

H B

176

HB 176 File Contents

April 17, 1985 Wednesday

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INTRODUCTION OF BILLS, (House)

HB 174, (cont'd)

law 90 days after bill is signed).

Introduced February 6 and referred to Health, Education & Social Services, then Finance.

Rural Housing
Loans
(defining
"rural")

HOUSE BILL NO. 175, by Rep. Marrou by Request. Would re-define the term "rural" as it is used in regards to rural housing loans. "Rural" would mean a community with a population of 4,500 (current law defines "rural" to mean "(A) a community with a population of 4,500 or less in the first or second judicial district of the state; (B) a community with a population of 4,500 or less in the third judicial district of the state that is more than 100 nautical miles from the conforming boundary of jurisdiction of the municipality of Anchorage; or (C) a community with a population of 4,500 or less in the fourth judicial district of the state that is more than 35 nautical miles from the conforming boundary of jurisdiction of the city of Fairbanks." Provides Act takes effect immediately.

Introduced February 8 and referred to the House Special Committee on State Loans, Community & Regional Affairs, then Finance.

Public
Construction
(wage rates)

HOUSE BILL NO. 176, by Reps. Herrmann, Binkley, Thompson, Fuller, Wallis & Marrou. Adds a new section to AS 36.05 (Public Contracts. Wages and Hours of Labor), providing the wage and hour laws do not apply to public construction under contract to a municipality having a population of 5,000 or less, an unincorporated community, a nonprofit corporation, a public utility operating in a city or village having a population of 5,000 or less, or a legislatively or municipality formed service area serving a population of 5,000 or less. The law enacted by this bill would apply only to contracts executed after the law takes effect. Provides Act takes effect immediately.

Introduced February 8 and referred to Labor & Commerce, Finance.

Recall
(changing laws)

HOUSE BILL NO. 177, by Rep. Thompson by Request. Would change method for recalling an elected official, and would also require any contributions, expenditures and communications made to influence the outcome of the recall to be subject to regulation by the Alaska Public Offices Commission (APOC--regulates election financing, campaigns and lobbying in Alaska).

Rewrites certain sections of state law relating to recall. Section relating to the petition itself (AS 29.28.150) would require whomever is seeking the recall to prepare a typewritten charge listing the action that constitutes grounds for recall. The charge is to be concise, detailed and give the location and nature of acts complained of and be signed by whomever is making the charge. Requires petition to be verified under oath.

The petition would then be filed in the superior court and be subject to judicial review. The court is required to hold a hearing to determine whether the petition satisfies the grounds for

M E M O R A N D U M

To: All Members, House Labor and Commerce Committee

From: Roger Poppe, Committee Aide

Date: April 17, 1985 Wednesday

Subject: Overview, HB 176: Relating to Wage Rates and Public Construction in rural areas

On April 17, 1985, the House Labor and Commerce Committee met in Room 102 of the Capitol Building at 1:15 pm on HB 176, which is to be teleconferenced statewide to all Alaska sites.

This legislation in its original form was submitted as SB 172 by Senator Sackett in 1983, as a means of getting the issue out on the table by repealing the entire Little-Bacon Davis Act. In this form, it did not lead to a hearing in Senate Labor and Commerce but it focused public attention on the problem. Subsequently, Rep. Herrmann submitted HB 304 during the last session, which was a much more specific version that did not repeal the whole act but was much more focused, but this bill also did not receive a hearing in House Labor and Commerce. HB 176 is a duplicate of last year's HB 304, but there is no companion legislation in the Senate this year.

This legislation has brought out both strong support and opposition from a great many sectors of Alaska, including labor and management, bush and urban, union and non-union, as can be seen by the large number of POMs both for and against the current bill and previous bills, and this even extends to the administration. The Dept. of Labor in the Position Statement points out that prevailing wage legislation has been in effect in Alaska since 1931, and its focus is to the benefit and protection of employees, not the contracting principals. This legislation would seriously undercut the basic purpose of existing state and federal legislation in Alaska, since it would exempt all of Alaska except Anchorage, Fairbanks, Juneau, Ketchikan, Sitka, Kodiak, and Kenai, and the Dept. of Labor is strongly opposed.

On the other hand, the Dept. of Community and Regional Affairs supports the bill, pointing out that the Little Davis Bacon Act imposes a burden on smaller communities by escalating public construction costs, and because they often cannot afford to employ and train the less skilled local person to do the job at the statewide prevailing wage, particularly when there is pressure to get the job done quickly. (It thus also goes against the principal of local hire that the state is also concerned with.) The bill would thus imply that a local contractor on a public construction project could still choose to pay a higher wage rate, but would not be required to. (One result of this could be that a contractor may bring in cheaper outside labor; although he alternately may be more willing to hire local labor if it can be supplied cheaper; it's a two-edged sword.)

A related issue here is that of "force accounting," which would allow a government agency to use its regular employees or hire additional employees to work on public construction rather than contracting out to a private contractor. Because force accounting bypasses private contracting, it is opposed by both labor and management; private contractors because they do not get the work and labor because prevailing wage rates do not apply. This approach is already being used to some extent in rural Alaska, and is construed by some as an attempt to get around the requirements of the Little Davis Bacon Act. An informal task force (including representatives of state agencies, local governments, contractor groups, and organized labor) was organized in November of 1984 on this issue, but they were unable to reach a consensus solution in this area. The details of the force accounting procedure are supplied in your file under #13-14-15. One issue that the Committee may wish to consider is whether failure to pass this bill, which exempts rural areas from the prevailing wages of the Little Davis Bacon Act may lead to more and more use (and possible abuse) of the "force accounting" procedure.

MEMORANDUM

TO: Representative Adelheid Herrmann

FROM: Deborah L. Greenberg

DATE: April 15, 1985

SUBJECT: House Bill 176/an act relating to wage rates on construction projects

AS 36.05.010 (dubbed the "Little Davis Bacon Act") requires a contractor to pay the prevailing wage on all public construction projects.

Prevailing wage is determined by the Department of Labor, and because of the way it is calculated it tends to be higher than the prevailing wage paid in most rural areas throughout the state.

This creates two fundamental problems for rural areas of the state:

- (1) the cost of badly needed capital projects in rural areas is higher than it needs to be to get the project done. In many cases communities originally budgeted their projects at a lower wage and cannot complete these projects because of the "Little Davis Bacon" provisions.
- (2) requiring high wages on these projects encourages a contractor to hire from outside the local community where there is more likely to be a larger number of highly skilled and specialized laborers.

House Bill 176 changes the problems with this law by exempting communities with a population less than 5,000 from the provisions of AS 36.0.010. This does not mean that a contractor could not choose to pay the prevailing or pay a wage higher than the prevailing wage, but that a contractor would not be required to pay this high wage for public works projects.

The bill would also exempt unincorporated communities, a nonprofit corporation, a public utility serving a community with a population of 5,000 or less.

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508
PHONE: (907) 563-1073

March 18, 1985

POSITION PAPER

RE: HB 176

SPONSOR: Herrmann, Binkley, Thompson, Fuller and Wallis

Program Effects of Bill

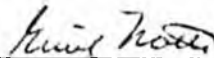
This bill would exempt certain municipalities, nonprofit corporations, public utilities and service areas from paying prevailing wages to workers on public construction projects, as determined by the State Department of Labor. Municipalities, public utilities and service areas with population of 5,000 or less would be exempted, as would be all unincorporated communities and nonprofit corporations. A total of seven communities would not be exempted, including Anchorage, Fairbanks, Juneau, Kenai, Ketchikan, Kodiak and Sitka.

Comments

This bill proposes to address a fundamental problem in the State prevailing wage law. The problem is the lack of a determination of prevailing wages at the local and regional level which could provide adequate sensitivity to the needs of local economic situations. The application of statewide or national prevailing wages in small and remote communities can act as a strong disincentive to local employment and economic development. Smaller communities, which may have high unemployment, often cannot afford to employ and train the less skilled local person to do the job at the statewide prevailing wage. If held to paying statewide wage scales, the community is essentially forced to hire a person who can do the job most quickly, and this will often be somebody from outside the community. In short, a prevailing wage which is insensitive to the variety of local economies and levels of community development may be protecting the workers' wages at the cost of the local workers' ability to become a part of the work force.

RE: HB 176
March 18, 1985

We believe a community's prevailing wage structure should be reflective of local circumstances and should incorporate the flexibility of local option. Small and remote Alaskan communities should not be required to use wage rates based on labor markets which have little relevance to their immediate situation. In the absence of prevailing wage scales which truly reflect regional and local economies and job markets, the Department supports this bill as a means of introducing necessary flexibility in wage structuring at the local level.



Emil Notti, Commissioner

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 176
 Title: An Act relating to wage rates on public construction
 Sponsor: Herrmann, Binkley, etc.
 Requestor: _____
 Date of Request: March 15, 1985

FISCAL DETAIL

Agency Affected: Community & Regional Affairs
 Program Category Affected: Community Development
 BRU, Program or Subprogram(s) Affected: _____
 BRU: Local Government Assistance Training & Development

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		-0-	-0-	-0-		

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FEDERAL FUNDS						
OTHER						
TOTAL		-0-	-0-	-0-		

POSITIONS:

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: Michael Cushing *WA* Research Analyst
 Division: Municipal & Regional Assistance

Phone: 465-4750
 Date: March 15, 1985

Approved by Commissioner: *Luigi*
 Agency: Community & Regional Affairs

Date: 3/19/85

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 176
 Title: "An Act relating to wage rates on public construction"
 Sponsor: Herrmann, et. al.
 Requestor: House Labor & Commerce
 Date of Request: 4/17/85

FISCAL DETAIL

Agency Affected: Labor
 Program Category Affected: Public Protection
 BRU, Program or Subprogram(s) Affected: Labor Standards & Safety
 Wage & Hour

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		<36.2>				
200 TRAVEL		<4.0>				
300 CONTRACTUAL		<5.0>				
400 SUPPLIES		<1.0>				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		<46.2>				
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)


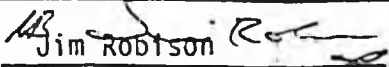
GENERAL FUND		<46.2>				
FEDERAL FUNDS						
OTHER						
TOTAL		<46.2>				

POSITIONS:

FULL-TIME		<1>				
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

See Attached

Prepared By:  Robert J. Bacolas, Sr. Phone: 465-4870
 Division: Labor Standards & Safety Date: 4/17/85
 Approved by Commissioner:  Jim Robinson Date: 4/17/85
 Agency: Labor

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

7/1/84

FISCAL NOTE ANALYSIS

THE LEGISLATURE OF THE STATE OF ALASKA
FOURTEENTH LEGISLATURE

BILL/RESOLUTION NO.: HB 176

TITLE: "An Act relating to wage rates on public construction."

AGENCY AFFECTED: Department of Labor

Under this bill municipalities having a population of 5,000 or less, unincorporated communities, non-profit corporations, or a public utility operating in a city or village having a population of 5,000 or less would be exempt from paying the prevailing wage rates on public construction projects under AS 36.05.

The impact to the department would be the reduction in staff of one Worker and Hour Technician. Also, travel by investigators would be reduced by \$4,000, as they would not have to travel to the small communities for enforcement of prevailing wage requirements on these exempt projects.

Assumptions:

1. The effective date of this bill would be July 1, 1985.
2. Resident hire enforcement is still required on all public construction projects in the state.
3. This bill would not exempt state-awarded public construction projects from the prevailing wage law.

1.	POSITION TITLE Wage & Hour Technician I				RANGE/STEP 12D	BARG. UNIT GGU	PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER 07-4021	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION					
4.	TYPE OF EXPENDITURE			AMOUNT						
	1	2	3							
	PERSONAL SERVICES									
5.	Salary		<27,291>							
6.	Benefits		<4,548>							
7.	Supplemental Benefits		<1,673>							
8.	Fixed Benefits		<2,732>							
9.	TOTAL PERSONAL SERVICES		01	<36,244>						
10.	Travel		02	0						
11.	Contractual		03	<5,000>						
12.	Commodities		04	<1,000>						
13.	Equipment		05	0						
14.	Other									
15.	TOTAL COST			<42,244>						
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004		<42,244>						
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR BGM USE ONLY KEY NUMBER _____										

This position audits certified public construction payrolls to determine compliance with prevailing wage requirements. The position does preliminary investigations of suspected infractions of the law and provides assistance to unions, employers, and the general public by answering inquiries. This person also writes correspondence and technical reports regarding the prevailing wage laws and assists in the prevailing wage survey.

Contractual costs are for telephone, printing and other average operating expenses.

REQUEST FOR
NEW POSITION

AGENCY Department of Labor
 PROGRAM Worker Protection
 BRU Labor Standards & Safety
 COMPONENT Wage & Hour

Page 1 of 1
 Revised Date _____

FY 86

LEG:F:

*
* DELIVER TO: JPOM *
* *
* ORIGINAL *
* SENT: 04/16/85 TIME: 08:39 *
* FROM: SANDRA IYNOKING *
* SUBJECT: F.O.M. *
* PRINT DATE: 04/16/85 TIME: 08:41 *
* *

TO: REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER
AND WALLIS

FROM: HARVEY POOTOOGUOLUK
LABORERS LOCAL 942 AND SELF
GENERAL DELIVERY
SHISHKAREF, ALASKA 99772 PHONE: 649-3861 (H)

RE: HB 176, DAVIS-BACON .

HB 176 WILL NOT PUT MORE LOCAL PEOPLE TO WORK, IT WILL ONLY
REDUCE THE WAGES OF THOSE ALREADY WORKING. I STRONGLY OPPOSE
HB 176.

*
* DELIVER TO: JPOM *
* *
* ORIGINAL *
* SENT: 04/16/85 TIME: 08:31 *
* FROM: SANDRA IKNOKINGK *
* SUBJECT: P.O.M. *
* PRINT DATE: 04/16/85 TIME: 08:38 *
* *

TO: REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER
AND WALLIS

FROM: STEPHEN WEYIOUANNA
LABORERS LOCAL 942 AND SELF
GENERAL DELIVERY
SHISHMAREF, ALASKA 99772 PHONE: 649-3631 (H)

RE: HB 176, DAVIS-BACON

I STRONGLY OPPOSE PASSING HB 176, BECAUSE THIS WILL NOT HELP THE LOCAL HIRE AT ALL. THIS WILL ONLY PUT A HARDSHIP ON THE WORKING CLASS PEOPLE SINCE THE COST OF LIVING IS VERY HIGH IN ALASKA. ALSO, THIS WILL CREATE A PROBLEM OF NON-EXPERIENCED WORKERS ON JOBS THAT REQUIRE EXPERIENCED WORKERS.

