

**ALASKA STATE LEGISLATURE**  
**HOUSE TRANSPORTATION STANDING COMMITTEE**

February 20, 2003

1:32 p.m.

**MEMBERS PRESENT**

Representative Jim Holm, Co-Chair  
Representative Beverly Masek, Co-Chair  
Representative Hugh Fate  
Representative Vic Kohring  
Representative Mary Kapsner  
Representative Albert Kookesh

**MEMBERS ABSENT**

Representative Cheryll Heinze

**COMMITTEE CALENDAR**

HOUSE BILL NO. 67

"An Act relating to construction of highways by the Department of Transportation and Public Facilities."

- MOVED HB 67 OUT OF COMMITTEE

HOUSE BILL NO. 96

"An Act naming the Sven Haakanson, Sr. Airport at Old Harbor."

- BILL HEARING POSTPONED to 2/25/03

**PREVIOUS ACTION**

BILL: HB 67

SHORT TITLE: CONSTRUCTION OF HIGHWAYS BY DOTPF

SPONSOR(S): REPRESENTATIVE(S) HOLM

Jrn-Date	Jrn-Page		Action
01/29/03	0085	(H)	READ THE FIRST TIME - REFERRALS
01/29/03	0085	(H)	TRA, FIN
02/13/03		(H)	TRA AT 1:30 PM CAPITOL 17
02/13/03		(H)	-- Meeting Canceled --
02/18/03		(H)	TRA AT 1:30 PM CAPITOL 17
02/18/03		(H)	<Bill Hearing Postponed to 2/20/03> -- Meeting Canceled
02/20/03		(H)	TRA AT 1:30 PM CAPITOL 17

**WITNESS REGISTER**

BARBARA COTTING, Staff  
to Representative Jim Holm  
Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Presented HB 67 on behalf of Representative Holm, sponsor.

DENNIS POSHARD, Legislative Liaison  
and Special Assistant  
Office of the Commissioner  
Department of Transportation & Public Facilities  
Juneau, Alaska

POSITION STATEMENT: Testified that the administration doesn't have an official position on HB 67.

FRANK T. RICHARDS, State Maintenance Engineer  
Office of the Commissioner  
Department of Transportation & Public Facilities  
Juneau, Alaska

POSITION STATEMENT: Answered questions pertaining to HB 67.

KEVIN RITCHIE  
Alaska Municipal League,  
Alaska Conference of Mayors  
Juneau, Alaska

POSITION STATEMENT: Testified in opposition to HB 67 in its present form.

JEFF ALLING  
Alcan Builders;  
Member, Associated Builders and Contractors  
Fairbanks, Alaska

POSITION STATEMENT: Testified in favor of HB 67, presenting his view only.

STEVE WEAVER, Director  
Environmental Engineering Program;  
Alaska Native Health Consortium  
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HB 67.

GRAHAM STORY  
Nome Chamber of Commerce  
Nome, Alaska

POSITION STATEMENT: Testified in favor of HB 67 and provided suggestions.

JERRY DRAKE, Member  
Bethel City Council  
Bethel, Alaska

POSITION STATEMENT: Testified in adamant opposition to HB 67.

JIM ADAMS, Director  
Maintenance and Operations  
Northern Region  
Department of Transportation & Public Facilities  
Nome, Alaska

POSITION STATEMENT: Testified on HB 67, offering "food for thought."

JUDY MARTINSON  
Northcoast Construction  
Nome, Alaska

POSITION STATEMENT: Testified in favor of HB 67.

STUART JACQUES (ph)

POSITION STATEMENT: Testified on his own behalf in favor of HB 67.

#### **ACTION NARRATIVE**

#### **TAPE 03-3, SIDE A**

Number 0001

**CO-CHAIR BEVERLY MASEK** called the House Transportation Standing Committee meeting to order at 1:32 p.m. Representatives present at the call to order were Representatives Masek, Holm, Fate, Kohring, and Kapsner. Representative Kookesh arrived while the meeting was in progress.

#### HB 67-CONSTRUCTION OF HIGHWAYS BY DOT&PF

CO-CHAIR MASEK announced the order of business would be HOUSE BILL NO. 67, "An Act relating to construction of highways by the Department of Transportation and Public Facilities."

