

S B

172

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SPONSOR POSITION STATEMENT SSSB 172

In the weeks since introduction of SSSB 172, a repeal of the Little Davis-Bacon Act in Alaska, I have received a diversity of testimony on the issue. I would like to capsulize that testimony.

Those opposed to the legislation defend the present law as the "working man's protection," a guarantee of "adequate" compensation for skilled workers. They all also reflect on the seasonal nature of the work, and the need to earn an adequate annual income in four to five months. Repeal of Title 36.05, in their opinion, would result in greatly reduced pay by contractors and generally reduce non-union pay rates as well.

Supporters of this legislation believe that the payment of union wages, particularly in areas of the state where the pay for similar work is far lower than union scale, inflates project costs unreasonably and unnecessarily. It also results in a largely union work force which often precludes the availability of work for residents of the specific project area. They value more jobs and more construction projects more highly than the extremely high minimum wage assured to those fortunate enough to work.

I maintain that Little Davis-Bacon is not fulfilling the function for which it was enacted. Specifically, the law was intended to ensure that in government funded projects, laborers would be paid wages comparable to those paid in private industry. In contrast to that original intent, the law now ensures a minimum wage that is equivalent to the maximum wage for each class of work in the construction industry. Because of the method in which the prevailing wage is determined, it will continue to be union scale and nothing different.

The Little Davis-Bacon provision in our law ensures that any project undertaken with state dollars will have the highest possible cost. Given the demand for facility development in this state and our level of unemployment, this strikes me as neither wise nor productive.

MEMORANDUM

April 6, 1983

SUBJECT: Little Davis-Bacon Act
(Work Order No. 13-1187)

TO: Senator John C. Sackett

FROM: Thomas A. Sofc *TAS*
Legislative Counsel

I just received a response from Bill Walker of the National Council of State Legislatures. There are 37 states have a version of the Little Davis-Bacon Act presently on their books. The 13 states which do not have a Little Davis-Bacon Act are Alabama, Arizona, Florida, Georgia, Iowa, Mississippi, North Carolina, North Dakota, South Carolina, South Dakota, Utah, Vermont, and Virginia. Of those 13 states Arizona and Florida repealed their statutes in 1980 and 1979 respectively, while Utah repealed their Little Davis-Bacon Act in 1981. Of potential interest to you is the fact that the legislature's of both Colorado and Idaho repealed their respective Little Davis-Bacon Acts in 1981 but in both instances the repeal was vetoed by the governor and the legislature in each instance was unable to override the governor's veto.

Let me know if I can be of any further assistance to you on this project.

TAS:ljb



THE HEART OF THE MATANUSKA VALLEY

MAY 6 1983

CITY OF PALMER

COUNCIL-MANAGER GOVERNMENT
P.O. BOX 1368 • PHONE (907) 745-3271
PALMER, ALASKA 99645

OFFICE OF THE MAYOR

April 29, 1983

The Honorable John C. Sackett, Senator
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett,

We at the City of Palmer agree the Little Davis-Bacon Act has indeed been counterproductive for our area and artificially raised the cost of construction in and has been a hardship on our local small contractors.

Growing population in the Matanuska-Susitna Borough is placing substantial pressure on our schools, sewer systems, roads and other basic services, yet money to provide these services will be harder to come by.

Thank you for introducing SSSB 172. By a copy of this letter I will indicate our support of SSSB 172 to our legislatures from the Mat-Su.

Sincerely,

George W. Carté, Mayor

GQ/tlc

cc: Senator Kerttula
Representative Lacher
Representative Larson

I would like to go on record as supporting your SB 172.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "W. H. Phillips".

Dr. W. H. Phillips
Superintendant of Schools

cc: Mr. Stanley Peters, Regional Board Chairman



MAY 6 1983

City of Galena

Antoski Hall • P.O. Box 149 • Galena, Alaska 99741 • Telephone (907) 656-1281

May 2, 1983

Senator John Sackett
Pouch V
Mailing Stop 3100
Juneau, Alaska 99811

Dear Senator Sackett,

We are in receipt of your letter of April 23, 1983, in regard to your sponsorship of a bill to repeal the Little Davis-Bacon Act. There is no question but what the Little Davis-Bacon Act increases the cost of our construction projects for the City of Galena. For example, for the construction of a Vehicle Storage Building last fall, from information we have, the Contractor was required to pay \$27.80 per hour including fringes for Capenters. In the City of Galena, our Water Plant/Maintenance Supervisor supervises the whole water plant operation, water and sewer delivery, roads maintenance, building maintenance, and all city construction type projects that are not contracted out. His responsibility and job knowledge requirements seem much higher than that of a carpenter; yet, his wage including fringes is only about 65% of the Little Davis/Bacon Carpenter's wage. The laborer's rate of \$22.35 including fringes even surpasses our Water Plant/Maintenance Supervisor's rate.

We hope this information is of some help.

Sincerely,

Pat Myers
Pat Myers
City Manager

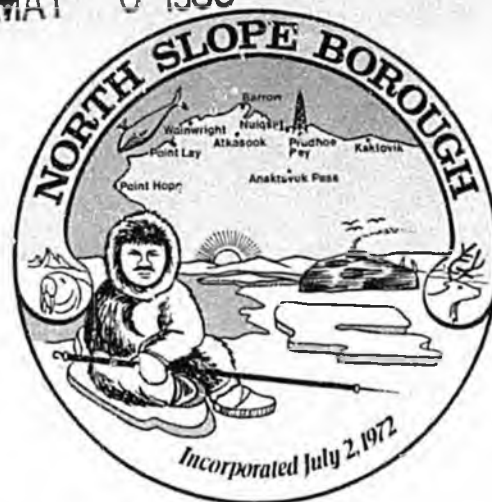
cc: Governor Sheffield

NORTH SLOPE BOROUGH

OFFICE OF THE MAYOR

P.O. Box 69
Barrow, Alaska 99723
Phone: 907-852-2611

Eugene Brower, Mayor



May 2, 1983

The Honorable John Sackett
Alaska State Senate
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett:

I support the bill you have sponsored (SSSB 172) to repeal the Little Davis-Bacon Act in Alaska to eliminate the mandate that union-level wages be paid on projects funded directly or indirectly by the State.

I understand the repeal of this law will benefit capital projects in rural Alaska so they can be constructed at lesser costs. Thus, these savings translate into the State providing a greater number of capital projects in rural areas and more employment opportunities.

I commend your actions to be very appropriate, especially in light of the forecasted decline in State revenues.

Sincerely,

Eugene Brower, Mayor

MAY 6 1983


MAY 3, 1983

CITY OF KASIGLUK
AKULA HEIGHTS
KASIGLUK ALASKA 99609

MR. LEE STOOPS
ALASKA STATE LEGISLATURE
POUCH V
JUNEAU, ALASKA 99811

RE: LITTLE DAVIS BACON ACT

THIS LETTER IS IN SUPPORT OF THE REPEAL OF THE LITTLE DAVIS-
BACON ACT. THE REPEAL OF THIS ACT WOULD SAVE US MONEY IN THE
RURAL ALASKA. MOST OF THE VILLAGES HAVE NEEDS THAT WOULD BE
TOO EXPENSIVE TO MAINTAIN ONCE THIER BUILD.
PLEASE ENDORSE THE REPEAL OF THIS ACT. THANK YOU VERY MUCH.



ZACHARIAS BRINK, SR. MAYOR

ZB/naw/ga

CC: OFFICE FILES

LOWER YUKON SCHOOL DISTRICT MAY 6 1983

Box 200
Mt. Village, Alaska 99632
(907) 591-2411 Superintendent
(907) 591-2412 Budget and Finance
(907) 591-2214 Maintenance
"An Equal Opportunity Employer"

April 29, 1983

Senator John Sackett
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Re: SB 172

Dear Senator Sackett:

The proposed intent of SB 172, the elimination of the mandate of the Little Davis-Bacon Act that union-level wages be paid by all contractors or sub-contractors on projects funded directly or indirectly by the State, would be of significant assistance to all "bush" Alaska School Districts. This bill should have a substantial hearing on the costs of construction in our area.

Under the present conditions, Construction of school facilities in the "bush" is running up to \$250.00 per square foot, which is rather ridiculous. I am certain that much of this cost can be attributed to the mandate of this law. In addition, I suspect that the requirements of this law also contributes to the fact that contractors often times hesitate to employ local workers. The mandated wages necessitates the employment of the most skilled, efficient labor possible, often times by-passing some good, semi-skilled local labor. Needless to say, this drives the construction costs higher.



CITY OF WASILLA

P. O. BOX 430
WASILLA, ALASKA 99687
PHONE: 376-5227

MAY 6 1983

May 2, 1983

Honorable John C. Sackett
Co-Chairman Senate Finance Committee
Pouch V
Juneau, AK 99811

Dear Senator Sackett:

In reply to your letter regarding repeal of the Littel Davis-Bacon Act you can be assured of my support.

In this day of declining state revenue I think it very important to establish reasonable wage rates more in tune with actual conditions.

Sincerely,

Harold S. Newcomb, Mayor
City of Wasilla

HSN:EPN/mdh

MAY 6 1983



CITY OF ANDERSON

P.O. Box 40011 • Clear, Alaska 99704 • Phone (907) 832-5566

In Reply
Refer To:
May 4, 1983
LEG 900

Honorable John Sackett
THE STATE CAPITOL
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Senator Sackett:

We have heard that your office is interested in knowing more about the ways in which provisions of the Davis-Bacon Act impacts employment, effective use of public funds and local economies. We are pleased to give you our thoughts along those lines.