*
* DELIVER TO: JPOM *
*
* ORIGINAL *
* SENT: 04/15/85 TIME: 16:17 *
* FROM: SANDRA IKNOKINOK *
* SUBJECT: P.O.M. *
* PRINT DATE: 04/15/85 TIME: 16:22 *
*

6

TO: REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER
AND WALLIS

FROM: CLARENCE G. TOOKTOO
LABORERS LOCAL 942 AND SELF
GENERAL DELIVERY
SHISHMAROF, ALASKA 99772 PHONE: 649-7224 (H)

RE: HB 176, DAVIS-BACON

I STRONGLY OPPOSE PASSING HB 176 BECAUSE SEASONAL WORK IS SHORT.
SAFE EXPERIENCED WORKERS ARE NEEDED FOR THE CONSTRUCTION JOBS.
NEW HANDS ALWAYS CREATE SAFETY PROBLEMS.

.....

1
1



*
* DELIVER TO: JPOM *
* *
* ORIGINAL *
* SENT: 04/16/85 TIME: 08:35 *
* FROM: SANDRA IKKOKING *
* SUBJECT: P.O.M. *
* PRINT DATE: 04/16/85 TIME: 08:35 *
*

TO: REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER
AND WALLIS

FROM: ALFRED FOOTOGGOLUK
LABORERS LOCAL 942 AND SELF
GENERAL DELIVERY
SHISHMAREF, ALASKA 99772

RE: HB 176, DAVIS-BACON

I STRONGLY OPPOSE HB 176 BECAUSE US SEASONAL WORKERS WORK ONLY IN
THE SUMMER AND BE UNEMPLOYED IN THE WINTER.

*
* DELIVER TO: JFOM *
* *
* ORIGINAL *
* SENT: 04/15/85 TIME: 16:10 *
* FROM: SANDRA IKKOKINOK *
* SUBJECT: P.O.M. *
* PRINT DATE: 04/15/85 TIME: 16:17 *
*

TO: REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER
AND WALLIS

FROM: DELBERT ENINGOWUK
LABORERS LOCAL 242 AND SELF
GENERAL DELIVERY
SHICHYAREF, ALASKA 99771 PHONE: 647-3231 (H)

RE: HB 176, DAVIS-BACON

I AM OPPOSING HB 176 BECAUSE OF INFLATION, AND WE DON'T GRAB ANY
JOBS HERE IN THE BUSH, THE WAGES WE EARN DON'T GO TOO FAR - WE
WORK ONLY ON SEASONAL BASIS.

CITY OF CRAIG

February 21, 1985

Representative Adelheid Herrmann
Capital Room 118/132
Pouch V
Juneau, Alaska 99811

ALASKA

1985
in
support

Dear Representative Herrmann:

I am pleased to see your sponsorship of ~~HB 176~~ providing an exemption to small communities from the AS 36.05

In the City of Craig, we have several projects where salaries are paid far in excess of that necessary or acceptable in the community due to the current law.

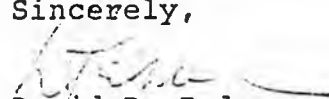
Our clinic construction bids all exceeded the available funds, consequently, we cut all landscaping, outside drainage, parking, curbs, and walkways to get the basic structure up, while the carpenter is paid a wage over \$10.00 per hour higher than any carpenter working on a private job in town. The result is that we obtain less for the money spent. I can not understand the benefit of a public policy that mandates wages far in excess of the actual rate that prevails here. We do pay the prevailing rate, otherwise we could not obtain workers. The Department of Labor rate, however, is approximately 70% higher than the actual prevailing rate here.

For example, we hire laborers for \$12.50 to \$13.00 per hour. The local contractors pay the same wage. But for a Davis Bacon job the book rate is \$21.34 (with benefits it is \$27.79). We hire truck drivers for \$13.00 per hour, but Davis Bacon rates are \$22.47.

There is no benefit to the public; where we pay more than necessary. To have a policy requiring the acceptance of low bids for public projects on one hand and a policy to pay more than is necessary on the other is contradictory.

Those who support budget reductions to meet declining revenues and who support fiscal responsibility should find supporting HB 176 consistent extension of that policy. Likewise, when we are attempting to get the most for our harder-to-find dollar, continued support of the present policy should become extremely difficult. Good Luck in this effort. Let me know how I can help.

Sincerely,

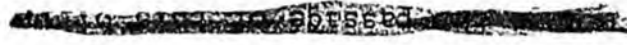

David R. Palmer
City Administrator

cc:Rep.Peter Goll
Sen. Dick Eliason
Alaska Municipal League
House Labor Committee

City Clerk
Glenn H. ...

Handwritten signature

Sincerely,



There is a big difference between what a local labor union would make and what it would get if it were to be paid. The difference is that the union would make the money and the laborer would get it.

Local unions are not organized to make money for the laborer. They are organized to make money for the union. The union is the only one that has the right to make money for the laborer. The union is the only one that has the right to make money for the laborer. The union is the only one that has the right to make money for the laborer.

I have received a copy of HOUSE BILL 117 regarding the ...

State Representative
George A. ...
House of Representatives
Seward Building
Juneau, Alaska

Juneau, Alaska

UNALASKA ALASKA



"Capital of the Frontier"
CITY OF UNALASKA
P.O. BOX 33
UNALASKA, ALASKA 99685
(907) 581-1251

Reference

Dore Thompson

Pouch 1

Denain Alaska 99511

Dear Representative Thompson:

This is in reference to your letter dated February 19, 1955 regarding H.B. 176.

We are in support of this bill and the reasons are: As you stated in paragraph (2)

We also have other major concerns: Number one regarding the dock at Perryville. I am sure you have the feasibility study on it. At the present time the only way of getting freight into Perryville is by air at sixty eight (68) cents a pound. We live in an ice free area year round and a dock would enable us to get our supplies direct from Seattle and Alaska coastal cities. At the present time the only way we can unload freight is with sixteen (6) foot skiffs, which are unrecalled for at this time and age.

Another concern we have is a dump truck (diesel) at a cost of approximately \$70,000.00 dollars. As you know Perryville has only black sand and is constantly eroding with the wind and water. I might mention our school is having erosion problems caused by wind.

We would also like to have your assistance in trying to obtain at least \$15,000.00 dollars for part and

later to repair (3) three village
generators and one loader dozer.
We furnish electricity to the whole
village including the school. We
have no other sources of funds available
and our generators are in bad need of
repair before the salmon fishing season.

We are in support of a new Elementary
school building but I would like to mention
that our priorities have been listed
accordingly.

Any assistance your office can give
us in the above would be greatly
appreciated and remembered

Sincerely

Boris Kosobok
Boris Kosobok
Council President
Perryville Alaska

99648

Ph. 253-2211

C: C:

Sen. Fred Tharoff
File

DISTRICT 27:
AKHIOK
CHIGNIK
CHIGNIK LAGOON
CHIGNIK LAKE
CHINIAK
IVANOF BAY
KARLUK
KODIAK
LARSEN BAY
OLD HARBOR
OUZINKIE
PERRYVILLE
PORT LIONS
WOMEN'S BAY

Alaska State Legislature



House of Representatives

REPRESENTATIVE
DAVE THOMPSON
WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-2487
(907) 465-2498
P.O. BOX 75
KODIAK, ALASKA 99615
(H)(907) 486-4899
(L)(907) 486-8116

February 19, 1985

Robert Simeonoff
Mayor
Akhiok, AK 99615

Dear Mayor Simeonoff:

House Bill 176, an act relating to wages paid on construction projects, has been introduced in the House of Representatives by myself and Representative Adelheid Herrmann. This bill exempts communities with a population of less than 5,000 from the terms of Alaska Statute Title 36.05.010, the "Little Davis Bacon Acts" requiring that a "prevailing wage" be paid on State financed construction projects. Because of the way the State Department of Labor calculates prevailing wage, prevailing wages are equal to the union wages paid in urban areas of the state.

This bill has been designed to accomplish two important things:

- 1) It would help keep the costs of capital projects down; and
- 2) Promote local hire in smaller communities.

The costs for completing capital projects in rural Alaska is substantially higher than it is in urban Alaska. This is due to the cost of transporting materials, delays due to weather, mobilization and housing of imported construction crews, and other costs that are not incurred on urban projects. In addition, compliance to "prevailing wage" statutes usually requires a higher wage than people get and expect in rural areas. These all increase costs and make it more difficult for small communities to complete needed capital improvements. Local hire is a concern in rural areas where unemployment rates are high and the availability of cash is low. If a local contractor is not forced to pay prevailing urban wages, there is a better chance that local people will be hired.

Unlike other attempts to solve the wage rate problem in small communities, HB 176 does not call for outright repeal of Title 36. What it does do is exempt smaller communities from the current law requiring a contractor to pay "prevailing wages." Urban area projects, which the unions are most concerned about would still be covered by the current "prevailing wage" law.

The other options for solving the impacts on rural communities from the Little Davis Bacon Act include:

1. Outright repeal of Title 36. This was considered in 1983 and failed to pass the legislature;
2. Allow communities to use Force Accounting. Force Accounting is where a community sub-contracts the project to get around the wage rate requirements or;
3. Exempt projects under a certain dollar amount.

The problems with these options are as follows:

1. An outright repeal of the act would change the prevailing wage rate for both the rural areas who are experiencing problems with Title 36, and for urban areas who are not;
2. Force Accounting puts an unnecessary burden on small communities. Force Accounting requires increased administrative work on the part of the community. In smaller communities this is difficult and may be beyond the capacity of their administrations to handle;
3. Exempting projects under a certain dollar amount has a certain appeal as a solution to the problem however, the amount would be arbitrary and might need to be revised regularly to account for inflation, etc. Also this would apply to urban areas. Projects under the dollar amount would cause confusion with regard to union activities in urban areas.

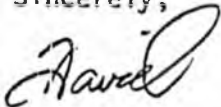
Last year the Governor established a task force to address this problem but the work has not been completed. Their suggested solutions will be addressed at the next meeting of this task force on February 27th.

I have enclosed a copy of the current Alaska "Little Davis Bacon Act" and HB 176 for your review. At this point I request that you discuss this bill with your community and let myself and Representative

Page -3-

Herrmann know your reaction. Please let us know if you support this legislation or if you do not. We feel that this is going to be a highly controversial issue, as it has been in the past. I am interested in your concerns.

Sincerely,

A handwritten signature in cursive script, appearing to read "David", written in dark ink.

David W. Thompson
Representative

DWT/mjs

Enclosure

Old Harbor Native Corporation
P.O. Box 717
Old Harbor, Alaska 99643

February 14, 1985

Rep. Dave Thompson
Pouch V
Juneau, Alaska 99811

RE: ~~Home~~ Bill 176

Dear Representative Dave Thompson:

I wish to express our regrets in not being able to participate in the dialogue on HB 176 during the Constituency teleconference on February 13, 1985. We are in support of HB 176 and urge your favorable consideration for the bill.

Many of the people from Kodiak City who spoke against the passage of HB 176 really don't know the living conditions in the villages. The people living in the urban areas, including Union Contractors, have many of the modern conveniences—shopping centers, gas stations, paved highways, etc., as well as service oriented businesses which they can call on at a moments notice to fix their problems. Additionally, the people living in urban communities such as Kodiak have available or accessible to them the employment opportunities which exist in the larger urban communities, more so than in rural communities.

In the villages, we are striving to obtain the conveniences of better living conditions—such as centralized, less expensive electric power, adequate water and sewer systems, community centers and employment opportunities, etc.

One way of achieving employment opportunities is through our capital improvement project (CIP) funding requests; and, with those CIP projects which we can implement ourselves such as our recent erosion control project. Although this grant was a relatively small in dollar amount (\$250,000 dollars) it provided the employment opportunities to a substantial number (70) of local citizens for over four months. If we were required to contract this work out the job probably wouldn't have lasted no longer than a month and our local people wouldn't have had the opportunity to work as they did. As it is we've got the job done, and many of our local people enjoyed the employment opportunities.

Additionally, for many of our local CIP projects such as airports, docks, school buildings, boat harbors, we have concerns about the lack of local control for having the feasibility study work done for these types of projects. Our concern is twofold: 1) the work is controlled and done solely by people other than local people; 2) the work required is controlled by some group or agency other than our local governments.

It would be just great if the money appropriated for CIP projects in the village by either State or Federal governments, if they would allow

Page 2

Rep. Dave Thompson
February 14, 1985

the local governments to develop the specifications for the project, advertise for bids, select the lowest responsible bidder, award and administer the contract themselves. An example of this situation is the appropriation of last year for doing the feasibility study for our airport relocation project. With that amount of money allocated (\$300,000 dollars) for the study, there were only two local residents which employed on this project and they worked for only two weeks.

If I understand HB 176 properly it would enable us in the villages to stretch our dollars and provide the needed employment opportunities that people need.

On behalf of the Officers and Directors of the Old Harbor Native Corporation I request and urge your support and favorable consideration for HB 176.

Sincerely,

OLD HARBOR NATIVE CORPORATION



Frank R. Peterson
Manager

FAP/jt

cc: Board of Directors, Old Harbor Native Corporation

Old Harbor City Council

Box 109 Old Harbor, Alaska 99643

February 14, 1985

Rep. Dave Thompson
Pouch V
Juneau, Alaska 99811

Dear Representative ~~Thompson~~:

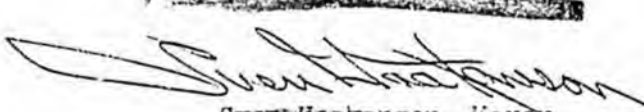
I'm directed to write to you by the Old Harbor City Council and many residents of Old Harbor in support of House Bill 176.