Number 0081

BARBARA COTTING, Staff to Representative Jim Holm, Alaska State Legislature, the bill's sponsor, noted that additions to the committee packet included a revised fiscal note from the

Department of Transportation & Public Facilities (DOT&PF), a copy of the "Saint Mary's Airport Road Rehabilitation Final Completion Summary Report," a statement of opposition from the Alaska Municipal League, and a statement of support from Associated Builders and Contractors. Ms. Cotting explained that Alaska Statute requires that construction and maintenance be done by competitive bid, except in the case of very small projects, where the state is allowed to use what is termed a "force account." She said she understood "force account" as referring to situations in which the state uses its own forces to do the work, as opposed to opening up a project to the competitive bidding process. She said that over the years, instead of confining this to small projects, many large projects have been done by the state using the force account method. From Co-Chair Holm's point of view, she said, this takes dollars out of the private sector and out of the industry. It also requires the state to maintain expensive equipment and trained personnel year-round, and it particularly removes those projects from oversight by the public.

Number 0245

REPRESENTATIVE KOOKESH noted that the phrase "many large projects" had been used, and asked for an example of a large project.

MS. COTTING replied that the Saint Mary's project was an example of a large project.

REPRESENTATIVE KAPSNER said her understanding was that Saint Mary's was not a large project, as it was approximately \$1 million. She said force accounts only comprise 2.2 to 3 percent of the total DOT&PF budget, which is analogous to "crumbs off the pie." She suggested further clarification of what constitutes a large project.

Number 0336

CO-CHAIR HOLM, speaking as the sponsor of HB 67, suggested that the Saint Mary's project was not small, as it cost \$2 million 470 thousand. He said HB 67 has to do with the application of funds and how funds are spent. Referring to the packet, he pointed to fiscal year 2002, Item number 001, preventative maintenance, in the "DOT&PF Force Account Report." He said in this case, DOT&PF spends \$8,860 million for the Northern Region. While he understands the department doesn't want someone looking over its shoulder, as a contractor himself, he believes the

amount of \$250,000 is not "chicken feed." Most people in his business would bid on any job worth \$250,000, or less, in the Bush; if the job was much more than \$100,000, they would certainly apply to do it. Another issue is that the state owns a lot of equipment that it pays for out of the equipment-highway fund. In the case of Saint Mary's, the city bought the equipment, the state leased it, and at the end of project, the City of Saint Mary's has owned the equipment. He said he does not begrudge improving the town's financial position, but it may not be in best interest of the state to do those kinds of projects. He reiterated that he likes the competitive bidding process.

Number 0538

REPRESENTATIVE FATE referred to the word "large" and to the proposed amendment to AS 19.10.170(a) [in HB 67] and its correlation to the dollar amount of \$250,000. He suggested this as being the guts of the discussion and said he was of the mind that any debate would focus on the merits as to why this amount was chosen. He said he was not uncomfortable with the amount of \$250,000, but realized there must be some measure as to how this figure had been derived.

CO-CHAIR HOLM said a lot of work had been done on this bill last year, and on the companion bill from Senator Cowdery's office in which the same figure of \$250,00 is used. He said the consensus is that this is a good number, and he would like to keep things at a consistent level. He added that last year, the figure had even been raised to \$1 million in attempts to get the bill through the House.

Number 0661

REPRESENTATIVE KAPSNER asked what types of projects are done in the state for under \$250,000. She suggested that a lot more of such projects could be done in Fairbanks or Anchorage, as opposed to Tuntutuliak, for example.

CO-CHAIR MASEK suggested that DOT&PF might address that question later in the meeting.

REPRESENTATIVE KOOKESH said he wanted to determine what was in the best interests for the people of Alaska. He said that force accounts offer a lot of jobs to local areas that normally wouldn't have those jobs, and he wondered if limiting this to \$250,000 would be of benefit to those in the state who could

afford bonding, people like the sponsor, perhaps, who might benefit from this limitation.

CO-CHAIR HOLM responded that he doesn't claim to speak for all Alaskans, and that the possibility of bidding on jobs was not a personal reason for the suggested limitation. He noted that he does not personally deal with asphalt, and that a lot of these dollars are for preventative maintenance and for roads which he does not have a personal stake in. He added that a lot of these projects are in the Northern Region, while others refer to streets in the Juneau area. He reiterated that he believes in the public bidding process.