Our comments are cast against two critical factors:

1. We support the philosophy and validity of the union movement;
2. We understand and acknowledge that stewardship of public funds dictates due care and caution in the use of those funds; and that,
3. Number one and two above are not necessarily self-exclusive.

In Anderson, \$10-14 per hour is considered a competitive wage for general labor and \$12-17 a fair wage for operators and mechanics. These figures are \$10-15 per hour less than those required by the Davis-Bacon Act.

During the summer construction season, Anderson anticipates employment of twelve persons in these categories for 15 weeks.

For easy calculation, we have arbitrarily chosen mid-points in both the city wage rate and Davis-Bacon wage rates, thus,

City = \$13.50/hr
D-B = \$26.00/hr

| | |
|---|-----------|
| D-B: 12 workers x 40hrs/wk x 15 wks x \$26.00/hr = \$187,200 | |
| Payroll tax cost at 22% = <u>41,184</u> | |
| Total | \$228,384 |
| City: 12 workers x 40hrs/wk x 15 wks x \$13.50/hr = \$ 97,200 | |
| Payroll tax cost at 22% = <u>21,384</u> | |
| Total | \$118,584 |
| Difference: | \$109,800 |
| % Differential: | 48% |

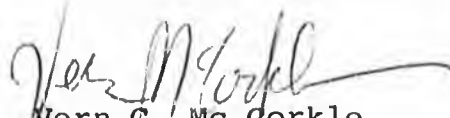
From this quick demonstration, it can be seen that to observe the D-B rate scale requires a 48% premium which could be used for public works, but must be paid out in often unrealistically high wages. In the above example, \$109,800!

As in other small communities and villages in Alaska, Anderson workers are employed near their homes where travel costs are minimized and usually tools and other work equipment are provided. Often work sites elsewhere in Alaska are remote where cost of living is high. Presumably the D-B scale is to help defray some of these typically employee-paid costs.

We hope this study has been helpful in your research.

Very truly yours,

THE CITY OF ANDERSON


Vern C. Mc Corkle
City Administrator

VCM/ww

MAY 9 1983

CITY OF SKAGWAY

GATEWAY TO THE GOLD RUSH OF '98"

P O BOX 415 SKAGWAY, ALASKA 99840

(907) 983-2297

May 5, 1983

Senator John C. Sackett
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett:

I would like to make a few comments regarding SSSB 172 which would repeal the Little Davis-Bacon Act in Alaska.

The purpose of the Little Davis-Bacon Act is to insure that public construction contracts are competitive in regards to expertise and profit but not wages. Workers as a class are protected against exploitation by contractors. Unfortunately, in practice this Act has served to elevate workers' wages to unrealistic levels at the expense of the public. The basic problem is that the wage determinations have been set by the Department of Labor to be equivalent to union scale plus benefits. In small communities wages in general are much lower than union scale even without benefits and the consequence has been that contractors import more highly skilled, higher paid workers to do public construction work. Thus, small communities pay top dollar for contractual work with little hope of solving local unemployment problems. This is one major reason that more and more communities are using the force account approach for doing their capital projects.

Currently, the Department of Labor has an unused provision that allows them to make local wage determinations. Since the Department of Labor is one of the most bureaucratic and insensitive arms of State government, I feel that a far more appropriate thing to do would be to repeal the Little Davis-Bacon requirement for public construction contracts and allow instead for wage determinations to be made at the municipal level. Wage determinations outside of any incorporated areas could be made by the contracting entity.

Skagway is suffering an 80% unemployment rate. Even though nearly ten million dollars of construction work will take place here this summer, only a handful of local residents will find employment. Since the contractors must pay top dollar for labor, they prefer to import past employees rather than take a chance on local workers. If, on the other hand, the City had determined that wages would range between \$12.00 to \$16.00 per hour, for instance, more locals both skilled and semi-skilled would have been hired and the job would probably have been done cheaper.

'MAY 9 1983

Newhalen City Council

P.O. Box 153
Miamna, Alaska 99606

May 4, 1983

Senator John C. Sackett
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett:

Your letter regarding support for the repeal of the Little Davis - Bacon Act has been brought to my attention.

Based on the review and evaluation of the Davis - Bacon Act, your repeal was a wise decision from a local government's standpoint. I believe that if the local governments can get local people to work for below union wages, they should. This would create jobs for the local people, save money for the local governments and for the State of Alaska from which most of the monies for capital projects come.

Rural Alaska depends mostly on state monies for capital projects. I believe that Rural Alaska should spend most of the money on the capital project rather than spending it on wages.

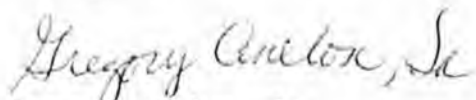
Also, in Rural Alaska most people aren't skilled so the Contractors hire them to help the qualified craftsman. The Contractor should pay a considerably lower wage to the person rather than paying at the qualified craftsman's wage.

Furthermore, in my opinion, the extra cost to the Contractor to pay the union scale would hurt the taxpayer by spending money on something that would not accomplish anything and yet increase the deficit.

Your vote to support the repeal of the Little Davis - Bacon Act is greatly appreciated.

Thank you for your time and consideration.

Sincerely,



Gregory Anelon, Jr.
Mayor - City of Newhalen

cc: Representative Adelheid Herrmann

MAY 9 1983

City of Tununak

P. O. Box 69

Tununak, Alaska 99681

Phone No. (907) 652-6626

May 2, 1983

The Honorable John C. Sackett
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

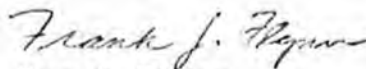
Dear Senator Sackett:

Recently, it has come to our attention that legislation has been introduced (SSSB 172) that would repeal the Little Davis-Bacon Act in Alaska. The City of Tununak recognizes the advantages of eliminating this mandate which requires that union-level wages be paid by contractors and sub-contractors on projects funded directly or indirectly by the State.

A case in point which clearly demonstrates the benefits, to both the City and State, of repealing this Act can be made from our own sea wall project. In our initial budget estimate for the workers wages (using a union-level scale), we were planning to hire 10 workers for more than \$525,000; however, using a force-account system, we are now able to hire 25 workers for less than \$240,000. The reduction in worker wages is enabling the City to hire an additional 15 workers while, at the same time, save the State of Alaska hundreds of thousands of dollars.

We support this legislation because we feel that the repeal of the Little Davis-Bacon Act will enable the City of Tununak to acquire funds that are critical to the operation and betterment of our community--in spite of the declining State revenue.

Sincerely,



Frank Flynn
Mayor

cc: Governor Bill Sheffield
Representative Anthony Vaska

MAY 5 1983



CITY OF BETHEL

P.O. Box 338 • Bethel, Alaska 99559

543-2297—Area Code 907

April 29, 1983

State Legislature

RE: SSSB 172

The City of Bethel herein commends and supports your efforts to repeal A.S. 36.05, the Little Davis Bacon Act. Title 36 (Little Davis Bacon) as it appears on the books and is administered through the Department of Labor is nothing more than a government feeding through perpetuated at the insistence of organized labor. The basis idea behind the law has merit in that it mandates that prevailing wages in an area be paid on government sponsored construction projects in order to eliminate cutthroat competition at the expense of the working person. But its enforcement ensures that the non-competitive aspects of union construction - high wages and restrictive work rules - remain in wide use on government assisted construction projects.

The State of Alaska with its oil revenue has embarked on a large scale development program in an attempt to develop Alaska's infrastructure to a point where Alaska's private economy can flourish on a long term basis and, thereby, benefit all Alaskans with more employment opportunities. We agree entirely with this approach and concept for using non-renewable revenues to develop a renewable or thriving economy that won't be subject to the boom and bust fluctuations heretofore experience. However, it would seem only sensible that the State of Alaska would do everything in its power to get the most for its money. A.S. 36 mandates that an artificially high price be paid for labor on all State sponsored for assisted projects therein negating the variables of labor and inflating the overall cost of all projects. That overly high price for labor then falls over into the labor wages paid in the private sector thereby driving up the cost of doing business. Labor is and should remain a variable cost negotiated with unions and/or with a contractor's work force. It should not be set by government.

The City of Bethel is attempting to do, within the City limits, what the State of Alaska is attempting to do over the entire state; that is, build an infrastructure that can adequately react to growth in the community and create an environment in which private enterprise can flourish. Most of our projects are paid for with state grants and because of this, we are required to pay A.S. 36 wage rates. During the recent construction of a new Public Works Building for the City of Bethel, the A.S. 36 requirements increased the total projects costs by 10%. The increase in labor costs was approximately 25%. This size increase has an enormous impact on a community like Bethel with

"Deep Sea Port and Transportation Center of the Kuskokwim"

limited sources of revenue. This Public Works Building was built with local money, not with state grant funds, yet we still were required to adhere to A.S. 36. The overhead of the governmental entity, as well as the contractor's, also increases due to the reporting requirements contained in A.S. 36. It simply costs everybody money.

The labor costs associated with constructing Bethel's new Petroleum Products Dock averaged \$49.49/man hour over the life of the job. This included wages and benefits as required by A.S. 36. I don't need to explain the financial impact of carrying a wage scale like that over a 6 month construction period. The cost becomes staggering. In this instance, the State of Alaska paid those costs through a municipal grant. It is a cost that the State nor the municipality did not need to incur except for the archaic requirements of A.S. 36.

All small municipalities must undertake other relatively, small construction projects to accommodate growth and change. A.S. 36 must still prevail, therein, driving up the costs of meeting nearly every need. On some small projects we experience up to a 33% differential between the A.S. 36 and non-A.S. 36 bids. A 33% hike in the cost of meeting and accommodating growth and change places an undue burden on the already strapped finances of small communities.