We have tried for many years to encourage various agencies to help us adopt some type of legislation like House Bill 176. We also fully supported this two years ago. We have taken note on many bad experiences that happened to us by various contractors to Old Harbor very seldom any of the villagers are put to work even if the villagers said they would join their union even for a short term, then we find that friends of the boss or foreman had just joined the union before coming down here, and many times we find that they say the villagers can't get the jobs because they are technical jobs, then we see these many people doing common labor jobs this seems to happen all the time. When processors (offshore) come to Old Harbor they always have friends of friends said to be technical help but we find they work hand in hand with the few villagers that they hire. One more example, a few years ago we were happy to hear we were going to receive \$47,000 dollars to build a sanitary fill. At that time we went to work and budgeted to built it and also have a garbage pick-up for the Community to last three years but lo and behold a little barge came with a D8 Cat and pushed some ground around got back on barge and left. At that time we had a D8 Cat of our own and could have done a better job. And so we were saddened to hear that is where the \$47,000 dollars went. I might mention this happened to each village around the Kodiak Island.

~~So, please on house Bill 176 give it your best.~~

Sincerely,

~~CITY OF OLD HARBOR~~


Sven Haakanson, Mayor

SH/jt
cc: file

CITY OF OUZINKIE
P.O. BOX 35
OUZINKIE, ALASKA 99644
(907)680-2209

MARCH 8, 1985

Representative Dave Thompson
Pouch U
Juenau, Alaska 99811

Dear Representative Thompson,

The Ouzinkie City Council is in full support of House Bill 176.

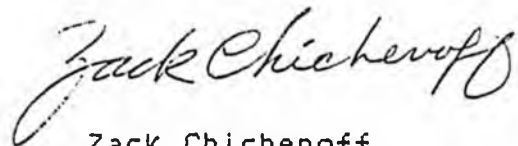
Generally small communities like Ouzinkie do not acquire large grants, therefore the labor force that is getting paid union wages or the equivalent, leaves a small portion for the actual projects.

That is why many local projects cannot be completed without requesting additional grants.

Most of the local labor force does not complain about the cities wage scale, they are agreeable as long as it is a project that will benefit all the community.

We appreciate your concern of the small communities. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Zack Chichenoff". The signature is written in dark ink and is positioned above the printed name and title.

Zack Chichenoff
MAYOR

CITY OF UNALASKA

P.O. BOX 89
UNALASKA, ALASKA 99685
(907) 581-1251

"Capital of the Aleutians"



March 22, 1985


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

Dear Representative Herrmann,

I am writing ~~in support of your House~~ Bill No. 176 relating to wage rates on public construction. The "Little Davis Bacon Act" has a serious and damaging impact on small communities with limited resources. It is often the small communities in Alaska with a limited tax base which are in the most serious need of services and facilities; yet they are hit the hardest by the Little Davis Bacon Act which severely reduces their ability to provide facilities by raising the costs of labor out of sight.

Thank you very much for initiating and supporting a Bill which is so important to Alaska's Bush Communities.

Sincerely,


Jurate Mazeika, Director
Dept. of Parks, Culture
and Recreation

JM:kas

March 30, 1985

The Honorable Adelheid Herrmann
Alaska State Representative
House of Representatives
Juneau, Alaska 99801

Dear Adelheid:

This letter is to advise that I strongly support your efforts to substantially change or repeal the so-called "Little Davis-Bacon Act". This ill-advised law discriminates against all citizens and taxpayers who do not get to participate in the arbitrarily inflated government mandated wage levels dictated in response to this act. Most people feel that, at the very least, every project built under the provisions of Davis Bacon, both State and Federal, costs at least one third more than it should have. This then, deprives all taxpayers of one third of needed capital projects because of inflated labor costs.

Two projects of substantial significance comes to mind — — How would the proposed Susitna Dam system stack up competitively if labor costs were determined in the competitive market place. What would or could the cost of power from the four dam pool,

built under the auspices of the
Alaska Power Authority, have been
if built by competitive labor rates?

I understand "Davis Bacon" dictates
the payment of wages at a level "prevailing"
in an area. Let me assure you that
the wage levels dictated in state and federal
construction jobs, "prevail" only when such
a job is being constructed in an area.

"Davis Bacon" does nothing for anyone
except those fortunate enough to work
on one of the projects. The untrained
remain untrained. It does nothing for
equality or capability. It establishes an elite
group, paid at artificial inflated levels, all at
the expense of those who do not get an "equal
opportunity" to participate. Non-resident
transients comprise a substantial portion of
the elite group.

Your efforts are very much appreciated
by all of us on the "outside" of this act.
We hope you are successful.

Sincerely
Harry G. Shawback
Box 234
King Salmon, AK. 9, 13

P.S. As an added insult, it is probably used as one of the elements which the Dept. of Labor uses to establish the Consumer Price Index. It not only causes inflation, it is a prime contributor!

~H

Ouzinkie Tribal Council
Box 60
Ouzinkie, Alaska 99644
(907) 680-2259

March 7, 1985

Representative Dave Thompson
Pouch V
Juneau, Alaska 99811

Dear Representative Thompson,

The Ouzinkie Tribal Council is in full support of House Bill 176.

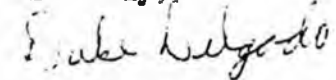
The Ouzinkie Tribal Council agrees that with lower than Davis Bacon wages paid, with the passage of H.B. 176, it would leave more monies for actual projects. Also not so many people outside the Village would be likely to come into the Village to work the jobs, leaving the local Villagers a chance to have work. As things are now contractors bring in their own work force. With this Bill, that work force would not likely be so willing to come to the Village to work. The Villager would be willing to work for less than Davis Bacon wages rather than not work at all.

The Ouzinkie Tribal Council is happy to see a bill of this nature introduced. It has been needed for a very long time now.

DD:kp

CC: Representative Adelherd Herrmann

Sincerely,



Refugio(Duke)Delgado

Nulato City Council

General Delivery
Nulato, Alaska 99765
(907) 898-2205



March 28, 1985

Representative Kay Wallis
Pouch V
Juneau, AK 99811

Dear Rep. Wallis:

I am writing to express my views on HB-176 (Wage rates on Public Construction) which would exempt Communities with populations of 5000 or less from AS 36.05 ~~(Little Davis-Bacon Act)~~. I feel HB-176 is a good bill for the following reasons:

- 1) Little Davis-Bacon sets artificially high wage scales for rural Alaska that local O&M programs cannot even hope to compete with.
- 2) Little Davis-Bacon greatly increases costs of capital projects in rural Alaska.
- 3) Little Davis-Bacon helps to discourage contractors from local hire in rural Alaska.
- 4) The artificially high rates imposed by Little Davis-Bacon contribute to economic instability in rural Alaska.

I believe that local governments should be allowed to determine their own prevailing wages. This freedom from the restraints of Little Davis-Bacon would translate into the capability to provide greater efficiency in capital spending, more projects and more jobs. I base my views on my experience as Treasurer and Budget Director for the City of Nulato for the past six (6) years.

Furthermore, I feel that this bill is especially relevant today when we are faced with rapidly declining state revenues. I encourage your continued support for HB-176 and thank you for your consideration.

Sincerely,

Andy Durny
Budget Director

AD/rb

c.c. - Governor Bill Sheffield

~~Rep. John Binkley~~

Rep. John Binkley
Rep. David Thompson
Rep. John J. Fuller
Sen. John Sackett
Sen. Jai Faiks

A RESOLUTION BY THE 6th ANNUAL
YUKON-KUSKOKWIM DELTA MAYOR'S CONFERENCE

Bethel, Alaska
January 30, 31 and February 1, 1985

RESOLUTION 85-02

A RESOLUTION REQUESTING THE LEGISLATURE TO REVISE TITLE 36 OF THE ALASKA STATUTES.

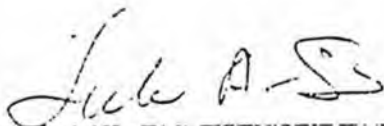
WHEREAS, "Little Davis-Bacon" wage requirements were not designed to benefit communities which average between 50 and 80 percent unemployment and actually have the effect of inhibiting capital projects and economic opportunities in such communities; and

WHEREAS, these so-called "Prevailing Wage" requirements also have the effect of severely limiting the amount of local employment which contractors working in rural Alaskan communities are able to hire; and

WHEREAS, this situation could be substantially remedied if appropriate revisions were to be made in Title 36 of State law;

THEREFORE BE IT RESOLVED BY THE Y-K DELTA MAYORS that Legislation be introduced which would allow contractors working in remote communities to pay actual locally prevailing wages as determined by City Ordinance rather than the inflated "Little Davis-Bacon" wages, thus enhancing employment opportunities in economically desparate communities and reducing costs to the State in inflated contract bids.

PASSED and APPROVED BY THE SIXTH ANNUAL YUKON-KUSKOKWIM DELTA MAYOR'S CONFERENCE This 1st day of February, 1985.



Luke Smith, President



Dave Cartier, Secretary

SECOND SESSION OF THE FIFTH ANNUAL
NORTH AND NORTHWEST ALASKA MAYORS' CONFERENCE
Savoonga, Alaska
February 12 - 15, 1985

RESOLUTION 84-52

A RESOLUTION REQUESTING THE LEGISLATURE TO REVISE TITLE 36
OF THE ALASKA STATUTES.

WHEREAS, "Little Davis-Bacon" wage requirements were not designed to benefit communities which average between 50 and 80 percent unemployment and actually have the effect of inhibiting capital projects and economic opportunities in such communities; and

WHEREAS, these so-called "Prevailing Wage" requirements also have the effect of severely limiting the amount of local employment which contractors working in rural Alaskan communities are able to hire; and

WHEREAS, this situation could be substantially remedied if appropriate revisions were to be made in Title 36 of State law.

NOW THEREFORE BE IT RESOLVED THE THE NORTH AND NORTHWEST ALASKA MAYORS' CONFERENCE THAT: ~~Legislation be introduced, which would allow contractors working in remote communities to pay actual locally prevailing wages as determined by City Ordinance rather than the inflated "Little Davis-Bacon" wages,~~ thus enhancing employment opportunities in economically desperate communities and reducing costs to the State in inflated contract bids.

PASSED AND APPROVED by the SECOND SESSION OF THE FIFTH ANNUAL NORTH AND NORTHWEST ALASKA MAYORS' CONFERENCE this 15th day of February, 1985.

Willi Aodang Kotzebue
President

Alvin A. Iwasaki
Secretary

INTRODUCED: Nome

VOTE: Yes Unanimous

SECONDED: Selawik

1985
against

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* DELIVER TO: JPOM
* ORIGINAL
* SENT: 02/14/85 TIME: 08:45
* FROM: LIOKOD
* SUBJECT: KODIAK POM'S
* PRINT DATE: 02/14/85 TIME: 10:07

14

TO: REPRESENTATIVES THOMPSON, HERRMANN, BINKLEY, FULLER, WALLIS,
NAVARRE, DAVIS, BOUCHER, KOPONEN, PEARCE, COLLINS, HANLEY

TO: SENATOR FRED ZHAROFF

FR: GARY GUS JOHNSON
BOX 2107
KODIAK, AK. 99615
HM: 487-2157

RE: HB 176

I URGE YOU NOT TO VOTE IN FAVOR OF THIS FARCE. THE DAVIS-BACON
IS VERY IMPORTANT TO THE ECONOMIC BASE OF COMMUNITIES OF LESS
THAN 5,000. WITHOUT THIS STANDARD WAGE CONSTRUCTION WORKERS WHO
LIVE HERE, (AND VOTE FOR YOU AND YOUR FAT SALARIES), WILL FEEL
THE BRUNT OF THIS BILL.

.....

TO: SENATOR ZHARGOFF

13

TO: REPRESENTATIVES THOMPSON, ~~HERRMANN~~ BINKLEY, FULLER,
NAVARRE, DAVIS, BOUCHER, KOPONEN, PEARCE, COLLINS, HANLEY

FR: BOB BRODIE
BOX 296
KODIAK, AK. 99615
HM: 486-3079

RE: HB 176

I BELIEVE THIS IS A BAD BILL FOR ALASKA. REMOVING THE CONTROLS
ON THE CONTRACTOR WILL ONLY BE CAUSE FOR ABUSE OF THE LOCAL
WORKERS. THE REPEAL OF THE WAGE PROVISION WILL ALLOW SUBSTANDARD
WAGES TO BE PAID TO THE RESIDENTS OF THE STATE AND MAKE A
HARDSHIP UPON THEIR FAMILIES. THE CITY COUNCIL AND BOROUGH
ASSEMBLY VOTED LAST YEAR TO NOT SUPPORT THIS LEGISLATION.



Kodiak Island

P.O. BOX 1244
KODIAK, ALASKA 996
PHONE (907) 486-572

March 1, 1985

The Honorable David W. Thompson
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Dave:

In response to your letter dated February 19th referencing HB 176 I found your letter to be somewhat confusing in the justification to exempt small communities from paying a prevailing wage to workers on state financed construction projects.

I have trouble in following the logic that rural residents do not expect to receive the same wages of their counterparts in urban Alaska. On the contrary, I believe a rural resident does expect a wage, that based on his or her skills and qualifications, is at a high enough level to pay for the exorbitant cost of living in a rural area. As to your statement referring to cash flow in a small community the need for a comparable wage is absolutely necessary for local dollar turnover.

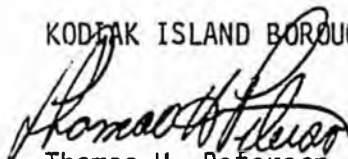
Costs of capital projects in rural Alaska have been and will remain to be more costly than in the state's urban areas regardless of diminishing the wage levels for rural workers. Major portions of cost are more attributed to construction time lines and transportation than to labor.

I think the bill will be more of a detriment than a benefit to local people in those communities with a population of 5,000 or less. Small communities certainly have the opportunity of assuring that local hire is a preference to the contractor's awarded bids for projects rather than reducing the revenue potential of adequate wages.

I hope that you wait until the Governor's task force completes its study on the issue before you place too much emphasis in supporting HB 176. The Assembly and I are in agreement that the bill will not benefit the small communities on the Island.