REPRESENTATIVE KOOKESH referred to Governor Murkowski's stated desire for Alaska to benefit economically, and said that the Saint Mary's project was of benefit to Alaskans, both in terms of jobs and equipment. He said he was trying to determine what was best, and that he was willing to be convinced.

CO-CHAIR MASEK said she wanted to allow time for public testimony, which would hopefully answer some of the stated questions.

Number 0916

DENNIS POSHARD, Legislative Liaison and Special Assistant, Office of the Commissioner, Department of Transportation & Public Facilities, introduced other DOT&PF staff - Mark O'Brien, Chief Contracts Officer, and Frank T. Richards, State Maintenance Engineer. He said that the new administration hasn't yet taken a position on this bill, is reviewing Administrative Order 199, and is trying to decide upon its position on the issue of force accounts. He pointed out that this bill would affect less than 3 percent of the total amount of the department's annual capital program. The department agrees that it should not be competing with the private sector, and that for activities where the private sector can do better, jobs are contracted out, which is why the department routinely contracts out more than 97 percent of its program. He explained that of that less-than-3 percent that they choose to do by force account, over half of that money goes to the private sector anyway because when [DOT&PF] works with its own DOT&PF employees by force account, it still has to buy materials and lease equipment from the private sector, and often employ private-sector services for participating in their projects.

Number 1052

MR. POSHARD explained that this bill would affect force account projects that are transferred, for example, to the Bureau of Indian Affairs, the Indian Health Service, or local governments. Another type of force account project that this bill would affect would be maintenance projects that the department does with its own maintenance forces. He said there are some specific line items in the capital budget and in the statewide transportation improvement program for things like bridge repair or pavement rehabilitation, and that each spring and summer a portion of DOT&PF maintenance employees are converted from being paid from the general fund maintenance budget to being paid from the capital fund budget. Essentially, in the summer those employees do what they normally do under the general fund maintenance program, except that it is done under a capital project. He explained that the reason is to be able to keep a trained workforce employed, without having to lay them off or having to rehire and train employees in the fall. If the department didn't do that, it would have a pretty serious management decision, determining either to lay off employees every spring - to keep a cushion in the personal services line item so that the department could pay for overtime when needed for major weather events in winter - or to keep employees and in the winter, having very little overtime to deal with any extraordinary snow events. The third type of force account project that this bill would affect is an offshoot of the maintenance the department does, which are projects like Saint Mary's. As indicated in the fiscal note, there are some savings achieved by working with DOT&PF maintenance forces as opposed to contracting out. Although the department has no position on this bill, should it pass, there would be some difficult management decisions up ahead.

Number 1221

CO-CHAIR HOLM asked if the force account process indicates that the department does not want to lay off employees, thereby avoiding paying overtime in winter, but still paying huge quantities of overtime in the summer.

MR. POSHARD responded that it has paid overtime for maintenance employees in summer, and has paid overtime out of these capital line items with force account work. One reason is to maximize the benefit of that type of work, that is, to complete as much of the work as possible in the summer, when the weather is agreeable for work pertaining to the patching of cracked sealings or guardrails.

CO-CHAIR HOLM asked how much of the \$11 million 180 thousand, the total for this year's force account, could be done by the private sector.

MR. POSHARD said the question was difficult to answer and that if the department chose to contract out, the private sector would be happy to fill the need and do the work. There may be a few items that couldn't be done, or that would be more efficiently done by the department, but feasibly the work could be contracted out.

CO-CHAIR HOLM asked for an example of something the private sector could not do for the state.

Number 1339

FRANK T. RICHARDS, State Maintenance Engineer, Office of the Commissioner, Department of Transportation & Public Facilities, said although there are features of the work that maintenance does that the private sector could do, it is really a question of cost-effectiveness. For example, if there is a particular bridge, with one small piece of guardrail to repair as well as a bushing or shim that needs repair, that work could be done by the contracting effort, except the dollar amount would be so small, it would be more cost-effective to use maintenance forces when they're there.