We are also missing the boat in another area because of A.S. 36; that is, the area of job training. I know of no employer that is willing to train workers while paying the labor costs mandated in A.S. 36. Those of us in rural Alaska must, therefore, stand idly by and watch workers come in from "outside" while unemployed local workers remain unemployed and cannot get the training and experience required to enter the work force. These workers then end up in the unenviable position at the end of the unemployment line. We cannot blame the contractors for this for it is purely an economic decision. The tide must change sometime. The people of rural Alaska should not have to stand by while other people come in and reap the benefits of our efforts. Economic self sufficiency is something we are all striving for. We cannot achieve it under existing conditions required of us by A.S. 36.

The State of Alaska and all of its political subdivisions are suffering under a law (A.S. 36 - The Little Davis Bacon Act) devised for another time. We feel that we've transcended that time. Labor will get the wage it deserves. We are not trying to short change the working person. We are trying to get the most we can get for our construction dollar. With A.S. 36 in place, we cannot achieve that goal. We support wholeheartedly your efforts to repeal A.S. 36.

Sincerely,



John Guinn
Mayor

MAY 2 1983



CITY OF CRAIG

P.O. Box 23
Craig, Alaska 99921
(907) 826-3275

April 27, 1983

The Honorable John C. Sackett
Co-Chairman of Senate Finance Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett:

Thank you for your letter of April 23, 1983 regarding SSSB 17, which would repeal the Little Davis-Bacon Act. We are in wholehearted agreement with this bill, and support you in whatever efforts you make to assure its repeal.

I am sending letters to our legislators and the Governor stating our support of the bill. Thank you for your effort in this matter.

Sincerely,

Lee W. Axmaker
Lee W. Axmaker
Mayor

LWA/hg



APR 28 1983

THE CITY OF HAINES, ALASKA
P.O. BOX 576
HAINES, ALASKA 99827
(907) 766-2231

In Reply
Refer To: April 26, 1983

Senator John C. Sackett
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: SSSB 172

Dear Senator Sackett:

On behalf of the City of Haines, I would like to offer our support of your sponsored bill repealing the little Davis-Bacon Act in Alaska. In concurrence with your views we feel this Act has resulted in inflated construction costs at far greater consequences to smaller, rural cities than to the large metropolitan areas.

Sincerely,

A handwritten signature in cursive script that reads "Darrell Maple".

Darrell Maple
City Administrator
CITY OF HAINES

DM/ktg
cc: Governor Sheffield
Senator Eliason
Representative Goll

MAY 3 1983



CITY OF MC GRATH

P.O. BOX 57 MC GRATH, ALASKA 99627

PHONE (907) 524-3825

April 27, 1983

The Honorable John Sackett
Pouch V
Juneau, Alaska 99811

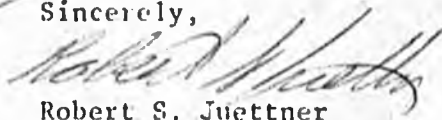
Dear Senator Sackett,

At its last meeting, the McGrath City Council discussed and endorsed your efforts to get the Little, Davis Bacon law repealed. The general consensus of the council was that the Little, Davis Bacon Law causes three things to happen. First, it raises the cost of all construction projection. Second, by establishing such high minimum wages, it forces contractors to hire out of the large cities so as to protect their bids rather than to hire locally. Third, the wage scales established by the law are not applicable to our communities in that they are too high. This in turn results in a problem for local employers who can not meet the expectations of the community for these high wages.

However, the McGrath City Council feels that there may be serious problems with the repeal of the Little, Davis Bacon law. First, a contractor may bid the job using a low wage and importing the labor from outside of Alaska. This is a very common occurrence with oil exploration companies. Second, a contractor may establish different wage scales for the same trade. For example, a contractor might pay a carpenter from Anchorage more than a carpenter from the community in which he is working. This does happen on a regular basis if you consider per diem as part of a fringe benefit package. Finally, a contractor may bid a job at a certain wage scale and find that he can hire local help for less than his proposed wage scale.

It is not my intent to malign contractors by using them in my examples. In many instances the Little, Davis Bacon law is a burden to them as well as the contracting agency. I just used them to make the point that once the Little, Davis Bacon law is repealed, steps must be taken to protect the workers of Alaska.

Sincerely,


Robert S. Juettner
City Administrator

APR 27 1983

MANLEY HOT SPRINGS COMMUNITY ASSOCIATION

MANLEY HOT SPRINGS, ALASKA 99756

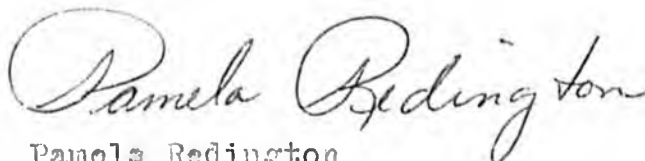
April 24, 1983

Hon. John Sackett
Pouch V
Juneau, Alaska 99811

Dear Sen. Sackett

The Manley Hot Springs Community Association Board voted to write you in regard to Title 36, Davis-Bacon wage requirements which creates a hardship for our state funded community projects. Not only does this regulation upset our local economy, it also makes it difficult to complete local projects within budgetary limitations. We recently became aware of requirements when signing our SB 168# contracts. There was no knowledge of the Title 36 requirements when we first wrote our project proposals and budgets. Your consideration and assistance in this matter this session will be greatly appreciated.

Respectly



Pamela Redington
Secretary

MAY 2 1983

City of Gambell
P.O. Box 111
Gambell, Alaska 99742

April 26, 1983

Hon. Senator John Sackett
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett

Since there are a large number of major development requests this year, I am strongly in support of SSSB 172, the repeal of the Little Davis Bacon Act in Alaska.

The local level wages would be savings of up to fifty percent of the State's monies. In fact, other than water and sewer or other projects that need special equipment, the smaller municipalities must be allowed the forced account on their building projects.

Each community now has enough skilled people in all trades. The contract monies that come to the communities are not benefited by the local people. Only two or three local people are hired by the contractors.

With forced account, the economy of each community would be lifted while it automatically helps the social well being of the skilled young people.

Each community now has high schools provided by the State of Alaska, so therefore, the jobs also must be localized in order to make local education work.

For an example, Gambell can have it's own building contracting business and road contract business. We have many skilled carpenters, electricians, plumbers, drivers, and equipment operators. All we need is to be provided contracts and utilize the money at the local level. This will not only help the local people, but it would help our tax base which is needed very badly.

With negative municipal assistance this year and a very low tax base, the closure of the city government is eminent. The bill would help the State to save dollars for other purposes. Congratulations.

Sincerely



Roger Silook, Mayor

cc Governor Sheffield
Senator Ferguson
Representative Fuller

MAY 3 1983

KOLIGANEK VILLAGE COUNCIL

KOLIGANEK, ALASKA 99576 - VILLAGE TELEPHONE (907) 596-8001

Governor Bill Sheffield
State of Alaska
M/S 0101
Juneau, Alaska 99811

April 28, 1983

Dear Governor:

Koliganek is faced with major expenditures in the implementation of our state funded capitol improvement projects. One major expenditure is freight of building supplies/materials. Freight to Koliganek can be almost as high as freight between Seattle and Dillingham, almost doubling our freight expenditures. However Koliganek has come up with alternative freighting methods that not only cut our freight costs almost in half, but will also benefit Alaskan businessmen instead of outside businessmen.

There are other ways in which Koliganek can get more value for it's state funded projects, one of them is to have the members of our community minded village build our capitol improvement projects semi-voluntarily, that is to work for ten dollars an hour, in order to have a project that will benefit the entire community. If however your administration continues to support the economy inflicting labor unions in the face of community spirit and fiscal responsibility by the enforcing of title #36, then we will not be able to implement the projects that have been appropriated for Koliganek. Is your administration intentionally coming down heavy with title #36, so that our non-implemented projects can then be reappropriated to such administrative projects like, Hydro-electric dams that will develop and settle the last frontier, or is your administration's tight adherence to title #36 only due to bureaucratic overzealousness?

In either event Koliganek requests that you reevaluate your administration's adverse stand on title #36, repeal it, and thereby promote fiscal responsibility in the expenditure of state funds.

While I am on the subject of fiscal responsibility, I want to point out the wasteful tendencies of your administration in your support for a pay increase to state employees. State employees do very well for themselves at present, when measured against wage earners and the unemployed in bush Alaska. How are you going to fund this unwarranted pay increase, with our permanent fund dividend? If you are bound and determined to spend dollars for wages, it would be far better to appropriate those dollars to capitol improvement projects to satisfy title #36 requirements, or to fund public works projects for the under and unemployed, hire more employees, or better yet just tell the Alaska Public Employees Union, "NO", on their requested increase.

Sincerely,

C.T. Seidl

C.T. Seidl

Village Administrator

cc: Representative Albert Adams
Representative Adelheid Herrmann
Representative Mike Miller
Senator Frank Ferguson
Senator Bob Mulcahy
Senator John Sackett



MAY 3 1983

City of Anvik

ALASKA, 99558 / (907) 663-6328

April 27, 1983

Senator John C. Sackett
Pouch V
Juneau, Alaska 99811

Dear Mr. Sackett:

In regards to your letter, which I recieved today, we the City Council of Anvik are in full support of SSSB 172, that you have recently introduced which would repeal the Little Davis Bacon Act in Alaska if passed.