Sincerely,

KODIAK ISLAND BOROUGH


Thomas H. Peterson
Borough Mayor

CC Governor Sheffield
Representative Hermann

mdd

AL
FYI
please return

April 10, 1985

Representative Jack Fuller
Alaska State Legislature
Pouch V-MS 3100
Juneau, Alaska 99811

Dear Jack:

I am vehemently opposed to House Bill 176 for the following reasons:

1. Cost of living is much higher in the rural areas; if you repeal Title 36, wages will be lowered to such a degree one will not be able to economically survive in bush communities.
2. Union contractors provide for a Health and Welfare and Pension Plan for employee's whereas none would exist if your proposed legislation passes.
3. If you folks down in Juneau have been observing non-union companies on the North Slope you will notice that they are not hiring many local Alaskan's, rather they are bringing up people from Outside to work and for much lower wages, where Title 36 is not required.

I am surprised, Jack, that you would help sponser a bill that would create such an adverse economic effect on the majority of constituents in your district. Many villagers that are qualified craftsmen in various trades have always been admitted into respective union's, which makes them eligible for local hire.

I hope you will take time to ponder the consequences of such legislation. I hope to be talking to you during the tele-conference, scheduled for April 1/th.

Gary Hart
Area Steward Representative
Teamster Local 959
Nome, Alaska 99762

*
* DELIVER TO: JFOM *
*
* ORIGINAL *
* SENT: 04/15/85 TIME: 16:10 *
* FROM: SANDRA IKNOKINOK *
* SUBJECT: P.O.M. *
* PRINT DATE: 04/15/85 TIME: 16:17 *
*

TO: REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER
AND WALLIS

FROM: DELBERT ENINGCOWUK
LABORERS LOCAL 942 AND SELF
GENERAL DELIVERY
SMISHYAREF, ALASKA 99771 PHONE: 649-3231 (H)

RE: HB 176, DAVIS-BACON

I AM OPPOSING HB 176 BECAUSE OF INFLATION, AND WE DON'T GRAB ANY
JOBS HERE IN THE BUSH, THE WAGES WE EARN DON'T GO TOO FAR - WE
WORK ONLY ON SEASONAL BASIS.

*
* DELIVER TO: JFOM
*
* ORIGINAL
* SENT: 04/16/85 TIME: 08:35
* FROM: SANDRA IKNOKINOK
* SUBJECT: P.O.M.
* PRINT DATE: 04/16/85 TIME: 08:39
*

TO: REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER
AND WALLIS

FROM: ALFRED POOTOOGLOOLUK
LABORERS LOCAL 942 AND SELF
GENERAL DELIVERY
SHISHMAREF, ALASKA 99772

RE: HB 176, DAVIS-BACON

I STRONGLY OPPOSE HB 176 BECAUSE US SEASONAL WORKERS WORK ONLY IN
THE SUMMER AND BE UNEMPLOYED IN THE WINTER.

*
* DELIVER TO: JFOM *
*
* ORIGINAL *
* SENT: 04/16/85 TIME: 08:39 *
* FROM: SANDRA IKNOKINOK *
* SUBJECT: P.O.M. *
* PRINT DATE: 04/16/85 TIME: 08:41 *
*

TO: REPRESENTATIVES HERMANN, BINKLEY, THOMPSON, FULLER
AND WALLIS

FROM: HARVEY FOOTOGGOLUK
LABORERS LOCAL 942 AND SELF
GENERAL DELIVERY
SHISHMAREF, ALASKA 99772 PHONE: 649-3861 (H)

RE: HB 176, DAVIS-BACON .

HB 176 WILL NOT PUT MORE LOCAL PEOPLE TO WORK, IT WILL ONLY
REDUCE THE WAGES OF THOSE ALREADY WORKING. I STRONGLY OPPOSE
HB 176.

*
* DELIVER TO: JFOM *
*
* ORIGINAL *
* SENT: 04/16/85 TIME: 08:31 *
* FROM: SANDRA IKNOKINOK *
* SUBJECT: P.O.M. *
* PRINT DATE: 04/16/85 TIME: 08:38 *
*

TO: REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER
AND WALLIS

FROM: STEPHEN WEYIOUANNA
LABORERS LOCAL 942 AND S. LF
GENERAL DELIVERY
SHISHMAREF, ALASKA 99772 PHONE: 649-3631 (H)

RE: HB 176, DAVIS-BACON

I STRONGLY OPPOSE PASSING HB 176, BECAUSE THIS WILL NOT HELP THE LOCAL HIRE AT ALL. THIS WILL ONLY PUT A HARDSHIP ON THE WORKING CLASS PEOPLE SINCE THE COST OF LIVING IS VERY HIGH IN ALASKA. ALSO, THIS WILL CREATE A PROBLEM OF NON-EXPERIENCED WORKERS ON JOBS THAT REQUIRE EXPERIENCED WORKERS.

*
* DELIVER TO: JPOM *
* *
* *
* ORIGINAL *
* SENT: 04/15/85 TIME: 16:17 *
* FROM: SANDRA IKNOKINOK *
* SUBJECT: P.O.M. *
* PRINT DATE: 04/15/85 TIME: 16:22 *
* *

6

TO: REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER
AND WALLIS

FROM: CLARENCE G. TOCKTOO
LABORERS LOCAL 942 AND SELF
GENERAL DELIVERY
SHISHMAREF, ALASKA 99772 PHONE: 649-3221 (H)

RE: HB 176, DAVIS-BACON

I STRONGLY OPPOSE PASSING HB 176 BECAUSE SEASONAL WORK IS SHORT.
SAFE EXPERIENCED WORKERS ARE NEEDED FOR THE CONSTRUCTION JOBS.
NEW HANDS ALWAYS CREATE SAFETY PROBLEMS.

* ORIGINAL
* SENT: 04/11/85 TIME: 15:09
* FROM: SANDRA IKKOKIMOK
* SUBJECT: P.O.M.
* PRINT DATE: 04/11/85 TIME: 15:10
*

TO: REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER
AND WALLIS

FROM: FRED J. LARSEN
LOCAL 942 & SELF
BOX 1654
NOME, ALASKA 99762 PHONE: 443-5166 (H)

RE: HB 176, DAVIS-BACON

I OPPOSE HB 176 BECAUSE I WORK SEASONAL AND IF PASSED WAGES MAY
GO WAY DOWN AND IT WON'T BE WORTH BEING IN UNION BECAUSE
CONTRACTORS MAY NOT HIRE UNION. DO NOT DO AWAY WITH DAVIS-BACON
ACT.

TO: REPRESENTATIVES HERMANN, BINKLEY, THOMPSON, FULLER, AND
WALLIS.

FR: STEPHEN TOCKTOO
LABORERS LOCAL # 942 & SELF
P.O. BOX 327
NOME, ALASKA 99762
PHONE (HOME) 443-2170

RE: HB. 176, DAVIS-BACON

MESSAGE: HB. 176 WILL NOT PUT MORE LOCAL TO WORK. IT WILL ONLY
REDUCE THE WAGES OF THESE ALREADY WORKING, UNION & NON-UNION
ALIKE. ALSO ENACT LOCAL HIRE LAWS.

PHONE (HOME) 443-2170

TO: REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER
AND WALLIS.

FROM: PETE LARSEN, JR., AREA LABORERS LOCAL STEWART
LABORERS LOCAL 942 & SELF
BOX 1603
NOME, ALASKA 99762 PHONE: 443-2664 (H)

RE: HB 176, DAVIS-BACON

I OPPOSE HOUSE BILL 176 BECAUSE IT WILL DO AWAY WITH THE
DAVIS-BACON ACT, AND IT WILL ALSO LET THE CUT-RATE CONTRACTORS
COME INTO A TOWN AND PAY LOWER WAGES. AT THE PRESENT WAGE WE
COULD JUST GET BY BECAUSE WE WORK SEASONAL. IF WAGES ARE CUT THE
SEASONAL WORKERS WILL NEVER MAKE IT. ALSO ENCOURAGE
MUNICIPALITIES TO ENACT THEIR OWN LOCAL HIRE LAWS.

*
* DELIVER TO: JPOM *
* *
* ORIGINAL *
* SENT: 04/11/85 TIME: 15:42 *
* FROM: SANDRA IKNOKINOK *
* SUBJECT: P.O.M. *
* PRINT DATE: 04/11/85 TIME: 15:42 *
*

TO: REPRESENTATIVES HERRMANN, INKLEY, THOMPSON, FULLER
AND WALLIS

FROM: JERRY SHERMAN
LOCAL 302 AND SELF
BOX 878
NOME, ALASKA 99762 PHONE: 443-5756 (H)

UPPOSE

RE: HB 176, DAVIS-BACON

I OPPOSE HB 176 BECAUSE IT WILL CUT OUR WAGES DOWN TO NOTHING, IT
WILL ALSO CUT THE NON-UNION WAGES DOWN. WE WORK SEASONAL HERE IN
NOME, AND WE CAN JUST BARELY MAKE IT. ENACT LOCAL HIRING LAW.

TO: REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER &
WALLIS

FROM: MARC BOILY
LABORERS LOCAL 942 & SELF
BOX 124
NOME, ALASKA 99762 PHONE: 443-2736

RE: HB 176, DAVIS-BACON

WE NEED TO PROTECT OUR WAGE SCALE - OUR COSTS OF LIVING ON THE
SEWARD PENINSULA CANNOT TOLERATE LOSS OF DAVIS-BACON WAGES.
ENACT LOCAL HIRE LAWS.

TO: REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER
& WALLIS

FROM: MARK H. MOORE
LABORERS LOCAL #942 & SELF
BOX 29
NOME, ALASKA 99762 PHONE: 443-5667 (H)

RE: HB 176, DAVIS-BACON

THIS BILL WOULD ONLY CUT OUR WAGES, NOT GET US LOCAL HIRE, MAKING
IT SO NOT EVEN LOCAL PEOPLE CAN AFFORD TO LIVE IN THE BUSH. PASS
LOCAL HIRE LAWS INSTEAD.

TO: REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER
AND WALLIS

FROM: ROY O. WALLUK
LOCAL LABOR 942 & SELF
BOX 264
NOME, ALASKA 99762 PHONE: 443-5206 (W)

RE: HB 176, DAVIS-BACON

HB 176 WILL NOT PUT MORE LOCAL PEOPLE TO WORK - IT WILL ONLY
REDUCE THE WAGES OF THOSE ALREADY WORKING - UNION AND NON-UNION
ALIKE. ALSO ENACT LOCAL HIRE LAWS.

*
* DELIVER TO: JPOM
*
* ORIGINAL
* SENT: 04/11/85 TIME: 15:51
* FROM: SANDRA IKNOKINOK
* SUBJECT: P.O.M.
* PRINT DATE: 04/12/85 TIME: 08:57
*

TO: REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER
AND WALLIS

FROM: BURL O. JOHNSON
LABORS UNION
BOX 866
NOME, ALASKA 99762 PHONE: 443-2729 (H)

RE: HB 176, DAVIS-BACON

WE DON'T WANT THE PRESENT RATE OF PAY TO BE CUT BECAUSE IT'S HARD
ENOUGH WORKING AT THE WAGE WE'RE RECEIVING. ENACT LOCAL HIRE
LAW.

OPPOSE

HERRMANN, BINKLEY, THOMPSON, FULLER
AND WALLIS

RE: LINCOLN TRIGG, JR.
LABORERS INTERNATIONAL UNION OF NORTH AMERICA #942
P.O. BOX 502
NONE, ALASKA 99762 PHONE: 443-2765 (H)

HB 176, DAVIS-BACON

WOULD LIKE TO KEEP THE WAGES WE ALREADY HAVE. I STRONGLY
OPPOSE HB 176, CUTTING WAGES. ENACT LOCAL HIRE LAWS.

REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER, AND
WALLIS
JOHN L SCOTT

SELF & LABORERS LOCAL 942
BOX 724
NONE, ALASKA 99762
PHONE (NONE) 443-2404

HB 176 DAVIS-BACON

HB 176 WILL NOT PUT MORE LOCAL PEOPLE TO WORK - IT WILL ONLY
REDUCE THE WAGES OF THOSE ALREADY WORKING, UNION AND NON-UNION
ALIKE. ALSO ENACT LOCAL HIRE LAWS.

REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER
AND WALLIS

ANDREW K. JOHNSON
BOX 608
NONE, ALASKA 99762 PHONE: 443-2842 (H)

HB 176, DAVIS-BACON

I STRONGLY FEEL HB 176 SHOULD BE VOTED DOWN. THE BENEFITS THE
UNION PROVIDES IS A GREAT HELP, AND THE NATIVES WILL BE WORKING
FOR SOMETHING. ENACT LOCAL HIRE LAWS.

* ORIGINAL
* SENT: 04/11/85 TIME: 15:15
* FROM: LION
* SUBJECT: HB. 176
* PRINT DATE: 04/11/85 TIME: 15:15
*

APR 11 1985

TO: REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER, AND WALLIS

FR: WILLIAM TROFFER

SELF & LABORERS LOCAL 942

P.O. BOX 517

NOME, ALASKA 99762

PHONE (HOME) 443-5948 (WORK) 443-5948

RE: ~~HB 176 DAVIS-BACON~~

MESSAGE:

HOUSE BILL 176 WILL NOT PUT LOCAL PEOPLE TO WORK IT WILL HURT THEM. BECAUSE THE CONTRACTOR CAN PUT ANYONE TO WORK FOR CHEAP WAGES. WE WORK SEASONAL, AND WITH THE PRESENT WAGES WE JUST BARELY MAKE IT THRU THE WINTER MONTHS. ALSO WOULD LIKE TO SEE A LOCAL HIRE LAW ENACTED. DO NOT DO AWAY WITH THE DAVIS-BACON ACT.

TO: REPRESENTATIVES HERRMANN, BINKLEY, THOMPSON, FULLER AND WALLIS

FROM: THOMAS LEE CARRATT
LABORER INT. UNION #942
BOX 1113

NOME, ALASKA 99762 PHONE: 443-2750 (H)

RE: ~~HB 176 DAVIS-BACON~~

~~HB 176 IS NOT THE BILL TO PROMOTE LOCAL HIRE IN THE SEWARD. PERMANENT EMPLOYMENT ONLY REDUCE WAGES FOR UNION AND NON-UNION WORKERS. ENACT LOCAL HIRE LAW.~~

Patent 3,479,877 - Sigma Business Forms, Inc.