CO-CHAIR HOLM rephrased his question and asked if it would be better for the public sector to take the risk of having machinery sit around, thereby letting the private sector take the risk, and advertising over many projects rather than just one or two projects that the state comes up with.

MR. RICHARDS responded that when the department utilizes specialized equipment for force account efforts, in many instances it contracts for that piece of equipment, and makes the determination at that time, based on the quantity of work, as to whether or not it is more cost-effective to contract out for the entire effort or for the utilization of a piece of equipment with state forces. In the instance when the department purchases specialized equipment to be used by state forces, it is with a clear understanding that the piece of equipment will be utilized for that particular project and for subsequent projects, so that it will be cost-effective. He said [the department] reviews rates through published blue book rates

and contracted rates to ensure that it is in the best interest of the state to purchase that particular piece of equipment.

Number 1466

CO-CHAIR HOLM asked if DOT&PF's purchasing of equipment is appropriate and cost-effective, and whether it could be done better by the private sector.

MR. RICHARDS replied that in general terms, the equipment DOT&PF operates is multipurpose equipment, whether it is an eight-yard dump truck that is able to handle snow plowing as well as material hauling, or whether it is a grader, that can be used for "bluetop grading" as well as snow plowing in the wintertime. He said it seldom purchases specialized equipment.

CO-CHAIR HOLM rephrased the question by prefacing it with a statement. He said if there were not dump trucks, [Caterpillars ("Cats")] or guardrail machines in Alaska, then he might accept the argument that because of Alaska's hugeness or economy of scale, the state could purchase such equipment and utilize it in the best interests of the people who live in the state. However, because the equipment and workforce are there to be utilized, and because people in the private sector - good employees, union employees, people with talent - are available and could be utilized on these projects, why would government employees be better suited to provide this service than the private sector?

Number 1579

MR. POSHARD said the department has developed a level of efficiency in maintaining its equipment fleet, and in using DOT&PF employees to maintain roads and airports. He said there is no question, if that were the desire, that maintenance could be privatized, and it may or may not be cost-effective. However, that's not really what this force account bill is about. He said this refers to certain line items, a small portion of the capital budget, used to do maintenance work. There are only certain activities the department can do; most of those do not require specialized equipment, and when they do, the department often doesn't own or maintain the equipment but chooses to lease it. He said [DOT&PF] had a partnering meeting with ABC [Association of Building Contractors], where a few instances were brought to their attention where it was believed that the state had purchased specialized equipment, but was not making efficient use of it. He said [ABC's] point may be valid

and [DOT&PF] will certainly look into that. As a general rule, for force account work, the type of equipment used is either equipment the department already has that is needed year-round for other purposes, and the funding is shifted for that equipment during the period of time that it is being used on the capital project, or it is specialized equipment that the department is leasing.

REPRESENTATIVE KOOKESH asked if there was any timeline as to when the new administration would take a position on this bill.

MR. POSHARD said he was hesitant to give a specific date, but assured the committee that this has been brought to the top of the list of items that the commissioner needs to deal with, including Administrative Order 199.

REPRESENTATIVE KAPSNER asked what projects take place in the state for \$250,000 and the extent to which projects are covered in urban versus rural areas for that amount. Representative Kapsner asked for percentages of the three types of projects that force accounts affect. She commented that she finds it bewildering that the Saint Mary's project has gotten people's hackles up, since it's crumbs in light of DOT&PF's enormous budget.

Number 1768

MR. POSHARD referred to the "DOT&PF Force Account Report" for the year 2002, and said that maintenance activities make up all but about \$1.5 million of the \$11.2 million, which was the total amount of force account maintenance activities; a sizeable portion of that ended up in the private sector anyway. Only 40 percent was related to DOT&PF personnel, personal services, and equipment, as the rest went to the private sector. He said for 2002, a total of about \$1.5 million was force account projects that the department transferred to other agencies and which they did not do with their own forces. He added that the Saint Mary's information was listed in the year 2000.

REPRESENTATIVE KAPSNER noted that \$1.5 million was out of \$11.2 million for force account work, but inquired as to the amount of the total budget.

MR. POSHARD responded that \$505 million was the total budget, indicating that the \$1.5-million amount transferred to other agencies was about .2 or .3 percent.