Freedom to operate in the most cost effective way is very important to us out here in the bush, especially in the smaller villages, such as our's, when sometimes funds are distributed by the state, and from other source's by per capita. In a small place like Anvik that would not give us much to work with if we have to pay Little Davis Bacon Wages. With having to pay such high wages the funds would decline considerably fast.

We have enough people here who are skilled in various categories to fulfill our needs, without going outside the village and hiring someone to come in and do a certain job, and have to pay them these high wages.

Again, we are in strong support of SSSB 172.

Sincerely,

Robert Walker / by Cj. Vandergast City Clerk

Robert Walker, Mayor
City of Anvik

MAY 3 1983

CITY COUNCIL OF MOUNTAIN VILLAGE

P.O. BOX 204 · MOUNTAIN VILLAGE, ALASKA 99632 · (907) 365-8001

April 28, 1983

Senator John C. Sackett
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett,

I strongly support your sponsorship of Senate Bill #172, which would, if successful, repeal the Little Davis-Bacon Act in Alaska.

As the need for State of Alaska funding for the City of Mountain Village capital projects continue to increase from year to year, I see clearly the need to reduce labor costs. As labor costs are cut, I foresee the increase in the State of Alaska funding of other village projects.

Sincerely,



Ed Beans
Councilmember

cc: Governor Bill Sheffield
Representative Vern Hurlburt

MAY 3 1983



Box 335
Homer, Alaska 99603

REPLY TO:

- City Hall
Ph. (907) 235-8121
- Port of Homer
Ph. (907) 235-8597
- Harbor Master
Ph. (907) 235-8959
- Public Works Dept.
Ph. (907) 235-8120
- City Engineer
Ph. (907) 235-6368

April 27, 1983

The Honorable John Sackett
Senate Finance Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett:

Regarding your letter of April 23, 1983 concerning SSSB 172, please note the Homer City Council has previously passed a motion in favor of this bill (at the regular City Council meeting of April 11, 1983). A copy of the minutes reflecting this motion is enclosed.

Thank you for the opportunity to comment on this legislation.

Very truly yours,

Larry C. Farnen
Larry C. Farnen
City Manager

LCF/PB

enclosure

CITY COUNCIL REGULAR MEETING
APRIL 11, 1983 - 10

Each member was to write their own list to be considered by the committee. A worksession was called for 6:30 A.M., Wednesday, April 13, 1983.

Memorandum 83- A-30 Re: Confirmation of
appointments to the Homer Public Library Board

Homer Public
Library Board

MATTHEWS/KOSCH - MOVED FOR CONFIRMATION OF ARLEEN
KRANICH, GLORIA TAYLOR, JANICE TODD AND RUTH
PLYMIRE TO THE HOMER PUBLIC LIBRARY BOARD.

VOTE: Yes: Matthews, Kosch, Guldseth, Everts,
Phillips, Turkington

Motion carried.

Senate Bill 172 - (Phillips)

Labor

PHILLIPS/GULDSETH - MOVED THAT CITY COUNCIL PASS
ACTION IN SUPPORT OF THIS BILL (SB 172 & HB 304).

c/r

Public Bids

SB 172 is an act on wage rates for construction by
municipalities (Davis/Bacon Act) exempting public
projects from compliance to certain rates.

Exemption for municipalities is supported by
Alaska Municipal League Policy.

VOTE: Yes: Guldseth, Kosch, Phillips,
Matthews, Everts, Turkington

Motion carried.

Memorandum 83-A-18, RE: Liquor License
Application, Beverage Dispensary for Eastwood
Investments aka Lakewood Inn & Mallard Lounge

Liquor License

Eastwood Inv.

MATTHEWS/KOSCH - MOVED TO VOICE NO OBJECTION TO
THE LIQUOR LICENSE APPLICATION OF EASTWOOD
INVESTMENTS.

VOTE: Yes: Kosch, Matthews, Phillips,
Guldseth, Turkington, Everts

Motion carried.

Kachemak Way Reconstruction Project - Change Order
12

Kachemak Way -
Reconstruction

TURKINGTON/MATTHEWS - MOVED TO AUTHORIZE CHANGE
ORDER NO. 3.

VOTE: Yes: Everts, Phillips, Guldseth,
Matthews, Kosch, Turkington

Motion carried.

Memorandum 83-A-30 Re: Word Processing & Data
Analysis Equipment - Lease/Option Agreement

Administration
Equipment

MATTHEWS/TURKINGTON - MOVED FOR RATIFICATION OF
THE LEASE OPTION.

Finance Officer Newby briefly described of the
equipment.

VOTE: Yes: Turkington, Phillips, Everts,
Guldseth, Kosch, Matthews

Motion carried.

MAY 9 1983



City

of

Pelican

BOX 757

PELICAN ALASKA 99832

PHONE 735-4101

May 3, 1983

Senator Dick Eliason
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

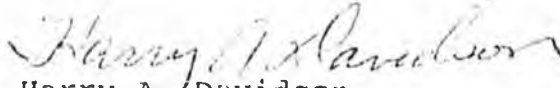
Dear Senator Eliason:

The City Council of the City of Pelican is in support of H3304 exempting municipalities with a population less than 5000 from the "Little Bacon-Davis Act."

It is a hardship for small communities to pay state prevailing wage. While we support local hire and proper compensation for labor, the results of the "Little Bacon-Davis Act" has prevented construction of much needed projects in small communities.

We appreciate your consideration.

Sincerely,


Harry A. Davidson
Mayor

HAD/ec

CC: Senator Don Bennett
Senator Bob Mulcahy
Senator Patrick Rodey
Senator John Sackett ✓

MAY 3 1983



Matanuska-Susitna Borough

BOX B. PALMER, ALASKA 99645 • PHONE 745-4801

DEPARTMENT OF ADMINISTRATION

April 27, 1983

The Honorable John C. Sackett
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett:

Re: LITTLE DAVIS-BACON ACT

The Little Davis-Bacon Act has damaged our ability to upgrade our 770 miles of local service roads at a low cost.

We maintain this system of roads using about 20 local service road contractors, who bid on the work on an equipment hour basis. The work is awarded based upon the lowest bid.

The State of Alaska Department of Labor has taken the position that if we want to lay down some gravel to take care of a soft spot, then we have to handle this under the provisions of the Little Davis-Bacon Act, which means that we cannot use our road contractors, but must break this out as a separate construction contract. Now this is just absolutely insane, but it is hard to argue with the Commissioner's interpretation. It is probably right.

It means that we can obtain the full benefit from our system of using 16 road service areas with volunteer road supervisors. Ordinarily, over a period of years, local service roads could be gradually upgraded into much better roads than they are today if we could do a little gravel spreading and culvert installing during the course of regular summer grading using the regular grading contractor, who has all the equipment and knows the roads thoroughly.

To artificially break out minor road upgrades from road maintenance means that a local government is forced to greatly increase its costs of contract administration for minor road upgrades--considerably more than the 20%-40% you have indicated in your letter.

The only real remedy that I see, if the Little Davis-Bacon Act is not amended to cover this situation, is for the local government to handle the minor road upgrades with its own equipment and its own employees, which in the case of the Matanuska-Susitna Borough, would be a major change in the way the Borough tries to use the private sector to get a job done.

Incidentally, we are very proud of our road contractors and think that they do a good job.

Our Assembly and 53 road supervisors are keenly aware of how we are hamstrung on handling minor road upgrades. We actually do accomplish a great deal in the way of minor road upgrades, but we do it at a much greater cost than should be necessary.

We meet regularly with our 53 voluntary road supervisors for our 16 road service areas. We get into very small individual road situations. Each time we have to go over the reasons why the logical way of getting a job done cheaply, most quickly and with the least administrative delay and rigmarole, is barred to us because of the Little Davis-Bacon Act. This is frustrating to us and takes away some of the incentive for being a volunteer road supervisor. So that you know that I am talking about the real world, I am sending you a copy of the agenda for our May 14, 1983 meeting with road supervisors.

As we read the State Little Davis-Bacon Act it would be unlawful for a non-profit organization such as the Lions, Kiwanis, Boy Scouts, etc. to volunteer any labor for ballfields, parks, etc. Our park and recreation effort, although extensive, is based almost entirely on volunteer effort. Sometimes our local non-profit corporations would like to use local teenagers for work on these projects and pay them something for their effort. If they attempt to do this using Borough park and recreation money they would be illegal.

I know that in the villages, under the old Rural Development Program, a good portion of the labor in villages on boardwalks, pathways, etc. could almost be described as being half volunteer and half paid. In fact, in the early 60's, the most that the village council could pay for labor was \$2.00 an hour, which meant that the people working on the village projects were, for the most part, donating their time, with the State picking up some of the labor costs, and usually all of the material costs. This system worked fine and there were very many fine village projects built with volunteer labor or labor that was close to being volunteer. The Willow community center was built this way in 1962. The local residents cut their own logs, peeled them, laid them, etc. The State put up the money for the project most of which went into materials. Maybe some of it went into labor at a low hourly rate.

I do not see how the old Rural Development Program of the kind carried out in the 1960's could be carried out at all in rural parts of the State under the Little Davis-Bacon Act.

If you have not received much mail on this it is probably because villages, smaller cities and boroughs with small service areas are simply ignoring the State Little Davis-Bacon Act, as interpreted by the State Commissioner of Labor. My guess

is that the Commissioner looks the other way most of the time. If this is so, this is not a good long-term solution. Last November, I participated in a Alaska Municipal League committee meeting that took up this subject. There was good representation on the committee from small outlying cities and villages and larger local governments. The persons present, with one exception, were frustrated by the restrictions placed on local government contracting by the Little Davis-Bacon Act.