* BELIEVE TO 2PM

* ORIGINAL

* SENT: 04/10/85 TIME: 14:17

* FROM: VERNITA VESTAL

* SUBJECT: POM

* PRINT DATE: 04/10/85 TIME: 14:25

TO: ALL LEGISLATORS

FROM: ROBERT W. FASSINO
2150 GAMBELL ST.
ANCHORAGE, ALASKA 99503 (H) 274-3787

RE: ~~HB 176 REPEAL OF DAVIS BACON~~ AND COMMUNITIES OF 5000 OR LESS

~~DEFINITE NO ON THIS BILL.~~

FROM: ROBERT W. FASSINO
2150 GAMBELL ST.
ANCHORAGE, ALASKA 99503 (H) 274-3787

RE: HB 5 - ASBESTOS

I AM DEFINITELY IN SUPPORT OF CERTIFIED ASBESTOS WORKERS FOR ASBESTOS REMOVAL OR ASBESTOS ABATEMENT.

FROM: PETER RABINOWITZ, M.D., BOX 1611, SALINUS, CA 93902

PHONE: 408-757-0200-W

RE: HB 335, PRACTICE OF MIDWIFERY

MSG: HOME BIRTH IS HERE TO STAY AND IT IS IMPORTANT TO NOT TRY AND OUTLAW IT, BUT INSTEAD TO REGULATE IT AND BE SURE OF QUALITY CONTROL. HB 335 SEEMS TO BE A STEP IN THIS DIRECTION.

FROM: ROBERT W. FASSINO
2150 GAMBELL ST.
ANCHORAGE, ALASKA 99503 (H) 274-3787

RE: SB 106 - JOINT VENTURE BIDDERS PREFERENCE

DEFINITE NO ON THIS BILL.

* ORIGINAL
* SENT: 04/10/85 TIME: 09:34
* FROM: MAXINE WALTON
* SUBJECT: POM
* PRINT DATE: 04/10/85 TIME: 09:25
*

TO: ALL LEGISLATORS

FR: GAIL KOEPF
2830 BEVERLY LANE
FAIRBANKS 99701

PH: 455-6837

RE: HB 335, SB 239 MIDWIFERY

MSG: PLEASE PASS HB 335. I THINK PREGNANT WOMEN SHOULD NOT BE TREATED AS DISEASED PERSONS NEEDING A H.D. AND HOSPITAL. OPTIONS MUST BE LEFT OPEN. I HAD BOTH MY DAUGHTERS IN THE HOSPITAL ONLY BECAUSE THEY HAVE BEEN FORCED TO BE VERY RESPONSIVE TO WOMEN'S WISHES BY THE FACT THAT WOMEN HAVE A CHOICE AS TO WHERE AND WITH WHOM TO HAVE THEIR BABIES.

FROM: MARX DETROY, 3605 ARCTIC, #1364, ANCHORAGE, 99503, 274-3903(HM)

RE: ~~HB 176, DAVIS BACON~~

I WOULD STRONGLY URGE A ~~NO~~ VOTE ON THIS BILL BECAUSE IT DOES NOT SUPPORT THE FAIR WAGE AND COMPENSATION STRUCTURE FOR THE ALASKAN TRADESMAN.

ALLAN T. HALLORY, 4690 CARAVELLE, ANCHORAGE, 99502, 243-0200(HM), 243-5622(WK)

RE: HB 298 AND SB 231 SUBSISTENCE

PLEASE PASS THE ~~SUBSISTENCE BILLS~~

FROM: MARX DETROY, 3605 ARCTIC, #1364, ANCHORAGE, 99503, 274-3903(HM)

RE: HB 234, MARIJUANA

I WOULD STRONGLY URGE A NO VOTE ON THIS BILL BECAUSE I THINK THE PERSONAL USE OF MARIJUANA IS AN INDIVIDUAL CHOICE AND NOT CRIMINAL ACTIVITY

APR 14 1985

TO: ALL LEGISLATORS

FROM: MICHAEL ROCK
3803 MCCAIN LOOP
ANCHORAGE, ALASKA 99503 (H) 562-5443

RE: ~~HEALTH CARE REPEAL OF DRUGS & BACON~~

I AM TOTALLY AGAINST THIS BILL.

FROM: MICHAEL ROCK
3803 MCCAIN LOOP
ANCHORAGE, ALASKA 99503 (H) 562-5443

RE: HB 114-CORRECTIONS

I AM TOTALLY AGAINST THIS BILL. TOTALLY UNACCEPTABLE.

FROM: MARYANN HUYETT
5320 O'MALLEY
ANCHORAGE, ALASKA 99516
HOME NO.: 346-2713

RE: NATUROPATHY

OUR FREEDOM OF CHOICE IS AT STAKE. CONCERNING NATUROPATHY SURELY WE HAVE THE RIGHT TO GO TO A DOCTOR OF OUR CHOICE. PLEASE BE INFORMED AND SEE WHY SO MANY PEOPLE ARE TURNING FROM MEDICAL EXTREME TO A NATURAL WAY OF HEALTH. SURELY ALASKA CAN BE KEPT FREE. THANK YOU.

FROM: MICHAEL ROCK
3803 MCCAIN LOOP
ANCHORAGE, ALASKA 99503 (H) 562-5443

HB 62-PREVAILING WAGE AND OVERTIME

I AM IN SUPPORT OF THIS BILL.

FROM: MICHAEL ROCK
3803 MCCAIN LOOP
ANCHORAGE, ALASKA 99503 (H) 562-5443

RE: HB 59-BIDDERS PREFERENCE

I AM NOT IN SUPPORT OF THIS BILL.

*
* DELIVER TO: JPOH
*
* ORIGINAL
* SENT: 04/10/85 TIME: 16:05
* FROM: LIOF
* SUBJECT: POM-FAIRBANKS
* PRINT DATE: 04/10/85 TIME: 16:16
*

TO: ALL MEMBERS OF THE HOUSE
ALL MEMBERS OF THE SENATE

FROM: KARLA ZERVOS, 550 1ST AVE., FAIRBANKS, AK, 99701

PHONE: 456-5774-H W

RE: DIVISION OF TOURISM BUDGET

MSG: WITH OTHER STATES INCREASING THEIR TOURISM BUDGETS AN AVERAGE OF 23 PERCENT, ALASKA WILL FALL SEVERELY BEHIND THE COMPETITION WITH THE BUDGET REDUCTION PROPOSED BY THE HOUSE FINANCE COMMITTEE. PLEASE WORK TO INCREASE THE DIVISION OF TOURISM BUDGET TO THE 8.9 MILLION DOLLAR LEVEL.

TO: ALL SENATORS AND REPRESENTATIVES

FROM: EDWARD BUSH, BOX 352, FBX, AK 99707 4457-4109

RE: ~~THE STATE WAGE RATES ON PUBLIC CONSTRUCTION~~

~~THIS BILL WOULD ALLOW WORKERS IN THE VILLAGES TO BE PAID LESS THAN PREVAILING WAGE FOR PUBLIC CONSTRUCTION. IS THIS ALL THEY ARE WORTH? OR IS THIS SO THAT HUNGRY OUTSIDERS CAN BE TAKEN ADVANTAGE OF BECAUSE THEY'RE THE ONLY ONES WHO CAN AFFORD TO WORK FOR THESE WAGES?~~

COM.

* DELIVER TO: JFOM *
* ORIGINAL *
* SENT: 03/01/85 TIME: 16:31 *
* FROM: LIOKOD *
* SUBJECT: KODIAK-POM *
* PRINT DATE: 03/01/85 TIME: 16:31 *

TO: ALL MEMBERS OF THE HOUSE

FROM: W.B.FINKE
BOX 1816
KODIAK, ALASKA 99615
RN: 486-3849

RE: HR 176

I STRONGLY URGE ALL OF YOU TO CONSIDER THE NET EFFECT OF HR 176 I.E. WAGE LEVELS IN THESE "EXEMPTED" AREAS SHALL FIGURE INTO THE DEPARTMENT OF LABOR SURVEY WHICH WILL ULTIMATELY LOWER THE PREVAILING WAGE STATEWIDE. SOME OF YOU HAVE ALREADY THOUGHT THIS OUT--WELL DONE.

EDM

* DELIVER TO: JDOM *
* ORIGINAL *
* SENT: 03/01/95 TIME: 16:24 *
* FROM: LIOKOD *
* SUBJECT: KODIAK FOM *
* PRINT DATE: 03/01/95 TIME: 16:24 *

TO: REPRESENTATIVES THOMPSON, NAVARRE, DAVIS, BOUCHER,
KOPONEN, PEARCE, COLLINS, HANLEY, M.M.MILLER, SUND GRUENBERG,
TAYLOR, CLOCKSIN, PETTYJOHN, PHILLIPS, HERRMANN, BINKLEY, FULLER,
WALLIS

FROM: MARY ELLEN KACMARCIC
BOX 2188
KODIAK, ALASKA 99615
HM: 486-4659 WK: . 486-3849

RE: HB 176

HAVING READ AND UNDERSTOOD THE ~~UNDESIRABLE DAVIS SAGON ACT~~ I DON'T BELIEVE HB 176 WILL PROMOTE LOCAL HIRE. EXISTING LAWS ALREADY PERTAIN TO THIS,, LET'S STRENGTHEN THEM INSTEAD. HB 176 IS A STEP BACKWARDS. THOMPSON SHOULD RECALL WHAT HAPPENED IN KODIAK CITY COUNCIL AND BOROUGH MEETINGS, MAY 1983. I DO. .

EOM



NUSHAGAK ELECTRIC CO-OPERATIVE, INC.

P. O. BOX 197

BILLINGHAM, ALASKA 99576

NEED CODE (907) 842-1251

3-24-73

March 24, 1983

Representative Adalheid Rortmann
Alaska State Legislature
Pouch V (MS - 3101)
Juneau, Alaska 99811

*Same letter to
Senator Moulton*

Re: SB 172 by Sackett

Dear Representative Rortmann:

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 are easily distorted other wage and salary plans existing in the different areas including the fueling of unnecessary inflation.

For example, a linemen in Billingsham 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 Billingsham. Our perception of existing AS 36.05 is that these rates are probably geared to large contractors' benefit and protected 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 REC 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

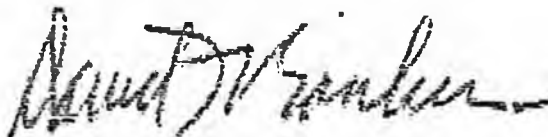
This chapter does not apply to public construction under contract to a municipality having a population of 5,000 or less or to a public non-profit corporation or to a public utility as defined in AS 42.05 operating in a community of 5,000 or less and this section is to be effective for all contracts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

Since Kushnagak 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

BRISTOL BAY NATIVE ASSOCIATION

P.O. BOX 189
DILLINGHAM, ALASKA 99576
PHONE (907) 842-5257 -- 842-5258

May 23, 1983

Mr. Jim Robison
Commissioner
Department of Labor
State of Alaska
P.O. Box 1149
Juneau, Alaska 99802


Dear Commissioner Robison:


Thank you for your reply to our resolution 83-16 regarding Title 36, Minimum Rates of Pay.

Although we still fully support passage of HB 304, I have a question about Governor Sheffield's instructions to form a "mini-Cabinet" to evaluate the issues of this legislation: Why doesn't this "mini-Cabinet" have representation from the organizations which are affected (village governments) instead of only State representation?

Sincerely,

BRISTOL BAY NATIVE ASSOCIATION


Kay E. Larson
Executive Director

cc: Gov. Sheffield
Sandra Borbridge
Senator Mulcahy


KEL/pr

FILE

MSG 83-00004534 PRTY 1 03/30/83 15:53:24 ORIG: LI00 IN= 0004 OUT= 0093
FROM: DOROTHY AND MASSA IN DILLINGHAM TO: JUNEAU
TARGET: LJHL SUBJ: POM MESSAGE

TO: REPRESENTATIVE HERRMANN

FROM: DAVE BOUKER, NUSHAGAK ELECTRIC, DILLINGHAM, ALASKA 99576

SUBJECT: HB304

VERY PLEASED WITH YOUR INTRODUCTION OF HB304. WE WILL BE HAVING 2 BOARD OF DIRECTOR MEMBERS OF NUSHAGAK ELECTRIC IN JUNEAU NEXT WEEK. WE'LL WATCH FOR PROGRESS AND MOVEMENT ON HB304.

THANKS FOR YOUR FINE HELP.

*****EOM

KOLIGANEK VILLAGE COUNCIL

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

Representative Adelheid Herrmann
Alaska State Legislature
Pouch V
Juneau, Alaska 99633

April 21, 1983

Dear Adelheid;

This letter is in regards to Title #36. Koliganek requested ~~has~~ ~~requested~~ and received legislative appropriations based on our own wage scale. Community & Regional affairs has thrown us a curve, by insisting on adherence to title #36, which we are unable to comply with, and will make it impossible to implement our construction projects. Some of our reasons for being opposed to title #36 include, but are not limited to the following:

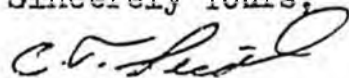
1. In the sense of public and state-wide fiscal responsibility we find #36 inflationary.
2. Construction in remote locations such as Koliganek, is by virtue of it's site, much more costly in freight and administration. These costs have to be offset someplace or a project cannot be implemented.
3. Koliganek, as our record will prove us out, can really stretch a dollar, and get the most for our legislative dollar. #36 is a government mandate to waste.
4. Isolated small communities like Koliganek, have a much stronger sense of community responsibility & togetherness than larger urban communities on the road system. Hence we are willing to work together for the good of the community a smaller wages, in order to have a project that the community can benefit from.
5. If the contractors we are forced to seek out, are required to pay title #36, than they will choose to bring in outside union workforces, thereby continuing the unemployment of the local workforce, and in turn, the local work forces dependance on the State's Department of Public Assistance.