REPRESENTATIVE KAPSNER restated her second question, which referred to the dollar amounts for the three types of projects that Mr. Poshard referred to earlier.

Number 1888

CO-CHAIR MASEK asked if something written could be provided to the committee.

MR. POSHARD asked if Representative Kapsner was looking for projects, in general, of less than \$250,000 that the department does, or for a breakdown of projects that the department chooses to transfer to other agencies. In response to Representative's Kapsner request for both pieces of information, Mr. Poshard said those could be provided to the committee.

Number 1920

KEVIN RITCHIE, Alaska Municipal League, Alaska Conference of Mayors, said their committee looked at the bill and does not recommend adoption of the bill in its present form. He mentioned the process that was entered into over the summer, as a result of discussions from last year, and he referred to a long-term conflict between contracting and force accounting throughout the state, not just in transportation projects but in other areas as well. He said there were good sessions that involved numerous meetings and included key affected parties from state agencies, federal agencies, general contractors, AFL-CIO, Native corporations, the municipal league, and others. He said people aired issues, and the Saint Mary's project received a fair amount of discussion. He added that he thinks the Saint Mary's project is fairly unique as far as force accounts go. In Alaska, an important part of rural economies is temporary work, such as work that is available through force account projects. On the other hand, contractors are rightfully concerned that a force account contract does not have to pay Davis-Bacon wages. He said there are obvious competitive issues between contractors and force account projects, and that because both sides have a fair issue, a great deal of discussion and compromise took place, which was accomplished under the administrative order. He said the administrative order was from the prior administration and needs to be looked at by the current administration.

Number 2030

MR. RITCHIE continued, to solve the local hire issue, some productive and unprecedented discussions on training rural residents resulted from that process. On the equity and pay issue, the Department of Labor [and Workforce Development] proposed additional salary schedules for force account projects that would more closely mirror Davis-Bacon wages, in a training sense, which would bring the two sides closer together.

Number 2088

JEFF ALLING, Owner, Alcan Builders; Member, Associated Builders and Contractors (ABC), said his views do not necessarily represent ABC. He said his ire was raised when he learned of the Saint Mary's project from a fellow contractor. He spoke to Mr. Kookesh's question, and said that it makes good economic sense for contractors to work on rural projects because they hire locals at the prevailing wage rate, which is under Title 36, the Davis-Bacon wage rate, which benefits the villagers. It is also economically sound for contractors, since bringing workers into a village could cost \$75 - \$160 a day. Other benefits to the village include shipping equipment in and out; renting of housing by the supervisory contractors; spending money on air travel, which puts additional money into the local airline industry; and an additional unspoken cultural benefit, namely, when contractors work in the villages they meet a lot of great people. He said at the last job they did in Nome, the project lasted for four and a half or five months, and they hired seven or eight skilled and unskilled individuals from Nome. About 10 years ago, they remodeled the federal building and did the same thing.

MR. ALLING stated that a better bidding process often translates into added value for the state, which generally helps the state; enhancement of the free enterprise system is something the state should take very seriously. He said that although reference is being made to maybe .2 percent of the budget, that .2 percent is important to him, as a general contractor, and although that is not a lot of money in the overall picture, it is especially important to contractors who reside in those communities. In response to Co-Chair Masek's question, he said he was in favor of HB 67. He added that a gentleman from the operator's union, who was not able to testify today, had mentioned that the dollar amount of \$250,000 was, to him, a large project.

REPRESENTATIVE KAPSNER asked what rumors he had heard about the Saint Mary's project that had upset him.

Number 2350

MR. ALLING said he talked with a highway contractor in Nome, hopefully somebody who would be testifying today, who was upset over the size of the project and the direction the state was taking in Western Alaska; she had indicated that it hurt her company in a big way.

REPRESENTATIVE KAPSNER said there is a serious economic situation in rural Alaska and that 10 years ago, on the average, families would make about \$6,000 per year fishing, but don't get that amount anymore. The Saint Mary's project was an effort to help families who were in dire straits to get back on their feet.

**TAPE 03-3, SIDE B**

Number 2374

CO-CHAIR MASEK pointed out that the discussion was getting off base by focusing on rural funding and jobs rather than on force accounts.