Sincerely,



Gary Thurlow
Borough Manager

er

cc: Senator Jalmar Kerttula
Representative Barbara Lacher
Representative Ronald L. Larson
Representative Adelheid Herrmann
Ginny Chitwood, Alaska Municipal League

MATANUSKA-SUSITNA BOROUGH

ROAD SERVICE AREA COORDINATOR'S TRAINING SESSION
May 14, 1983, Wasilla City Hall

- | | | |
|-------|---|--|
| 8:30 | A.M. SIGN UP--COFFEE | |
| 9:00 | ROAD STANDARDS--Collectors, subdivision roads, local service roads and pioneer access roads. | Ray Niemi, Borough Platting Officer and Clint Dice, Borough Road Service Area Coordinator |
| 9:30 | ROAD SPECIFICATIONS FOR UPGRADES--identification of areas needing repairs and upgrades, sources of gravel and borrow. | George Paulsberg, Borough Civil Engineering and Jack Felton, Bomhoff & Associates |
| 10:30 | FIELD DEMONSTRATION ON LUCILLE STREET (See attachment A) | Road Service Area Coordinator |
| 12:00 | LUNCH BREAK | |
| 1:15 | P.M. REVIEW OF PROBLEMS SEEN IN FIELD DEMONSTRATION | |
| 2:00 | INSPECTION AND CONTRACTOR PERFORMANCE | Clint Dice, Borough Road Service Area Coordinator and David McClelland, Anchorage Road Maintenance Supervisor or other person from Anchorage or DOT/PF |
| 2:45 | ESTIMATING AND PLANNING FOR SMALL ROAD JOBS | David McClelland, Anchorage Road Maintenance Supervisor, and Jack Felton, Bomhoff & Associates |
| 3:30 | TRAFFIC ENGINEERING AND PLANNING | Rodger Lewerenz, Borough Civil Engineer, Claudio Arenas, Borough Planner and Borough road consultant |
| 4:00 | SUMMARIZATION | |

ATTACHMENT "A"

Field demonstration of a motor grader in action on Lucille and Seldon streets demonstrating how and when to do the following and why:

- a. gear to operate in for a given task
- b. pulling of ditches
- c. maintaining crown and width
- d. summer grading
- e. removal of snow
- f. number of summer efforts grading and hours it should take
- g. same as above for snow removal
- h. when to wing snow
- i. how not to block private driveways
- j. how not to crush culvert ends
- k. keeping culverts open
- l. recognizing an unqualified operator
- m. when to sand icy roads and why

MAY 2 1983

Nulato City Council

Nulato, Alaska 99765
Phone: (907) 898-8001

April 26, 1983

Senator John Sackett
Alaska State Legislature
Pouch V
Juneau, AK 99811

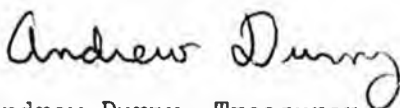
Dear Senator:

This is to let you know that we support Legislation (SSSB 172), to repeal the Little Davis-Bacon Act in Alaska (SSSB 172).

Almost all capitol projects of the City of Nulato are funded directly or indirectly by the State. Declining state revenue and increasing difficulty of acquiring state funding make it more important to stretch each available dollar as far as it will go. In attempting to achieve this goal of effective and efficient use of state funding, the City of Nulato finds the Little Davis-Bacon Act not only counter-productive but harmful as well, since it would reduce cost-efficiency on capitol projects and create an inflated wage scale on other programs as well. The City of Nulato feels that it would be almost impossible to provide capitol improvements as well as other municipal programs if union-level wages are mandatory. Projects such as water and sewer system, road improvements and public facilities could be threatened. In effect, necessary projects and programs that would benefit all citizens of Nulato could be threatened by an attempt to benefit a limited number of employees.

We feel that the Little Davis-Bacon Act does not allow for efficient use of available funds (not just for the City of Nulato but for all recipients of State funds). We feel that if the Little Davis-Bacon Act is repealed, we could provide a much more efficient use of available State funds, while still paying a fair wage to employees. The more efficiently and effectively we can spend available State funds, the more will be left available for future spending; at the same time, if funds can be effectively spent, the need for additional funds may actually decline. For these reasons, we ask for your support in repealing the Little Davis-Bacon Act in Alaska.

Thank you,



Andrew Durny, Treasurer
City of Nulato

MAY 2 1983

CITY OF AKOLMIUT

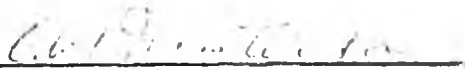
C/O CITY CLERK - NUNAPITCHUK, ALASKA 99641 - (907) 527-5327

April 27, 1983

Alaska State Legislature
Pouch V (MS 3100)
Juneau, AK 99811

Please find resolution 83-15 with reference to a need for repeal or amendment to have the money go further in construction and more appropriations to rural villages. If this requirement is met by villages throughout Alaska they wouldn't have a chance of finishing the project(s) as anticipated and work would be rushed and thereby constructed poorly.

Please consider this resolution so that the States Capital could go further in development and make everybody happy. Thank-you.



Mayor Robert Nick

RN: ejv

CC: House & Senate Committee Chairman(s)
Honorable Anthony Vaska

City of Akolmiut
Resolution 83-15

Resolution for repeal of the Little Davis-Bacon Act in Alaska.

WHEREAS, the City of Akolmiut at Nunapitchuk is a rural village of 354 people and direly in need of funds to develop City service projects; and

WHEREAS, the State of Alaska has adopted a constitutional spending limit Statewide because of declining oil revenues; and

WHEREAS, a persistent need of funds to construct and maintain schools, water & sewer projects, airports, etc. are inflated due to the requirement stipulated under the Little Davis-Bacon Act for Alaska; and

WHEREAS, the States Capital could be distributed more evenly and rural Communities like Nunapitchuk could be awarded much needed sic needs like an airport; and

WHEREAS, the Reagan administration has cut federal programs drastically in U.S. thereby greatly increasing rural villages dependence in the State of Alaska; and

WHEREAS, rural villages are almost always denied much needed basic needs (services) by the Alaska Legislature,

NOW THEREFORE BE IT RESOLVED THAT, the City Council of Nunapitchuk request the Alaska State Legislature to consider repealing the Little Davis-Bacon Act in Alaska and (or) make an amendment to the Act to say that Communities with populations of 5,000 or less not be affected by this Act.

PASSED AND APPROVED THIS 26 DAY OF April, 1983.

Robert Nick
Mayor

John M. Colville
Council Member

Vice Mayor

Council Member

James P. Steiner, Jr.
Council Member

Council Member

Robert M. Bostick
Council Member

STATEMENT OF ALASKA NATIVE BROTHERHOOD, ROBERT WILLARD, EXECUTIVE VICE PRESIDENT, RE: TITLE 36 - ALASKA STATUTES.

The Alaska Legislature has before it Senate Bill No. 172 and House Bill No. 378, "An Act relating to wage rates on public construction," or the so-called "Little Davis-Bacon Act."

The Alaska Native Brotherhood is the recipient of a State appropriation in the amount of one million dollars (\$1 Million) to construct a Juneau Pilot Project - Community Building. Upon notification that the Governor would sign the appropriation measure into law, the ANB immediately proceeded with development planning. In this process encounter came to Title 36 of the Alaska Statutes namely the Little Davis-Bacon Act (hereinafter Davis-Bacon).

If the ANB Project were to fall under the interpolation and application of Davis-Bacon, it goes without question that the costs would increase by 25 - 30%. A value engineering report by qualified consultants have confirmed this reality.

In our opinion, and that of our consultants, if strict application of Davis-Bacon had been applied, this project would not have been feasible, because of the escalated costs.

It should be made clear that the Alaska Native Brotherhood, or its affiliates, is not opposed to unions -- or organized labor. There are some union or contractor practices which we are not in total agreement, but in the overall sense, the ANB is not necessarily averse to unions.

Upon reflection of the ANB project, and that of some projects which have been administered by the Tlingit and Haida Regional Housing Authority over the past ten years, it can be shown that full application of the Little Davis-Bacon Act resulted in increased construction costs

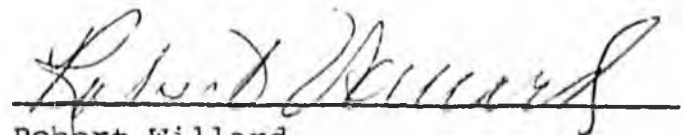
and created artificial costs of labor, thus decreasing the number of housing units that could have been built. Tlingit and Haida administrators estimate that by virtue of full application of the Davis-Bacon Act 23 - 27% more housing units could have been built. That equivalates to approximately one hundred and fifty (150) more families that could have had homes. The imposition of Davis-Bacon interpolated and applied to the rural areas have resulted in the creation of artificial costs of labor.

It is not the intent of the ANB to move towards the minimum wage. It is our concern that the "prevailing wage" as set by the Department of Labor in the populated areas and, as applied to the adjacent rural proximity of that urban center may not be reflective of the fair market value of labor and skilled services in the broad spectrum of enterprise in Alaska.

Moreover, this reality may be influenced by special interest groups such as unions and/or organized general contractors, and artificial influences such as labor-related requirements imposed by this legislation.

The Alaska Native Brotherhood, and its affiliates, urge passage of Senate Bill 172 and House Bill 378 thereby repealing Alaska Statutes 36.05.

