks, and all of Alaska, is currently in a boom situation; costs will be higher now.

A man asks if turnover has been higher than anticipated.

DeMay has a hard time answering but settles on yes. He says that he doesn't remember turnover data with him, but later lecturers might.

A woman talks about the reduction of forces. She asks if any Alyeska people are looking forward to the construction of gas pipelines in Alaska or Canada.

Alyeska is only concerned with the one pipeline it is working on. DeMay, as an individual, thinks that if the gas line is built, much of Alyeska's construction equipment and camps could be used to good advantage. DeMay and the woman speaks about some of the terms of Alyeska's contract. The tape ends.