REPRESENTATIVE KAPSNER said she thought it was germane to address projects in rural Alaska and across the state in light of the \$250,000 amount.

CO-CHAIR MASEK said the committee was dealing with HB 67, not the logistics of wages.

REPRESENTATIVE KOOKESH said he would appreciate the latitude of being allowed to have the discussion.

Number 2331

STEVE WEAVER, Director, Environmental Engineering Program, Alaska Native Health Consortium, said his organization was not in favor of HB 67. The consortium builds sanitation facilities in communities throughout rural Alaska, and often partners with the Indian Health Service to build sanitation facilities, access roads, and boardwalks. Through that process, DOT&PF is able to piggyback on existing projects, and is able to deliver service at a lower unit cost and to provide faster service for citizens who need roads, because things are already in place. He said because they are participants in A0199 [Administrative Order 199] there is a structured training program that allows local residents to participate and helps to build a pool of trained construction workers in rural Alaska. He said he saw a problem

with language in the bill, as it removes DOT&PF's management flexibility, which would allow for working with programs such as theirs to deliver better value to citizens.

Number 2271

GRAHAM STORY, Nome Chamber of Commerce, spoke in support of HB 67, except for the language referring to the arbitrary amount of \$250,000. He suggested strengthening the phrase, "appears to be in the best interests of the state" or making the requirements tougher for the state to meet before going into force accounting.

Number 2222

JERRY DRAKE, Member, Bethel City Council, said he was adamantly opposed to HB 67. Very few communities can take on these projects because they don't have the right equipment and people. Furthermore, wages are very germane to this debate. He said when a contractor does a small project in a rural community, maybe a few people get hired, but not many. However, if the work is done by force account, a lot of people in the community work. He wondered if anyone has studied how many people are then taken off of welfare and are able to take care of themselves, since that would be a large savings to the state that nobody seems to be talking about. He said that a lot of work was done during the past year, crafting the administrative order that is currently on the table, and that HB 67 and the companion Senate bill are a slap in the face to all the people who worked hard.

Number 2130

JIM ADAMS, Director, Maintenance and Operations, Northern Region, Department of Transportation & Public Facilities, read the following testimony:

On a much smaller scale, the federal preventative maintenance program makes a substantial difference in the condition of Nome area roads. Since very few STIP [Statewide Transportation Improvement Program] projects planned out this way score high enough to come to fruition, force account work performed under the preventative maintenance program is what is saving a portion of our roads now. The Saint Mary's project was a part of the fish disaster situation, and this played a part (indisc.).

MR. ADAMS, in response to a question from Co-Chair Masek asking if he was for or against the forced accounting process said he was just offering food for thought.

Number 2064

JUDY MARTINSON, Northcoast Construction, a 22-year general contracting company that hires 90 to 100 percent local people, said that their work has been eroded by DOT&PF forces and, in particular, the Saint Mary's road, which was not done by competitive bid; it was done by DOT&PF. The villagers were paid less than Davis-Bacon wages, and equipment was purchased, indirectly through the city, to do the work. She said there is very little work in Northwest Alaska, and what's there is being done by the state. She said her business has had to let people go; that their equipment sits; and that they send their equipment out on the barge, while DOT&PF forces bring equipment in. She asked, "What's wrong with this picture?" She said the 3 percent previously referred to has a large impact, and that the "DOT&PF Force Account Report" shows a skewed dollar amount, since the 3 percent is for labor only.

MS. MARTINSON said state and city forces are getting stronger, while [Northcoast Construction] is being put out of business: its revenues used to be up to \$2.5 million and now are down to \$10 thousand to \$20 thousand. She said if what is going on now is not socialism, she doesn't know what is. She acknowledged that the Saint Mary's project resulted from a poor fishing year, but she heard that when actual work was being performed, people were fishing. She said for villagers to have more money in their pockets, the contractors pay Davis-Bacon wages, which are a lot higher than what temporary, state-hire personnel are paid, and it is done in a democratic system. She said the stronger that government becomes and the weaker the private sector becomes, so does society and freedom go down the drain. She testified in favor of HB 67 to solve this problem.

REPRESENTATIVE KAPSNER asked what other contracts were lost due to force accounting.