Signed:



Robert Willard
Executive Vice President
Alaska Native Brotherhood
318 W. Willoughby Avenue
Juneau, Alaska 99801

BUS: 907) 586-2049
586-3301

AMENDMENTS TO "LITTLE BACON-DAVIS ACT"

WHEREAS Title 36 of the Alaska Statutes known as the "Little Davis-Bacon Act" is intended to assure that workers receive fair compensation on construction projects by state and local governments and to avoid undercutting of local wages by importing outside workers; and

WHEREAS the prevailing wage for local workers varies substantially throughout the state; and

WHEREAS the present laws actually encourage importing construction firms and labor from the large populations centers of the state and may artificially inflate the costs of construction for local governments beyond actual prevailing costs, which exacerbates local unemployment problems; and

WHEREAS local public construction is primarily a function of local government and administration and policy should be established at a local level to the greatest extent possible;

NOW THEREFORE BE IT RESOLVED that the Alaska Municipal League urges amendments to Title 36 consistent with the premises stated above as follows:

1. To provide for local government control in establishing prevailing wages, based on local needs and conditions.
2. To clarify the definition of public construction and, in particular, that public construction does not include projects of non-profit corporations funded by pass-through grants or projects for maintenance, repair, or minor construction.

Adopted at the 32nd Annual Local Government Conference of the Alaska Municipal League on November 13, 1982

THE FOLLOWING IS THE VERBATIM MESSAGE CONTAINED ON THE ATTACHED LETTER FROM NUSHAGAK ELECTRIC CO-OPERATIVE, INC. THE TELECOPY QUALITY IS POOR SO I AM RESTATING THE CONTENTS. JOYCE JUNEAU LJO-465-4648

FOR REPRESENTATIVE ADELHEID HERRMAN AND SENATOR BOB MULCAHY

RE SB 172 BY SACKETT

WE URGENTLY RECOMMEND THIS BILL TO YOUR FAVORABLE ATTENTION BECAUSE IT IS A VEHICLE FOR CORRECTING DEFICIENCIES IN AS 36.05.

AS THIS STATUTE PRESENTLY EXISTS, ALL WAGE RATES ON PUBLIC CONSTRUCTION PROJECTS FUNDED BY GRANTS ADMINISTERED BY COMMUNITY AND REGIONAL AFFAIRS (AND POSSIBLY OTHER STATE AGENCIES) TO MUNICIPALITIES, PUBLIC NON-PROFIT CORPORATIONS AND OTHER COMMUNITY INTEREST GROUPS ARE MANDATED BY A DEPARTMENT OF LABOR SCALE TITLED "LABORERS & MECHANICS MINIMUM RATES OF PAY" DATED 10/15/82. NOT ALL COMMUNITIES ARE GEARED UP TO OUR FINANCED WELL ENOUGH TO PAY THESE WAGES AND THEY SERIOUSLY DISTORT OTHER WAGE AND SALARY PLANS EXISTING IN THE DIFFERENT AREAS INCLUDING THE FUELING OF UNNECESSARY INFLATION.

FOR EXAMPLE, A LINEMAN IN DILLINGHAM WOULD HAVE TO BE PAID A BASIC HOURLY RATE OF \$25.15 PER HOUR AND A CABLE SPLICER RATE WOULD BE \$26.90 PER HOUR. THESE RATES REPRESENT AN APPROXIMATE 25% INCREASE OVER NUSHAGAK ELECTRIC'S PREVAILING WAGE RATES WHICH ARE AMONG THE HIGHEST IN DILLINGHAM. OUR PERCEPTION OF EXISTING AS 36.05 IS THAT THESE RATES ARE PROBABLY GEARED TO LARGE CONTRACTORS' BENEFIT AND PROMOTED BY THE UNIONS IN THE RAIL BELT WHO ARE EAGER TO SEE THEIR CONSTITUENTS GET THE CONSTRUCTION JOBS IN THE RURAL AS WELL AS THE URBAN CENTERS OF THE STATE.

AS YOU ARE NO DOUBT WELL AWARE, THE RURAL ECONOMY DOES NOT ENJOY THE STABILITY THAT IS GENERALLY PREVALENT IN THE RAILBELT OR SOUTH EASTERN AREAS OF THE STATE AND WE MUST COMPENSATE FOR THIS FACT OF LIFE BY DOING THINGS OURSELVES TO REALIZE EFFICIENCIES NOT ALWAYS FOUND ELSEWHERE.

IN 1982, THE LEGISLATURE APPROVED A GRANT OF \$539,000 TO NUSHAGAK ELECTRIC WHICH WAS TO BE ADMINISTERED BY COMMUNITY AND REGIONAL AFFAIRS TO EXTEND A WASTE HEAT SUPPLY SYSTEM TO THE HIGH SCHOOL, COURT HOUSE, SOUTHWEST REGIONAL SCHOOL DISTRICT AND TO STATE SHOP FACILITIES. THE MANDATED WAGE RATES MAKE IT VERY DIFFICULT TO PERFORM THE PROJECT IN AN EFFICIENT MANNER BECAUSE THESE RATES ARE SIGNIFICANTLY HIGHER THAN LOCAL RATES AND THE PROJECT COST WAS BASED ON LOCAL WAGE RATE LEVELS. THEREFORE, THE

GO TO PAGE TWO

JR

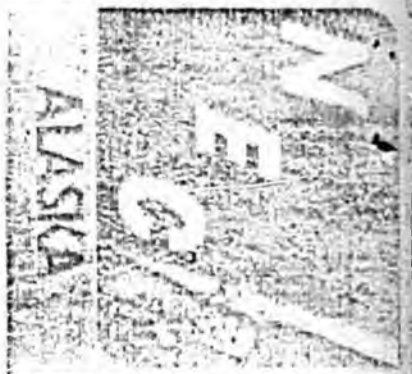
NUSHAGAK ELECTRIC CO-OPERATIVE, INC.

P. O. BOX 197

ILLINGHAM, ALASKA 99576

AREA CODE (907) 692-5251

3-24-73



March 24, 1973

Representative Kohlheid Peterson
Alaska State Legislature
Room V (MS - 3101)
Juneau, Alaska 99811

*See letter to
Senator Matley*

Re: SB 172 by Sackett

Dear Representative Hartmann:

We urgently recommend this bill to your favorable attention because it is a vehicle for correcting deficiencies in AS 35.05.

As this statute presently exists, all wage rates on public construction projects funded by grants administered by Community and Regional Affairs (and possibly other state agencies) to municipalities, public cooperative corporations and other community interest groups are mandated by a Department of Labor scale titled "Laborers & Mechanics Minimum Rates of Pay" dated 10/15/62. Not all communities are geared up to or financed well enough to pay these wages and they seriously distort other wage and salary plans existing in the different areas including the fueling of unnecessary inflation.

For example, a lineman in Illingham would have to be paid a basic hourly rate of \$25.15 per hour and a cable splicer rate would be \$26.90 per hour. These rates represent an approximate 25% increase over Nushagak Electric's prevailing wage rates which are among the highest in Illingham. Our perception of existing AS 36.05 is that these rates are probably geared to large contractors' benefit and provided by the unions in the toll held who are eager to see their conditions get the construction jobs in the rural as well as the urban centers of the state.

As you are no doubt well aware, the rural economy does not enjoy the stability that is generally prevalent in the railbelt or South eastern areas of the state and we must compensate for this fact of life by doing things ourselves to realize efficiencies not always found elsewhere.

In 1962, the legislature approved a grant of \$539,000 to Nushagak Electric which was to be administered by Community and Regional Affairs to extend a waste heat supply system to the high school, court house, Southwest Regional School District and to State Shop facilities. The mandated wage rates make it very difficult to perform the project in an efficient manner because these rates are significantly higher than local rates and the project cost was based on local wage rate levels. Therefore, the

scope of the project will have to be reduced if NEC is forced to adopt wage rates mandated by the Department of Labor. This concept appears to be a very poor allocation of resources.

We would recommend that SB 172 as written be slightly amended to read as follows:

SEC. 36.05.130 APPLICABILITY OF CHAPTER

This chapter does not apply to public construction under contract to a municipality having a population of 5,000 or less or to a public non-profit corporation or to a public utility as defined in AS 42.05 operating in a community of 5,000 or less and this section is to be effective for all contracts executed after 1/1/83.

*Delete
Per Call*

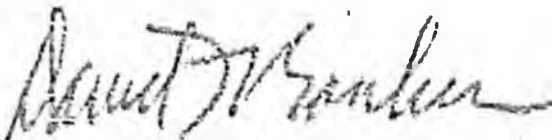
non Profit Utility

Since Kushagak Electric Co-operative, Inc. has not signed the contract with Community and Regional Affairs as of this writing, I included the effective date of 1/1/83 in my suggested change of SEC. 36.05.130 above in order to be covered under any possible change in this law.

We would appreciate your attention to this matter because we feel that the concept of a high standardized state wage rate mandated by law is not in the best interest of especially the rural communities that have generally made a practice of maximizing their resources in the most efficient manner possible.

Thank you.

Yours very truly,



DAVID F. BOOKER
Manager

STATEMENT OF ALASKA NATIVE BROTHERHOOD, ROBERT WILLARD, EXECUTIVE VICE PRESIDENT, RE: TITLE 36 - ALASKA STATUTES.

The Alaska Legislature has before it Senate Bill No. 172 and House Bill No. 378, "An Act relating to ~~the~~ ~~statutes~~ on public construction," or the so-called "Little Davis-Bacon Act".

The Alaska Native Brotherhood is the recipient of a State appropriation in the amount of one million dollars (\$1 Million) to construct a Juneau Pilot Project - Community Building. Upon notification that the Governor would sign the appropriation measure into law, the ANB immediately proceeded with development planning. In this process encounter came to Title 36 of the Alaska Statutes named the Little Davis-Bacon Act (hereinafter Davis-Bacon).