6. We in Koliganek would not presume to mandate wage & hour legislation for Anchorage, Fairbanks, or Juneau, therefore we feel threatened by the highhanded way in which Koliganek is told it must structure it's pay scale.
7. LSR&T of the DOT, can pay lower wages in order to have a local project, than so should the local entity also be able to pay lower wages to have a project.
8. Last but not least, just about everyone is crying to control inflation, and reduce government spending. Koliganek is more than willing to do just that, should the State legislature than dictate otherwise?

Hopefully you will make copies of this letter and provide them to the committee members, or possibly even non-committee members who may be unsure or opposed to repeal of title #36, or of more flexibility of it.

Keep up the good work, we all appreciate what you are doing.

Sincerely Yours,



C.T. Seidl
Village Administrator

BRISTOL BAY NATIVE ASSOCIATION

P.O. BOX 189

DILLINEHAM, ALASKA 99576
by Executive Committee

TITLE 36, Public Contracts
Laborers' & Mechanics'
Minimum Rates of Pay

Resolution No. 83 - 16

- WHEREAS, village governments are employers of village residents in their own respective villages; and
- WHEREAS, village governments have their own pay scales which have worked successfully in their own respective villages; and
- WHEREAS, village funding is very limited; and
- WHEREAS, villages receive State monies for village projects; and
- WHEREAS, wages for these projects are mandated by Title 36; and
- WHEREAS, this mandate can greatly restrict the successful completion of these village projects; and
- WHEREAS, this mandate further interferes with the successful completion of other villages projects; and
- WHEREAS, this mandate also upsets the future village economy; and
- WHEREAS, Representative Herrmann has introduced HB 304 which will solve this problem with Title 36 if enacted into law by the State Legislature.
- NOW THEREFORE BE IT RESOLVED, that the Executive Committee of BBNA fully supports the passage of HB 304 and urges the Legislature and the Governor to act accordingly on HB 304.

SIGNED: _____

PRESIDENT

CERTIFICATION:

I, the undersigned secretary of said Association, do hereby certify that the Executive Committee is composed of ten (10) members, of whom 7 were present at a meeting this 19 day of April, 1983, and that the foregoing resolution was adopted by the affirmative vote of 7 members.

SIGNED: _____

SECRETARY

STEVENS VILLAGE COUNCIL

Stevens Village, Alaska 99774

(907) 498-2001

Rep. Hurlbert
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Dear Rep. Hurlbert:

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,


Elijah Joseph, Chief

Tundra Women's Coalition

Box 1034 • Bethel, Alaska 99559 • 907 543-3455

TO: Liz Illg, Executive Director
FROM: Sue Ebersten, Building Administrator
RE: Title 36

When the Tundra Women's Coalition originally requested funds for the construction of a new shelter the amount requested was not sufficient to include Title 36 wages. When Phil Michel was approached to become Construction Manager for the project he was concerned about the Title 36 issue and asked Judith Sunick, Building Administrator, to check again to make sure that TWC, as a non-profit agency, would be exempt from Title 36. Judith went to Dan Boyette, the City of Bethel Capital Projects Coordinator, to discuss the issue. Dan felt at that time that since non-profits in Bethel had never paid Title 36 wages on capital projects in the past that TWC would be similarly exempt. The budget was completed by Phil and approved by the city without provisions for paying Title 36 wages.

Phil Michel was hired as Construction Manager in March of 1982 and construction began that month. Anticipated date of completion was in December of 1982.

In October 1982 the City of Bethel received a letter of inquiry from the Department of Labor Wage and Hour Division asking specific questions about the TWC project and the relationship between TWC and the City. Dan Boyette responded to those questions in a letter. On November 9, 1982 TWC received a letter from Sherry Ithal, W/H Investigator, which stated that all laborers, mechanics and field surveyors employed in the construction of the TWC shelter were entitled to prevailing rates of pay as set forth in Title 36. That determination had been made by Donald Wilson of the Department of Labor Wage and Hour Administration, and as a rationale for Mr. Wilson's decision Mrs. Ithal included a copy of the Attorney General's opinion of the applicability of AS 36 to construction projects administered by the Community of Cantwell, Inc..

After reading the Cantwell decision and discussing its implications with Pat Kennedy of the Attorney General's office in Anchorage, TWC felt that distinct differences existed between the use of public funds by TWC and Cantwell. The differences appeared to be substantial enough to make

the Attorney General's Cantwell decision not applicable to TWC, and TWC decided to appeal Mr. Wilson's decision. On November 30, 1982 a letter of appeal was sent to Edmund Orbeck, then Commissioner of the Department of Labor.

In December 1982 Phil Michel received a letter from the Department of Labor Wage and Hour Division which demanded that Phil begin submitting certified payrolls for all future work and that he reimburse all laborers for back wages to meet the Title 36 obligation. Phil was given until the end of the month to comply.

At this point we had received no reply for Mr. Orbeck, the project was about 80% complete, and the funds required to comply with Mr. Wilson's request simply did not exist. In mid-December therefore I flew into Anchorage to meet with Mrs. Ithal and Mr. Wilson to discuss their enforcement proceedings. I explained that TWC did not concur with Mr. Wilson's opinion and that we had appealed the decision to the Commissioner. I further explained that the project was near completion, that the funds to comply with their request were not available, and that if they continued on their course of enforcement before our appeal was heard that construction would have to halt. I explained the detrimental effects to everyone concerned if construction was stopped, since we would still have to heat and protect the unfinished building throughout the winter. Mr. Wilson responded by saying that the law is written such that it is legal to continue enforcement proceedings even during an appeal, and that unless the Commissioner's office interceded directly and requested that he halt enforcement that his deadline to Phil Michel would stand.

During this conversation with Mrs. Ithal I also discussed the history of the problem and explained that at the time the budget was submitted and construction began TWC did not believe that Title 36 would apply to this project. Mrs. Ithal told me that at the time we received our funds that the Department of Labor Wage and Hour Division also did not believe Title 36 would apply to non-profits. The W/H Division had always worked on the assumption that non-profits were exempt from Title 36 until the Cantwell decision. According to Mrs. Ithal that decision changed the interpretation of the Title 36 laws, and it was only after this change in interpretation that W/H began monitoring capital projects undertaken by non-profits. In short Mrs. Ithal told me that TWC was acting within the law at the outset of the project, but that recent court decisions had changed the interpretation of those laws. It was obvious therefore that the bind TWC now found itself in was not due to negligence on the part of TWC, and yet enforcement against TWC was going to continue.

At this point I contacted Anchorage attorney Richard Huffman in an effort to legally block Mr. Wilson's enforcement until our appeal could be investigated by the Commissioner. Mr. Huffman reviewed the case, spoke with Mr. Wilson and finally suggested that he write a letter to Jim Robison, newly appointed Commissioner of the Department of Labor, restating TWC's concerns. He also suggested that I contact the Commissioner's office by telephone.

On December 20th Mr. Huffman's letter was sent to the Commissioner's office, and later that month I spoke with Deputy Commissioner Glen Lendell. Mr. Lendell was familiar with Mr. Huffman's letter but said it had not yet been acted upon. I explained that the W/H Division was continuing enforcement against TWC even though our appeal had not been acted upon, and that the result of this action would be the termination of the project. Mr. Lendell said he would discuss our situation with the Commissioner and Mr. Wilson and would get back to me. He called back that afternoon to tell me that he had spoken with the Commissioner and Mr. Wilson and that the W/H enforcement would be stopped pending our appeal. On January 24th Mr. Wilson issued a letter confirming this.

At the present time construction on the building is complete and we are awaiting the Attorney General's decision on the applicability of Title 36. Both Mr. Lendell and Mr. Huffman suggested to me that the results of our appeal may be against us, and that back wages may have to be paid. They both understand that TWC does not have the funds available and that the city denies any liability. It was therefore suggested that TWC begin looking into other sources of funding to make up the difference. Since TWC was acting in good faith and became entangled in this problem only due to changing interpretations of Title 36 regulations, both Mr. Lendell and Mr. Huffman suggested that we approach the legislature to request an additional appropriation.

KUSKO-YUKON CONSTRUCTION, INC.

PO BOX 526
BETHEL, ALASKA 99559
(907) 543-2317, 543-2586 or 543-2587

February 23, 1983

Ms. Liz Ilig
Director
Tundra Women's Coalition
P.O. Box 1034
Bethel, Alaska 99559

Dear Liz:

For your request we have estimated the following additional funds required for the TWC Center building, based on paying wages in accordance with the State of Alaska Title 36 schedules in lieu of the current wages being paid. The costs relate only to those workmen supervised under our Construction Management Agreement.

Additional Wages:	\$231,354.00
Additional Payroll Taxes:	47,464.00
Certified Payroll Preparation:	<u>9,254.00</u>
Total Estimated Additional Cost	\$288,072.00


For a total figure other trades (such as drapery installers and well drillers) would have to be added. We estimate these to be approximately \$5,200.00 additional, including added payroll taxes and payroll preparation, bringing the total to an estimated \$293,272.00.

The above estimate is based on a total of 19,290 work-hours, with an average 57-hour work-week. As you know the building is approximately 99% complete, so these figures should be reasonably accurate, although we were unable to obtain data from all sub-contractors and therefore had to estimate hours worked and wages paid for certain trades.

If we can be of further assistance please let me know.

Sincerely,

KUSKO-YUKON CONSTRUCTION, INC.


Phillip B. Michel

.FBM/m



CITY OF DILLINGHAM

P.O. BOX 191

DILLINGHAM, ALASKA 99576

TELEPHONE (907) 842-5211 or 842-5212

January 9, 1984

Jim Robinson, Commissioner
State of Alaska
Department of Labor
P. O. Box 1149
Juneau, AK 99802

Dear Commissioner Robinson:

In response to your letter of December 14, 1983, requesting comments concerning the application of Title 36 (Little Davis-Bacon) of the Alaska statutes.

The following major projects have been constructed by the City of Dillingham within the past two years and were covered by Title 36:

1. Senior Center Facility
2. Erosion Control Project
3. New Dock Construction

As to Title 36, we feel that the Governor's commitment to reduced spending is particularly appropriate and the State or a municipality should not impose constraints on wages, the effect of which could potentially inflate the cost of publically-funded projects. We are in disagreement with the mandates of Title 36 and would rather see the free enterprise market system prevail on any bidding process without mandated wage rates.

The wage scale used by the Department of Labor does not reflect actual wages or conditions, particularly in rural communities. Also, it is not seasonally adjusted to reflect changes in local economies. Project costs, therefore, may well be inflated for government-funded projects while the private sector, which may simultaneously be competing for the personnel resources under the free enterprise system for competing privately-funded projects pays less or can't compete with personnel costs paid as mandated by the government. This results in unfair competition and becomes a burden to the taxpayer giving the citizens an opportunity to chastise the "Big Spending" of local and state government. State and local governments should require the greatest return and best product per dollar invested and this is not what is occurring as a result of Title 36.

The other side of the coin is the Title 36 provision to qualify for "residency" which is also riddled with probabilities that circumvent its original intent. It is too easy for an outside contractor to beat the system through Alaskan general delivery addresses for his out of state workers or a mail pickup service. This often results in these large contracts going to non-Alaskan or out of the community contractors. As a result local persons who are unemployed in the community see work they are qualified

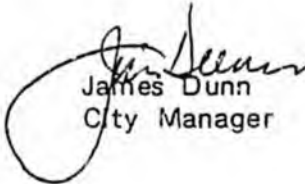
Jim Robinson, Commissioner
January 9, 1984
Page two

to do going to non-local resident workers imported from the metropolitan areas or short-term Alaskan residents that are really from the lower 48 who end up getting the work. Another unpopular effect when this occurs is that dollars paid these workers are not spent in the local community and that detracts from local economic progress and future tax base.

The City of Dillingham recommends strongly that if such a provision as Title 36 is necessary, it be imposed only on those communities that exceed a certain population figure and/or are connected by road to larger urban areas where a multitude of organized union represented crafts exist. It is totally inappropriate for remote/rural and bush Alaska communities.

We hope these comments will be useful and considered by the Governor's mini-cabinet in resolving this sensitive and critical issue.

Sincerely,



James Dunn
City Manager

JD:sw

cc: Senator Mulcahy
Representative Herrmann

MAY 3 1983



Matanuska-Susitna Borough

BOX B. PALMER. ALASKA 99645 • P ONE 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 of 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

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--Col- lectors, subdivision roads, local service roads and pioneer access roads.	Ray Niemi, Borough Platting Officer and Clint Dice, Borough Road Service Area Coord- inator
9:30	ROAD SPECIFICATIONS FOR UPGRADES--identi- fication 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 Coordina- tor
12:00	LUNCH BREAK	
1:15	P.M. REVIEW OF PROBLEMS SEEN IN FIELD DEMON- STRATION	
2:00	INSPECTION AND CON- TRACTOR PERFORMANCE	Clint Dice, Borough Road Service Area Coordi- nator and David Mc Clelland, Anchorage Road Maintenance Supervisor or other person from Anchorage or DOT/AF PF
2:45	ESTIMATING AND PLAN- NING 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 6 1983

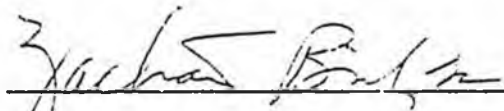
MAY 3, 1983

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

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

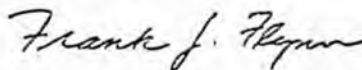
Dear Senator Sackett:

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 Anthon Vaska

Alaska Municipal League
Policy Statement
1985



Adopted at the Business Meeting
of the 34th Annual Local Government Conference
of the

ALASKA MUNICIPAL LEAGUE

Anchorage, Alaska
November 17, 1984

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
(907) 586-6526

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

December 10, 1984

To Whom It May Concern:

On behalf of the Alaska Municipal League, I am proud to present our 1985 Policy Statement. The Policy Statement is intended to be used by decision makers at the federal, State and local levels of government as a guide in formulating laws and policies which are in the best interests of all local governments in Alaska and of the people of Alaska we, at all levels of government, attempt to represent.

The 1985 municipal statement was adopted on November 17, 1984 by the delegates attending the Alaska Municipal League 34th Annual Local Government Conference in Anchorage. It represents the collective philosophies, goals, responsibilities, and ideals of Alaska's local government officials. The policies and resolutions in the Statement have been reviewed and debated for several months by municipal officials who are concerned on a day-to-day basis with the many complex problems facing local governments in Alaska. The Statement represents a consensus by municipal officials on the solutions to those problems and is a guide to the priority concerns of AML member municipalities.