MS. MARTINSON replied that contracts weren't lost because [her company] did not get the opportunity to bid in the first place. She said it was hard to quantify because there is not much work in the area, and that work is not available for bidding. She emphasized that Saint Mary's was a big issue because her

business was really looking forward to being able to bid on that job, but it was taken off the bid schedule.

REPRESENTATIVE KAPSNER asked what other projects were not available to be bid on, since the figure Ms. Martinson stated was alarming - dropping from \$2.5 million down to \$10 thousand to \$20 thousand. She asked what other factors entered into the alarming drop in income.

MS. MARTINSON said the only work in the area was maintenance, which is listed in the force account report, although she didn't know the specific breakdown. She added that they are grateful for the small maintenance contract that they have for next year.

REPRESENTATIVE KAPSNER said she hoped things would get better for Ms. Martinson under the new administration, with the governor's commitment to building roads, and said that she was sorry to hear of Ms. Martinson's loss. Representative Kapsner added that the Saint Mary's fishermen were not fishing commercially during that year, but that whatever fishing they were doing was for subsistence.

Number 1780

STUART JACQUES (ph), noting that he is a member of the board of directors for the Association of Building Contractors, said he was not speaking for the board, and that he was in favor of HB 67. He said the state should not be in the business of competing with and potentially taking work away from the public sector. He said about 10 years ago, the Alaska State Housing Corporation became a contractor, doing work for other agencies, and to some extent, was doing something similar to DOT&PF's piggybacking with other agencies. In reference to a previous comment that if force account projects were not done in the villages, then jobs would be taken away from those villagers, he thought that to be incorrect because the work would still occur. The question would be whether villagers would work those jobs. He said the answer is a matter of training, and that if the villagers were trained, contractors would hire them. He said that rural training is part of the answer, if the desire is to employ people who live in the Bush. He said that \$250,000 is a small part of the budget, depending on one's perspective, and that to some, it is a big number. He does not believe that force account work is done nearly as effectively by the state as it would be by the contracting sector.

Number 1627

REPRESENTATIVE KOOKESH said he would like to hear a policy decision from the administration.

CO-CHAIR MASEK commented that the finance committee could address concerns about HB 67 that were raised during the meeting.

The committee took an at-ease from 2:42 p.m. to 2:45 p.m.

CO-CHAIR MASEK asked if the sponsor wanted to respond to Representative Kookesh's statement with regard to the administration's addressing of Administrative Order 199.

CO-CHAIR HOLM said the new administration would make its own decisions as to how it would relate to Administrative Order 199, and said that to hold the bill for that purpose would not be prudent.

Number 1540

REPRESENTATIVE KAPSNER asked if an amendment would be entertained. She said part of the compromise that was reached with the previous working group was they determined it would be beneficial to have pre- and post- bid conferences where communities could weigh in, letting it be known how many workers were available, and who would be eligible for work. She asked if such an amendment could be considered.

CO-CHAIR HOLM declined consideration at this point because this was a contracts issue, which was not being addressed in this bill. He said his goal was to try to limit DOT&PF's ability to contract outside of the process of competitive bidding.

REPRESENTATIVE KOOKESH referred to Representative Fate's earlier comment of focusing the debate on amount of \$250,000, and asked if the sponsor would consider an amendment that would raise the amount. He said he would appreciate a discussion on the given amount, or, if not, wondered if the sponsor would entertain a motion to raise the amount.

CO-CHAIR HOLM respectively declined, saying that at this time, he thinks it is appropriate to keep the \$250,000 since the same number is being considered in the Senate version.

REPRESENTATIVE KOOKESH said in that case, his vote would be "no."

CO-CHAIR MASEK mentioned that the bill would be referred to the House Finance Committee, where the dollar amount would be further considered.

Number 1391

REPRESENTATIVE FATE moved to report HB 67 out of committee with individual recommendations and the accompanying zero fiscal note.

Number 1385

REPRESENTATIVE KAPSNER objected.

A roll call vote was taken. Representatives Fate, Kohring, Holm, and Masek voted in favor of reporting HB 67 from committee. Representatives Kapsner and Kookesh voted against it. Therefore, HB 67 was reported out of the House Transportation Standing Committee by a vote of 4-2.

**ADJOURNMENT**

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 2:45 p.m.