If the ANB Project were to fall under the interpolation and application of Davis-Bacon, it goes without question that the costs would increase by 25 - 30%. A value engineering report by qualified consultants have confirmed this reality.

In our opinion, and that of our consultants, if strict application of Davis-Bacon had been applied, this project would not have been feasible, because of the escalated costs.

It should be made clear that the Alaska Native Brotherhood, or its affiliates, is not opposed to unions -- or organized labor. There are some union or contractor practices which we are not in total agreement, but in the overall sense, the ANB is not necessarily averse to unions.

Upon reflection of the ANB project, and that of some projects which have been administered by the Tlingit and Haida Regional Housing Authority over the past ten years, it can be shown that full application of the Little Davis-Bacon Act resulted in increased construction costs

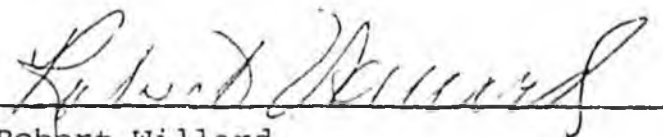
and created artificial costs of labor, thus decreasing the number of housing units that could have been built. Tlingit and Haida administrators estimate that by virtue of full application of the Davis-Bacon Act 23 - 27% more housing units could have been built. That equivalates to approximately one hundred and fifty (150) more families that could have had homes. The imposition of Davis-Bacon interpolated and applied to the rural areas have resulted in the creation of artificial costs of labor.

It is not the intent of the ANB to move towards the minimum wage. It is our concern that the "prevailing wage" as set by the Department of Labor in the populated areas and, as applied to the adjacent rural proximity of that urban center may not be reflective of the fair market value of labor and skilled services in the broad spectrum of enterprise in Alaska.

Moreover, this reality may be influenced by special interest groups such as unions and/or organized general contractors, and artificial influences such as labor-related requirements imposed by this legislation.

The Alaska Native Brotherhood, and its affiliates, urge passage of Senate Bill 172 and House Bill 378 thereby repealing Alaska Statutes 36.05.

Signed:



Robert Willard
Executive Vice President
Alaska Native Brotherhood
318 W. Willoughby Avenue
Juneau, Alaska 99801

BUS: (907) 586-2049
586-3301

TELETYPE
#UNREG. ...

22029 IDA MOUNTAIN VILLAGE ALASKA 76 04-28 1012A ADT 1983 APR 28 PM 12 58

PMS SEN JOHN SACKETT

POUCH V 2044

APR 29 1983

JUNEAU AK 99611

DEAR SENATOR SACKETT,

I STRONGLY SUPPORT YOUR SPONSORSHIP OF S.170, WHICH WOULD, IF SUCCESSFUL, REPEAL THE "LITTLE DAVIS/ROSS" ACT IN ALASKA. AS A MEMBER FOR STATE OF ALASKA FUNDING FOR THE CITY OF MOUNTAIN VILLAGE CAPITAL PROJECTS CONTINUE TO INCREASE AND YEAR TO YEAR, I SEE CLEARLY THE NEED TO PROMOTE LARGE SCALE, AS LARGE SCALES ARE GAINING THE INCREASE IN THE FUNDING OF OTHER PROJECTS. SINCERELY,

ED BEANS COUNCIL MEMBER

CITY COUNCIL OF MOUNTAIN VILLAGE



APR 28 1983

THE CITY OF HAINES, ALASKA
P.O. BOX 576
HAINES, ALASKA 99827
(907) 766-2231

In Reply
Refer To: April 26, 1983

Senator John C. Sackett
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: SSSB 172

Dear Senator Sackett:

On behalf of the City of Haines, I would like to offer our support of your sponsored bill repealing the little Davis-Bacon Act in Alaska. In concurrence with your views we feel this Act has resulted in inflated construction costs at far greater consequences to smaller, rural cities than to the large metropolitan areas.

Sincerely,

A handwritten signature in cursive script that reads "Darrell Maple".

Darrell Maple
City Administrator
CITY OF HAINES

DM/ktg
cc: Governor Sheffield
Senator Eliason
Representative Goll

APR 27 1983

MANLEY HOT SPRINGS COMMUNITY ASSOCIATION

MANLEY HOT SPRINGS, ALASKA 99756

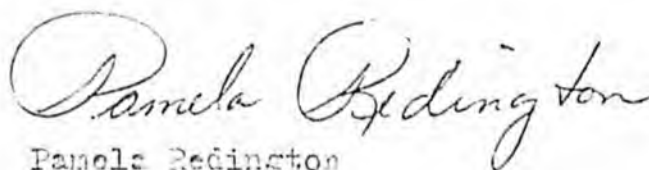
April 24, 1983

Hon. John Sackett
Pouch V
Jenau, Alaska 99811

Dear Sen. Sackett

The Manley Hot Springs Community Association Board voted to write you in regard to Title 36, Davis-Bacon wage requirements which creates a hardship for our state funded community projects. Not only does this regulation upset our local economy, it also makes it difficult to complete local projects within budgetary limitations. We recently became aware of requirements when signing our SB 168# contracts. There was no knowledge of the Title 36 requirements when we first wrote our project proposals and budgets. Your consideration and assistance in this matter this session will be greatly appreciated.

Respectly



Pamela Redington
Secretary

APR 22 1983

STUTZMANN ENGINEERING ASSOC., INC.

P. O. BOX 1429

FAIRBANKS, ALASKA 99707

907 452-4094

April 20, 1983

Sen. John Sackett
State Capitol
Pouch V
Juneau, Alaska 99811

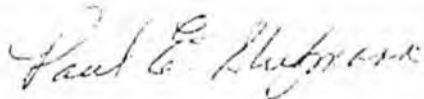
Dear Sir:

I saw in the Daily News-Miner where you are sponsoring S.B. 172 to repeal the Davis Bacon Act in Alaska.

My I commend you for this step and state that I am 100% in agreement with you.

I am writing to the Senators in my district to let them know that I approve of this measure. Is there anyone else that I should contact.

Sincerely,



Paul E. Stutzmann

STUTZMANN ENGINEERING ASSOC., INC.

P. O. BOX 1429

FAIRBANKS, ALASKA 99707

907 4. 2-4084

April 20, 1983

Sen. Bettye Fahrenkamp
State Capitol
Pouch V
Juneau, Alaska 99811

Dear Sen. Fahrenkamp:

I saw in the News-Miner where Senator John Sackett is sponsoring S.B. 172 to repeal the Davis Bacon Act in Alaska.

I am writing to ask that you support him in this. The Davis Bacon Act might have been necessary at one time but it is now nothing but a costly act to both citizens and State.

I know it is hard to oppose unions but the rank and file of even union members are getting tired of being ripped off by their own officials and they vote their convictions rather than what the union tells them to do. Naturally you hear from the union lobbyists; the average citizen is so busy trying to make a living that he does not have time to write.

Sincerely,

Paul E. Stutzmann

AMENDMENTS TO "LITTLE BACON-DAVIS ACT"

WHEREAS Title 36 of the Alaska Statutes known as the "Little Davis-Bacon Act" is intended to assure that workers receive fair compensation on construction projects by state and local governments and to avoid undercutting of local wages by importing outside workers; and

WHEREAS the prevailing wage for local workers varies substantially throughout the state; and

WHEREAS the present laws actually encourage importing construction firms and labor from the large population centers of the state and may artificially inflate the costs of construction for local governments beyond actual prevailing costs, which exacerbates local unemployment problems; and

WHEREAS local public construction is primarily a function of local government and administration and policy should be established at a local level to the greatest extent possible;

NOW THEREFORE BE IT RESOLVED that the Alaska Municipal League urges amendments to Title 36 consistent with the premises stated above as follows:

1. To provide for local government control in establishing prevailing wages, based on local needs and conditions.
2. To clarify the definition of public construction and, in particular, that public construction does not include projects of non-profit corporations funded by pass-through grants or projects for maintenance, repair, or minor construction.

Adopted at the 32nd Annual Local Government Conference of the Alaska Municipal League on November 13, 1982.

Nulato City Council

Nulato, Alaska 99765
Phone: (907) 898-8001

April 26, 1983

Senator John Sackett
Alaska State Legislature
Pouch V
Juneau, AK 99811

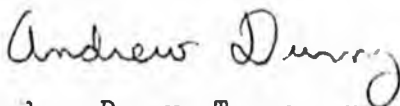
Dear Senator:

This is to let you know that we support Legislation (SSSB 172), to repeal the Little Davis-Bacon Act in Alaska (SSSB 172).

Almost all capitol projects of the City of Nulato are funded directly or indirectly by the State. Declining state revenue and increasing difficulty of acquiring state funding make it more important to stretch each available dollar as far as it will go. In attempting to achieve this goal of effective and efficient use of state funding, the City of Nulato finds the Little Davis-Bacon Act not only counter-productive but harmful as well, since it would reduce cost-efficiency on capitol projects and create an inflated wage scale on other programs as well. The City of Nulato feels that it would be almost impossible to provide capitol improvements as well as other municipal programs if union-level wages are mandatory. Projects such as water and sewer system, road improvements and public facilities could be threatened. In effect, necessary projects and programs that would benefit all citizens of Nulato could be threatened by an attempt to benefit a limited number of employees.

We feel that the Little Davis-Bacon Act does not allow for efficient use of available funds (not just for the City of Nulato but for all recipients of State funds). We feel that if the Little Davis-Bacon Act is repealed, we could provide a much more efficient use of available State funds, while still paying a fair wage to employees. The more efficiently and effectively we can spend available State funds, the more will be left available for future spending; at the same time, if funds can be effectively spent, the need for additional funds may actually decline. For these reasons, we ask for your support in repealing the Little Davis-Bacon Act in Alaska.