The Alaska Municipal League is a voluntary, non-profit, nonpartisan organization whose member cities, boroughs, and unified municipalities represents approximately 95% of Alaska's population. The League provides a forum through which local government officials can assist each other in the solution of municipal problems, and can express their common concerns to State and federal officials. A major purpose of the League is to advance the interests and well-being of the people residing in the State by promoting the betterment of every aspect of local government in Alaska.

Sincerely,



Leo B. Rasmussen
President

F. TITLE 29 REVISIONS

1. Signature Requirements: The League supports legislation which would clarify the Initiative and Referendum sections of Title 29, the Municipal Code [AS 29.28.070(b)], to specify that signature requirements for petitions be based upon the last regular municipal election held just preceding the date of first circulation of the petition. Additionally, the League supports legislation that would require all signature petitions, prior to first circulation, be certified by the municipal clerk's office, as to the first date of circulation.

2. Recall: The League supports legislation amending the Recall sections of Title 29, The Municipal Code (AS 29.28.070), to provide that the number of signatures required to initiate a petition for recall be 35% of the number of voters voting in the last regular municipal election for that office regardless of population of the municipality, and to make recall procedures clearer, including provisions to make the grounds more specific.

PART VIII LOCAL GOVERNMENT POWERS

A. LOCAL AUTONOMY

1. Effective Local Government: The League supports legislation which would promote more effective and independent local government in all organized boroughs and cities, and opposes any legislation which unduly restricts local government operations.

2. Lobbying: The League supports the continued exemption of municipal officials and employees from the lobbying reporting requirements under the Lobbying sections of Title 24, the Legislative Code (AS 24.45).

3. Anti-Trust Laws: The League supports legislation at both the state and federal levels placing municipalities in an equal posture with state governments with respect to federal anti-trust laws.

4. Enforcement of Municipal Ordinances: The League opposes state restriction on enforcement of municipal ordinances and supports legislation clearly establishing local autonomy in the creation of mandatory sentences and other remedies for violation of local ordinances.

5. Public Records: The League supports legislation ensuring that local governments are free to adopt, through ordinance or resolution, their own policies and procedures concerning local public records.

6. Utility Regulation: The League endorses the return to municipalities of the authority to regulate all utilities, other than co-op utilities and utilities that have opted out of the Alaska Public Utility Commission (APUC) regulation, within their jurisdiction to the extent not regulated or specifically exempted from municipal regulation under state law.

7. Interest on Retainage: The League supports repeal of the application to municipalities of the Public Construction Contract Payments section of Title 36, Public Contracts Code (AS - 36.90.001) relating to payment of interest on retainage on construction contracts.

8. Eminent Domain: The League strongly supports legislation amending the Prerequisites to Taking of Private Property section of Title 9, Code of Civil Procedure (AS 9.55.270), to create a rebuttable presumption that the choice of the condemning authority has been made in a manner compatible with the greatest public good and least private injury.

9. Local Construction: Local governments should have autonomy to administer local construction projects. Title 36, the Public Contracts Code, should be amended to permit local governments to establish their own notice, reporting, and prevailing wage requirements for local construction.

10. Building and Electrical Codes: To eliminate the conflict between state and local plumbing and electrical codes, the League supports an amendment to the State Statutes to place sole authority for enforcement with municipalities that have adopted such codes, and supports the expeditious updating of state safety codes.

B. PUBLIC EMPLOYEE LABOR RELATIONS

1. Alaska Public Employees Labor Relations Act: The League strongly opposes any legislation which would force municipalities to be subject to the provisions of the Alaska Public Employees Labor Relations Act. The League opposes just as strongly any legislative efforts to dictate the provisions of local public employees labor relations ordinances. The League supports legislation to allow each municipality at any time to reject or withdraw from the terms of the Alaska Public Employees Relations Act.

2. Binding Arbitration: The League opposes legislation imposing binding arbitration on local governments. Such legislation would hinder local governments' ability to determine their personnel costs and prevent local governments from having complete control of determining the local tax rate.

C. CLASSIFICATION OF MUNICIPAL GOVERNMENTS

The League urges the Legislature to address the classification of municipal governments, including the organization of the unorganized borough.

D. TRIBAL/LOCAL GOVERNMENT RELATIONS

The League supports and encourages efforts on the part of the Legislature and other concerned parties to address tribal/local government relations.

E. TITLE 29 REVISIONS

1. Fundamental Elements: The League encourages the Governor and Legislature to recognize the significance of the effort to revise Title 29, the Municipal Code, and the importance of maintaining this legislation in a basic form, and of insuring that the legislation contain only the fundamental elements and guidelines for a basic municipal code.

2. Other Proposals: The League requests other proposals which would constitute major policy revisions or innovations in the function of local government be considered in separate legislation which, if approved, would be incorporated into Title 29 once the revised basic code has been adopted.

BRIEFING PAPER ON FORCE ACCOUNTING

"Force Accounting" is the term commonly used to describe the performance of public construction or repair work by a government agency using its regular employees or hiring additional employees rather than contracting out the work to a private contractor. In essence, a government agency or political subdivision using the force account method is acting as its own general contractor, although on some projects it may subcontract certain parts of the work or hire a project management contractor to supervise the work.

Force account construction work has been interpreted as being exempt from both State and Federal prevailing wage laws. Accordingly, the Department of Labor does not conduct any enforcement acting on Force Account projects.

Because of the large number of public works projects in Alaska and the variety of government agencies and political subdivisions administering these projects, it has been very difficult to determine exactly how much public construction work in the state is being done on a force account basis.

The use of Force Accounting by government agencies, political subdivisions, and non-governmental recipients of State grant funds has become a controversial issue in recent years. Because Force Accounting does not involve the hiring of a private contractor to perform the actual construction work, State and Federal prevailing wage laws normally do not apply to Force Account projects. In Alaska, municipalities, cities, villages, unincorporated communities, and even nonprofit corporations receiving State grants have used Force Accounting on public construction projects as a way of reducing labor costs,

promoting local hire, and generally attaining greater control and responsibility over a public works project. The use of Force Accounting has been criticized by contractors, labor unions, and others who have argued that "contracting out" public construction work to the private sector is usually the most efficient, economical, and risk-free method of performing public works construction.

As a result of the controversy surrounding the use of Force Accounting, particularly on construction projects financed in part or whole by State grants, an informal task force was organized in November 1984 to address the issue. The task force included representatives from various State agencies, local governments, contractor groups, organized labor, and other interested parties. At the outset, there was considerable support for the proposition that on pass-through grants for construction, the State agency passing through the grant funds should exercise greater approval and oversight authority over the use of Force Accounting by grant recipients. It was disclosed that new procedures for the controlling and monitoring of State grant funds are being prepared by an interdepartmental grant management review committee coordinated by the Office of Management and Budget.

On the central question of Force Accounting vs. contracting out public construction work, the task force participants were unable to reach a consensus solution. Local governments and political subdivisions that have used Force Accounting successfully to reduce construction costs and promote local hire desire to continue doing so (and, in some cases, expand the size of their force account projects), whereas contractors and labor unions contend

that competitive bidding continues to be the best way to prevent favoritism and assure timely completion of public works construction at the lowest price and highest quality.

Alaska Department of Labor

February 1, 1985

STATE OF ALASKA

CMC 7-3

BILL SHEFFIELD, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

RECEIVED

OFFICE OF THE COMMISSIONER

FEB 4 1985

OFFICE OF THE COMMISSIONER

February 1, 1985

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

225 CORDOVA STREET - BLDG B
ANCHORAGE, ALASKA 99501
PHONE: (907) 264-2294

Mr. George A. Easley, President
Alaska Chapter, Associated General Contractors
Box 4-2500
Anchorage, Alaska 99509

Comm.	<i>[Signature]</i>	✓
Deputy	<i>[Signature]</i>	
Ad. Asst.	<i>[Signature]</i>	✓
Info. Off.	<i>[Signature]</i>	
Adm. Asst.	<i>[Signature]</i>	✓
Int. Aff.		
Med. Off.		
cc - <i>[Signature]</i>		✓
cc:		
cc:		
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Dear Mr. Easley:

RE: Draft Force Account Appendix; Government Encyclopedia

I received your review comments concerning the draft of a force account appendix which is to be included in a current revision of this Department's publication: Alaska Local Government Encyclopedia. Thank you for your interest in this draft and for your time spent in providing us with your comments.

The scope of the draft in question was limited to providing communities with assistance in their preliminary considerations of whether or not to force account a project. Aside from this limited response to community requests for force account information, I believe that local decision makers could greatly benefit from the availability of information across the range of project construction options. Whether a community decides to contract a project out, or to do the project "in-house", they should make and carry out their decisions on the most informed basis possible.

Therefore, after reviewing your concerns, as well as comments which we have received from other Departments, communities and interested parties, I have decided that this appendix would better serve communities if the subject were expanded to include a broader range of capital project implementation considerations. This broader approach would incorporate additional discussions on contractor selection, site control, project accounting, permitting, and other topics.

My staff have been directed to proceed with the development of this broader information package which will appear as a chapter in the Government Encyclopedia, rather than the more limited appendix previously envisioned. Department staff will be contacting your offices in the near future with regard to your assistance in developing those elements of the proposed chapter which deal with the community's role when contracting out for the construction of a project.

Mr. George Easley
February 1, 1985
Page 2

In the introduction to your comments, you state that "The Alaska Chapter, A.G.C. is opposed to force account work by government entities at all levels." The basic policy of this Department recognizes that force account construction, within specified constraints, is an option which is now legally available to Alaskan communities. Communities are now exercising that option. However, because of the general lack of information on force accounting, some communities are attempting to employ force account methods without the benefit of careful consideration of the requirements and potential problems inherent in force accounting. For this reason, and in response to specific requests from communities, the Department will be making force account information available to communities in a readily available format.

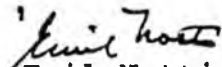
We can understand your immediate interest in the subject of force accounting, and we understand the larger justification for this interest which, as you state, is "protection of the public interest." This Department also has a strong responsibility to protect the public interest; particularly as the public interest is represented by the functions of its many communities. The fundamental purpose of the Local Government Encyclopedia is to provide the smaller Alaskan municipalities with information that can enable them to operate effectively and efficiently in the community's, and the State's, best interests.

In your letter, you express the belief that "informed public officials weighing objectively" will opt for the "contract out" method over the "force account" method of construction. Whatever the case, I certainly agree with the importance of public officials having adequate information to make well considered decisions. This is a premise of the technical assistance provided to communities by this Department, and this is the basis for our decision to provide communities with information to assist them in the implementation of their capital projects.

U
Mr. George Easley
February 1, 1985
Page 3

In summary, the Department is proceeding with the development of a new chapter for the Government Encyclopedia which will address a range of project construction options. This chapter will incorporate information on force accounting, contracting out, and a number of other related topics. As we proceed with this concept, I would hope that we could count on your substantial assistance.

Sincerely,


Emil Notti
Commissioner

cc: John Shively, Chief of Staff, Office of the Governor
Richard Knapp, Commissioner, DOT/PF
Jim Robison, Commissioner, Dept. of Labor
Bob Landau, Deputy Commissioner, Dept. of Labor
Marty Rutherford, Director, DCRA/MRAD

APPENDIX: FORCE ACCOUNT CONSTRUCTION

DRAFT

DRAFT

DRAFT
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DRAFT

INTRODUCTION

The purposes of this appendix are to provide an explanation of what "force accounting" is; to provide some basic guidelines that can help a community decide whether or not it is best to use force accounting to build a project in the community; and finally, to provide some guidelines for the preliminary development of a city's force account effort.

The decision to use force accounting to construct a community project should not be taken lightly. Force accounting should not be viewed as the best approach for every community or for every project in a community. Force account projects can sometimes be the ultimate test of a community's administration and construction abilities. A community must consider each project and carefully compare the potential benefits and problems that are associated with a force account program while measuring the community's capacity to deal with all the necessary elements of the project.

This appendix is broken down into a general introduction; a section discussing the key elements of a force account program; and sections outlining some of the benefits and problems of force accounting.

What is Force Accounting?

Force Accounting is a method of construction in which a city, village council or other grant recipient serves as the contractor and constructs the project using local labor. While different kinds of local entities may be legally permitted to use force accounting, this appendix will focus on the use of force account methods by cities. In a force account project, workers are hired directly by the city as public employees. The city may wish to contract for some parts of the project, such as project design, electrical and plumbing work and construction management, but the city has the overall responsibility for hiring and firing employees, setting wages, paying wages, purchasing materials, and seeing that the project is completed.

If a project is contracted out to a private company, rather than constructed by the city through force accounting, the wage rate is established by law. The Alaska "Mini Davis Bacon Act" (AS 36.05.010) and (AS 36.95.010(1)), specifies that contracted labor shall be paid the "prevailing wage" which is established by the Alaska Department of Labor. If a portion of the work is contracted, this law applies to the wages for the workers which are hired by the contractor. It does not apply to employees hired directly by the city or village government.

Force accounting should not be seen simply as a way to avoid paying the prevailing wage scale. The most important purposes of force accounting are to enable communities to have more control over project construction and employment, and to be more responsible for their own projects. When the local labor force, with the assistance of a few skilled professionals,

successfully constructs a project, the community benefits from a healthier economy, a trained labor force, and pride of accomplishment.

Who can "Force Account"?

The use of force accounting is interpreted by the Alaska Department of Labor to be restricted to local governments, political subdivisions, and some nonprofit entities. When a construction project receives federal funding, the federal funding agency should be consulted to determine if it is permissible to use force account construction.

Two important questions should be kept in mind when deciding whether to use force accounting for a construction project. The first is whether or not the city is capable of handling the technical aspects and labor requirements of the construction project. The second is whether or not the city, and the community, have the commitment to provide the labor force, training programs and supportive attitude necessary to successfully complete a force account project. These two critical questions need to be carefully considered and answered before starting a force account construction project.

