

Senate Labor and Commerce Committee on Resident Hire

Prepared remarks by Tim Sharp as requested by Senators Egan and Davis.

September 6, 2011

Good Afternoon,

My name is Tim Sharp. I am Business Manager of the Alaska District Council of Laborers and also of Laborers' Union, Local 942 from here in Fairbanks. I appreciate the intent of the hearings and am happy to answer any questions that may be generated by my remarks.

I would begin by saying that I sit here today not as an apologist for the oil companies but a supporter for the potential of what could happen... with enlightened forward thinking leadership by those owner companies as well, as with our elected political leadership.

If you were to run our local union's membership list through the Alaska Permanent Fund data base as a way to gauge Alaska resident numbers, I would feel confident in a 95% plus residency figure. We are all about qualified Alaskans going to work.

As a result of oil development in our State, I have been lucky enough to make a career here spanning both Prudhoe and Fairbanks, built a home, raised two children and will remain tied and committed to Fairbanks the rest of my life. It is a great town and has an incredibly, diverse, talented skilled workforce.

The history of Fairbanks' participation in Prudhoe Bay is mixed.....especially in the last five to ten years. Fairbanks was the closest major town to Prudhoe Bay during construction of the oilfield and as a result, was the key place for mobilizing the workforce in the seventies on through to the late eighties.

When you got on the plane to go to work from Fairbanks back then, you knew everyone on the plane, either a friend, neighbor or local co worker. We considered ourselves an oil patch town and were always appreciative and proud of the work we did.

We built homes in Fairbanks, raised families and have tried to contribute to the general welfare of our community.

In the years after, and over time we began to notice a marked change with workers from out of state arriving in the oilfields....often flying direct from Anchorage from all over the country.

As time went on, we became the Alaskan minority, and often felt like strangers in our own State. It got continually worse as time went on, with the charter flights that originated in Anchorage.

In an effort to maximize their airline transportation investment, the owner companies strongly encouraged those few contractors who hired Fairbanks folks to get their people down to Anchorage to then fly Fairbanksans backwards to Prudhoe Bay some hours later. This was always confusing to us, especially during oil spills or in times of quick mobilization.

Though the charter would land in Fairbanks, on those few times it would land there during the week, fewer and fewer Fairbanks people would get on the plane. It should be noted that only 2 flights landed in Fairbanks out of 24 flights that went to Prudhoe Bay each week.

Between clearing results of a drug test, a security check orientation and then coordinating with a charter flight, it could take from one to two weeks from the time a contractor called someone, to the time they got to work.

Contractors seemed to lean more on getting workers through Anchorage, whether they were from Alaska or not.

As the owner companies leaned on contractors for efficiencies and value, as is their job, it seems that the contractors would seek out and import labor from other states with depressed economies to win bids, undercutting those that hired predominantly Alaskans.

It also seemed that with the number of hours worked and room and board provided, it would still pay better for workers to travel regularly from places as far away as Florida, paying their own airfare, to work in Prudhoe Bay, than what they would earn in wages from Texas, Idaho, Georgia, etc.

This is happening yet today and is still being practiced by Alaska Native Corporation subsidiaries and some Alaskan companies regularly, while many Alaskans, and especially Fairbanksans, remain out of work.

In the last two years we have received reports of companies from economically depressed states giving their morning safety meetings exclusively in Spanish. Things are simply out of hand.

It would not surprise me if most of you Senators have experienced this first hand, sitting next to workers on flights heading both north and south....often in first class status, based on the many miles they fly back and forth, every year, while taking wages out of Alaska, drawing unemployment benefits from the State of Alaska and again....while many qualified Alaskans remain out of work. The frustration in Fairbanks runs deep.

I did not come here today to beat up on the oil companies, as I realize they answer to a board of directors and shareholders. However, like many businesses, sometimes you can be myopic in terms of the short dollar versus the long dollar or value.

Both the owner companies and Alaskans need to start playing chess instead of checkers when it comes to our mutual interests in the long term resource development picture of Alaska.

I think there has recently been a major correction in the approach towards a solution by at least one of the owner companies in dealing with this issue. I believe that BP in particular has taken on and acknowledged that they can influence the contractor's lack of good behavior when it comes to Alaska hire even if it means paying higher wages that support people living in Alaska.

If the owner companies insist that contractors will be weighted during the bidding process the same way they do with safety and productivity in who hires the most Alaskans, I think we are well on our way towards a permanent fix to the problem. Hiring the cheapest labor is not always the way to save money.

Whether it is the economic limit factor (ELF), permitting new fields, ANWR, AGIA or ACES....multinationals and BP in particular are starting to realize that without

truly partnering with Alaska, even when 80% plus of our State's revenues are generated by them, they will continually revisit tax issues, legislative pressures, populist protests and bad public relations that can often negatively impact their bottom line.

For us, truly partnering means putting Fairbanks back to work in Prudhoe Bay. There are approximately 8,000 plus jobs there. If half of those jobs, including the legacy or maintenance jobs, were held by folks from the Interior, the oil companies would never lack from support or help when they needed it.

There are a number of hurdles that need to be ironed out to make this work into the future.

The first is that we cannot build the model on personalities....I am refreshingly inspired and have great confidence in Mr. John Menges and BP trying to lead the way in turning a corner here to correct the problem and cement the partnering with the people of Alaska.

Others should pay close attention and follow their lead. I was also impressed by the new head of BP, Mr. Carl Henric Svanberg, who also made the simple cause and effect observation that BP wants, and needs, to employ and engage people from the communities they work in, as it only makes good business sense.

However, if Mr. Menges were to get hit by a car today, I am not sure where we would then be when it came to the vision, or possibly even lack of vision, by whoever replaces him. Here in Alaska a handshake goes a long way but, we need to memorialize, measure and revisit the commitment by the owner companies, the contractors that serve them, and also by we Alaskans...when it comes to being business and investment friendly, supplying a trained and qualified workforce and remembering what partnering is.

The second hurdle is defining a methodology for truly measuring the number of Alaskans working. Former Mayor Hank Hove said, "Local hire is when your friends and neighbors are working." I think that says it best but think that, while not a perfect measurement, the Permanent Fund Dividend is a fair indicator of Alaskans making a commitment to the State, as opposed to the Constitutional, "one month with the intent to stay".

So to the Committee, I would say that:

1. Fairbanks wants and is ready to work.
2. Fairbanks is not getting its fair share of work in Prudhoe Bay.
3. We have received some encouraging signs from BP and hope others will follow their lead.
4. We support looking at any tax when our folks are working and it ultimately benefits Alaskans.

Thank you for looking into this issue. A lot of people are watching to see where this is going from here.

Tim Sharp, Business Manager/Secretary-Treasurer
Laborers' Local 942
2740 Davis Road
Fairbanks, AK 99709