Thank you,



Andrew Durny, Treasurer
City of Nulato

Page 2
Senator Sackett
April 26, 1983

c.c. Governor Bill Sheffield
Rep. Vern Hurlbert
Senator Joe Josephson
Senator Eliason ✓
Senator V. Fischer
Senator Fischer
Senator Halford
Senator Sturgulewski
Senator Ray
Senator Rodey
Senator Kelley
Senator Gillman
Senator Faiks
Senator Bennet



ALASKA

NUSHAGAK ELECTRIC CO-OPERATIVE, INC.

P. O. BOX 197 . DILLINGHAM, ALASKA 99576 . AREA CODE (907) 842-5251

March 24, 1983

Senator Bob Mulcahy
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Re: SB 172 by Sackett

Dear Senator Mulcahy:

We urgently recommend this bill to your favorable attention because it is a vehicle for correcting deficiencies in AS 36.05.

As this statute presently exists, all wage rates on public construction projects funded by grants administered by Community and Regional Affairs (and possibly other state agencies) to municipalities, public non-profit corporations and other community interest groups are mandated by a Department of Labor scale titled "Laborers & Mechanics Minimum Rates of Pay" dated 10/15/82. Not all communities are geared up to or financed well enough to pay these wages and they seriously distort other wage and salary plans existing in the different areas including the fueling of unnecessary inflation.

For example, a lineman in Dillingham would have to be paid a basic hourly rate of \$25.15 per hour and a cable splicer rate would be \$26.90 per hour. These rates represent an approximate .5% increase over Nushagak Electric's prevailing wage rates which are among the highest in Dillingham. Our perception of existing AS 36.05 is that these rates are probably geared to large contractors' benefit and promoted by the unions in the rail belt who are eager to see their constituents get the construction jobs in the rural as well as the urban centers of the state.

As you are no doubt well aware, the rural economy does not enjoy the stability that is generally prevalent in the railbelt or South eastern areas of the state and we must compensate for this fact of life by doing things ourselves to realize efficiencies not always found elsewhere.

In 1982, the legislature approved a grant of \$539,000 to Nushagak Electric which was to be administered by Community and Regional Affairs to extend a waste heat supply system to the high school, court house, Southwest Regional School District and to State Shop facilities. The mandated wage rates make it very difficult to perform the project in an efficient manner because these rates are significantly higher than local rates and the project cost was based on local wage rate levels. Therefore, the

scope of the project will have to be reduced if NEC is forced to adopt wage rates mandated by the Department of Labor. This concept appears to be a very poor allocation of resources.

We would recommend that SB 172 as written be slightly amended to read as follows:

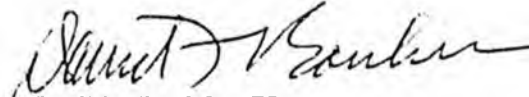
SEC. 36.05.130 APPLICABILITY OF CHAPTER
This chapter does not apply to public construction under contract to a municipality having a population of 5,000 or less or to a public non-profit corporation or to a public utility as defined in AS 42.05 operating in a community of 5,000 or less and this section is to be effective for all contracts executed after 1/1/83.

Since Nushagak Electric Co-operative, Inc. has not signed the contract with Community and Regional Affairs as of this writing, I included the effective date of 1/1/83 in my suggested change of SEC. 36.05.130 above in order to be covered under any possible change in this law.

We would appreciate your attention to this matter because we feel that the concept of a high standardized state wage rate mandated by law is not in the best interest of especially the rural communities that have generally made a practice of maximizing their resources in the most efficient manner possible.

Thank you.

Yours very truly,



DAVID F. BOUKER
Manager

DFB:ka

STEVENS VILLAGE COUNCIL

Stevens Village, Alaska 99774

(907) 498-8001

Sen. Eliason
Alaska State Legislature
Pouch V (HS 3100)
Juneau, Alaska 99811

Dear Sen. Eliason:

We live in a small community with a high rate of unemployment. The opportunities for developing our community are limited, and the options for employment are very scarce, except for fishing, trapping and seasonal labor. Few of our residents have vocational training or high school education. Even if the people had education or vocational training, there are few jobs for which they would qualify in the community.

The Title 36 requirement has increased the cost of construction in our community. As a small community it is hard to justify needed facilities and services based on a population count. Title 36 forces small communities to import high cost labor when there is a ready and willing labor force available.

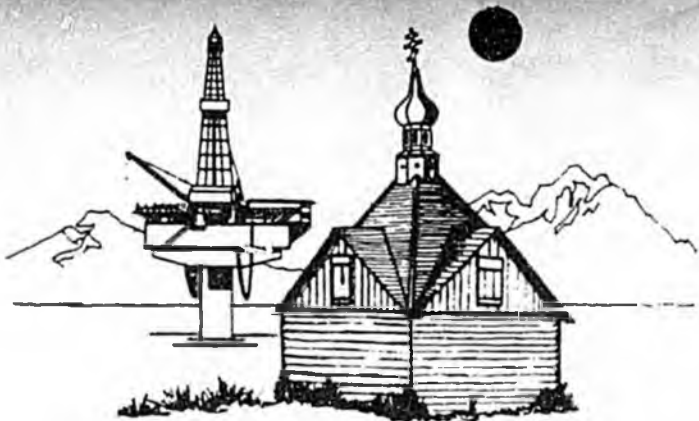
Adoption of HB 304 would enable a lower capital cost for projects in small communities, increase the participation of the local labor force in construction projects, and enable local wage rates to reflect local conditions.

We urge your support of HB 304.

Sincerely yours,

Don Stevens See Chief

Elijah Joseph, Chief



CITY OF KENAI
"Oil Capital of Alaska"

P. O. BOX 580 KENAI, ALASKA 99611
TELEPHONE 283 - 7535

May 10, 1983

Honorable Richard Eliason
Chairman, Senate Labor & Commerce Standing Committee
State of Alaska
Pouch V
Juneau, Alaska 99811

RE: Senate Bill 172

Dear Senator Eliason:

I would like to take this opportunity to add the City of Kenai's support of the sponsor substitute of Senate Bill 172 which eliminates the requirement that public construction projects be done by employees receiving union scale wages.

It was our original intent to seek consent to amend the original bill from 5,000 to 6,000 population, thereby putting the City of Kenai under the terms of the original bill. Since a bill has been substituted for that measure that is all inclusive, the City of Kenai wishes to express its 100% support of the measure and will convey our sentiments to our local legislators.

Sincerely,


Wm. J. Brighton
City Manager

WJB/dg

cc: Senator Don Gilman
Senator Paul Fischer
Representative Hugh Malone
Representative Milo Fritz
Representative Bette Cato

CITY OF CRAIG



P.O. Box 23
Craig, Alaska 99921
(907) 826-3275

April 27, 1983

The Honorable Richard Eliason
Alaska Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Eliason:

I am writing to urge your support of SSSB 172 which would repeal the Little Davis-Bacon Act in Alaska. I'm sure you recognize the disparity that often exists between union and non-union wages in rural Alaska. The passage of this measure would do a great deal to reduce project costs and create jobs in rural areas.

Please let me know if there is anything we can do to aid in your support of this bill. Thank you for the fine job you are doing in our behalf.

Sincerely,

Lee W. Axmaker
Lee W. Axmaker
Mayor

LWA/hg

CITY OF AKOLMIUT

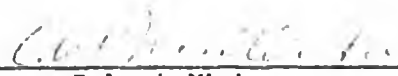
C/O CITY CLERK - NUNAPITCHUK, ALASKA 99641 - (907) 527-5327

April 27, 1983

Alaska State Legislature
Pouch V (MS 3100)
Juneau, AK 99811

Please find resolution 83-15 with reference to a need for repeal or amendment to have the money go further in construction and more appropriations to rural villages. If this requirement is met by villages throughout Alaska they wouldn't have a chance of finishing the project(s) as anticipated and work would be rushed and thereby constructed poorly.

Please consider this resolution so that the States Capital could go further in development and make everybody happy. Thank-you.



Mayor Robert Nick

RN: ejv

CC: House & Senate Committee Chairman(s)
Honorable Anthony Vaska

City of Akolmiut
Resolution 83-15

Resolution for repeal of the Little Davis-Bacon Act in Alaska.

WHEREAS, the City of Akolmiut at Nunapitchuk is a rural village of 354 people and direly in need of funds to develop City service projects; and

WHEREAS, the State of Alaska has adopted a constitutional spending limit Statewide because of declining oil revenues; and

WHEREAS, a persistent need of funds to construct and maintain schools, water & sewer projects, airports, etc. are inflated due to the requirement stipulated under the Little Davis-Bacon Act for Alaska; and

WHEREAS, the States Capital could be distributed more evenly and rural Communities like Nunapitchuk could be awarded much needed basic needs like an airport; and

WHEREAS, the Reagan administration has cut federal programs drastically in U.S. thereby greatly increasing rural villages dependence in the State of Alaska; and

WHEREAS, rural villages are almost always denied much needed basic needs (services) by the Alaska Legislature,

NOW THEREFORE BE IT RESOLVED THAT, the City Council of Nunapitchuk request the Alaska State Legislature to consider repealing the Little Davis-Bacon Act in Alaska and (or) make an amendment to the Act to say that Communities with populations of 5,000 or less not be affected by this Act.

PASSED AND APPROVED THIS 26 DAY OF April, 1983.

Robert Nick
Mayor

John M. Colville
Council Member

Vice Mayor

Council Member

James B. ...
Council Member

Council Member

...
Council Member