ELEMENTS OF FORCE ACCOUNTING

When considering a city's capability to use force accounting, there are a number of project elements that need to be examined. It is important to keep in mind that a force account construction program will have all of the considerations that a private contractor would have, and maybe more if the city is inexperienced in doing construction projects.

This section presents a set of project elements which can serve as a guide in considering a possible force account project. Each individual city will have to consider these elements with regard to the particular characteristics and needs of the community. The project elements discussed include planning and financing, key personnel, labor force, employee and employer training, wages, tools & equipment, public relations, permitting, and legal requirements.

1. Planning and Financing

A preliminary project element is the planning and financing of the project. The process of developing a capital improvement project is described in detail in Topic Unit ???. If outside professional expertise is needed to assist the city in developing project plans and funding requests, the city should try to find professionals who have a good understanding of the special planning considerations of force accounting. When the city submits a funding request for a project which the city wishes to force account, the funding request should clearly describe how the city plans to deal with the special requirements of force accounting.

There are several aspects of a force accounting project that need to be specially considered when putting together construction and funding plans for a building project:

- Project scheduling: For several reasons, a force account project can be expected to take longer to complete than a contracted project. Local laborers will probably need a period of skills training before they can work as quickly as contracted labor. In the process of learning there are likely to be some mistakes made that will take additional time to correct. A local labor force may not choose to work as long a work day as contracted labor. Also a community might want to spread a construction project out over several years to provide a more even wage distribution in the community for a longer period of time.

- Labor Costs, Wages: Experience indicates that there is no general rule as to whether total labor costs for a force account project are more or less than for a contracted project. In force accounting, the hourly wages paid to each local worker will usually be lower than the wage that would have been paid to an imported contract laborer, but with force accounting there would usually be more workers, each working more hours during the course of the project.

- Equipment Costs: When a contractor builds a project, in a community, he usually brings any necessary construction equipment with him. In force accounting, the city must consider either leasing or buying the equipment needed to build the project. This can be a major expense and may even require a separate funding request. On the other hand, a community might wish to consider using a more "labor intensive" approach to construction. For example, while site preparation may be done by a few men using heavy equipment, it might also be possible to do the same preparation with a lot of workers using hand tools.

- Administrative Costs: In force accounting, the city assumes responsibility for a number of administrative activities that would otherwise have been done by the private contractor. These include such things as purchasing materials and accounting for worker's wages, benefits and insurance.

2. Key Personnel

Experience has shown that one of the most important characteristics of a successful force account project is the presence of several key people, who are technically qualified and committed to the success of the force accounting method. These key personnel may include hired professionals and tradesmen (such as engineers and electricians), local decision makers (such as the the city manager, mayor), and other

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residents who can take a lead role on the project (such as the job foreman). These people, working closely together, and working closely with the community, will largely determine the successful outcome of a force account project.

Professional and Technical Expertise

Some aspects of developing and carrying out a force account project may require special professional or construction expertise such as architects, engineers and electricians. In many small communities, the local labor pool lacks these professional and trade skills.

For example, constructing a community hall could require the following kinds of technical expertise:

Survey & Design:	Planner, Engineer, Architect
Cost Estimates:	Facilities Planner, Engineer, Architect
Project Supervision:	Skilled Foreman, Project Manager
Quality Control:	Engineer, Project Manager
Job Training:	Trainer, Skilled Foreman
Project Accounting:	Accountant, Project Manager
Electrical wiring:	Trade electrician
Plumbing:	Trade Plumber
Finishing work	Dry Wall Expert, Finish Carpenter

Selecting Professional Assistance

If these people are are not available locally, the City will need to hire them on a contractual basis to work on the project. It is very important to find professionals and craftsmen who understand force accounting and who will work closely with the city and community to get the most good from the project.

Many professionals and skilled tradesmen are not used to working as closely with a community as might be expected when using force accounting. A city may want to take a strong role in the design of its project, choosing materials or figuring what will be the best use of its project funds. A city may want to form a citizens committee to advise on design, color scheme, or site placement. The city may expect the tradesmen on the job to teach their skills as well as use them. These things should be kept in mind when selecting professional assistance and should be made clear to contractors before they are hired.

Contacting several communities which have used professional assistance on force account projects is one way to select professional help. Another way is to interview a number of firms and choose one that is technically qualified and understands the community's goals in using force accounting.

This is an important decision as the qualifications and attitude of these professionals can make or break a force account project. Listed below are some of the key personnel that may be needed for a construction project.

◦ Technical Coordinator/Engineer: This person oversees the technical aspect of the project and possibly its management. An engineer will be able to assist in the initial planning, financing, and site development. This person can also be used to oversee the construction of the project. An engineer can be very valuable in helping to select materials, choose equipment, hire subcontractors, and get the necessary permits. The engineer can help keep a project on schedule, and in accordance with proper construction standards.

◦ Project/Contract Administrator: A major key to operating a successful force account program is being able to manage the operation of the financial, administrative and personnel functions of the organization. The fiscal duties could be done by one person but it depends on the size of the construction program. A bookkeeper can handle the payroll, tax requirements, and do some of the necessary work for the grant administration. A city may need to hire some additional help if the job gets too big. For example, a city may need to have a time keeper going around to the job site to see if everyone who is getting paid is on the job. Additional staff may be needed to administer the compliance standards of the contract(s).

◦ Project Manager: A project manager is the driving force in a construction program. This person could be a city manager or a hired coordinator such as an engineer. This person generally assigned the direct responsibility for carrying the project forward. The project manager needs to be able to match peoples skills with the work to be done; interpret community needs; and work with agencies, technical people, and suppliers. This person needs to be able to work well with many people, and many kinds of people.

◦ Project Foreman: The foreman or lead crew person for a project, often a resident, is an important link between the work force and the professionals and administrators who are in charge of the project. This person will be responsible for helping to develop the skills, work habits and general attitude of the workers. Experience indicates that it is important for the foreman to be able to both supervise and work side by side with residents. This position can be a delicate one because it often involve supervising family members, neighbors and friends.

◦ Construction Subcontractors: The city may need to subcontract certain parts or project construction like plumbing, electrical wiring, and so on. It is important to remember that a subcontractor must pay his own workers at the prevailing wage rate and he is free to choose his own workers.

Subcontracting Guidelines

The following are a number of guidelines that may be useful when subcontracting for professional and construction services:

- Bids or proposals should be requested from at least three qualified contractors to insure a competitive price.
- The contractor's past record and references should be examined carefully, particularly with regard to experience on similar jobs. The identity and qualifications of the people that the company is actually proposing to use on the job should be known. Substitution of other personnel after a contract has been signed should not be permitted without the city's consent in advance.
- The project should be described to the contractor in as much detail as possible, including design plans if available, so that the subcontractor's price quotes can be complete and accurate.
- A contract should clearly specify the work to be accomplished, include a schedule for completion of the work, list the total amount to be paid to the contractor, and provide procedures for submitting billings for payment requests.
- A contractor should be required to post a performance bond, and contract should specify what happens if the contractor defaults or fails to complete the project on schedule.
- A contract should have provision that allows for changes or contract amendments.
- A contract may contain provisions encouraging local hire if these provisions were negotiated during the bidding process; however, recent court decisions indicate that it may be illegal to require contractors to hire residents.
- Be sure the agreement with the contractor meets all of the conditions and specifications of the grant agreement or contract with the funding agency. Funding agencies sometimes require that they review or approve proposed contracts before they are signed.
- Make sure that all contractors carry adequate insurance and bonding to cover the liability of those parts of the project for which they are responsible
- The Contract should be READ CAREFULLY by the city and the contractor and SIGNED before any work begins.
- The State Department of Labor should be notified of project subcontracts as soon as subcontracts are awarded so that statutory compliance can be monitored.

3. Labor Force

One of the major benefits of force accounting is the opportunity to employ and train local residents. A city should evaluate the size and talents of the resident labor force to determine what part of the job can be done by local people, and how many people will need to be hired from outside the community.

Lifestyles and cultural attitudes in rural communities should be taken into account when considering the job organization, schedule and progress of construction projects. An advantage of force accounting is that there is more local control to build flexibility into a work program so that resident workers can participate in seasonal subsistence needs, traditional occasions, and other social and cultural requirements. Experience has shown that it is possible to develop work programs that are efficient in constructing a project and sensitive to cultural needs.

Most small communities have good potential for developing a local labor force. A common problem is that many residents have never had an opportunity to develop the necessary construction skills. When putting together a project the city should consider that these workers will need some kind of skills training, as well as basic training in good work habits. Worker training takes time and can slow the progress of a project but the lasting effect of the skills learned is can make it a worthwhile effort.

4. Job Training/Management Training

Job training is a key element of a successful force account construction project. The local control and flexibility of force accounting allows the city to establish an On-The-Job (OJT) training program and "training" wage rates to pay workers a reasonable wage during training. When setting up an OJT program, the city should contact State and Federal agencies and other nonprofit organizations which offer assistance with OJT programs. These agencies can provide funding, for wages and skills training, and technical assistance with setting up and operating a local OJT program.

When Force accounting, a city should consider the need for training at all levels of employment. In addition to the typical kinds of skills and vocational training, there are two special areas of cross-cultural training that should be considered when force accounting: sensitivity training for managers, and work habits training for residents.

The first special training consideration is in the area of management. It is important to consider that professionals and managers may need special cross-cultural training to help them develop an approach to management that is sensitive to rural

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lifestyles and productive in the rural setting. Managers who are used to dealing only with an experienced urban work force may have to greatly modify their management style in order to contribute to the goals of a rural force account project.

The second special training consideration addresses the fact that many residents of small rural communities have very little experience working at a regular wage-earning job. Experience shows that these residents will need the support of an ongoing training effort to educate them about productive work habits and attitudes.

Force account programs in rural communities in Canada and Alaska have been studied to try to understand why some programs succeed and others fail. The results of this study suggest some guidelines for employment practices that are sensitive to traditional cultural values and, at the same time, help resident workers to acquire productive work habits:

Work Place Organization

- Job tasks can be organized in teams or crews with clear responsibilities for each team member, including a designated team supervisor. Ranking of individual job titles or status within the team should be avoided.
- Task assignments within each team can be flexible, allowing each worker to become familiar with a variety of skills during the project.
- The project work force, including managers, should be encouraged to meet together regularly, perhaps even daily, to exchange ideas, discuss problems and make suggestions.
- Clear work rules should be established, explained, and applied to all workers equally. This should include clear rules for firing (and sometimes rehiring) when rules are broken.
- Specific arrangements and rules should be developed in advance regarding time off for subsistence activities. Because of the need for continuity of supervision on the project, supervisors and project managers should be more restricted regarding time off.
- Incentive programs which reward good work habits can be built into the work program. The rules and rewards of the incentive program should be specific and clearly explained to workers.

- Pay and benefit schemes can be made flexible to offer workers alternatives in the manner of payment (weekly, monthly, etc.) and the kinds of benefits which they may choose.

Worker Training Program

- Orientation training should clearly explain the rules of the work place and clearly describe the behavior expected of workers while working on the project.
- Workers should receive training in communications skills, including regular workshops in which workers cooperate together in job-related problem solving exercises.
- At least one project person should be designated as a "training facilitator" who is responsible for organizing training efforts and assisting individual workers with special training problems.

Management Training Program

- Managers should be trained about the community's goals in using force account methods. The community's goals might focus on such things as employment training, community pride, and extending the construction period; rather than simply constructing a building.
- If managers come from outside the community, they should receive orientation training about the history, culture, lifestyle and attitudes of local residents. Outside managers may need special cross cultural communication training in order to deal effectively with problem situations such as correcting a worker's methods.
- Managers may need specific training in how to help workers to acquire productive work habits.
- Supervisors should hold regular sessions on practical supervisory problem solving.

5. Wages

If a construction project is contracted out to a private company, the law requires that the company pay its workers at the "prevailing wage". The prevailing wage for each occupation is determined by the State Department of Labor. Since the private contractor must pay these prevailing wages, he is most likely to seek the most highly skilled labor that he can find. This usually means that the local residents, who are often less experienced in construction skills, don't get the jobs for construction projects in their own community. Often, the contractor will bring a complete construction "team" with him to build the project.

However, when the city force accounts a construction project, the city has the right to set the hourly wages that will be paid to workers employed by the city on the project. This allows the city a great deal of flexibility in setting the project wages. The city may wish to set up a lower wage scale which might be more appropriate for the local economy. The city can set a special wage scale for beginning workers to accommodate On-The-Job training programs. The city could set aside a reserve fund to pay bonuses to workers who keep the rules, or workers who perform especially well. Given a set amount of funding to be used for wages, one city might wish to hire many people for a short period of time, while another city might use the same amount of money to hire a few people for a longer period of time.

Wage setting is one of the more difficult tasks that a city must perform is developing a force account program. It is a good idea for the city to contact a number of other communities which have already used force accounting, and find out how other cities have set up their wages. For example, one community may pay all of its workers the same hourly wage, regardless of the type of work done. Another community may choose to pay a higher wage to workers who have trade skills than to workers with no such skills. The city must carefully consider the community's basic goals when deciding how wages are going to be set.

A reminder: when a part of a State or Federally funded project is subcontracted out to a private company, the subcontractor and any workers that are employed by him, must be paid at the "prevailing wage" set by the State.

6. Public Relations and Workforce Relations

When developing and carrying out a force accounting program, the city should make an organized effort to keep people in the community informed about the program. The concepts of force accounting may be unfamiliar to most community residents. Getting and maintaining community support for the project is one of the most important elements of a successful force account project. If the community is not fully behind the force account effort, it is unlikely to succeed. Rumors and hearsay can be very destructive to a project. The best protection against this problem is to keep community residents fully informed about the project and fully involved in major project decisions.

Good communication needs to be maintained between project management and project workers. It is helpful if there are clear policies agreed upon which deal with wages, job qualification, work rules and acceptable habits. The whole project organization will benefit if everyone understands what is expected of them.

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Another important communication channel that needs to be maintained is the one between the city and the funding agency. An agency can help with a project in some instances by solving technical or administrative problems. The funding agency should be kept informed about project status so that the agency can anticipate any areas where special assistance might be needed. Funding agencies are likely to be more receptive to future funding requests from those communities which have made an effort to work closely with the agency on previous projects.

7. Tools and Equipment

As a part of its force account responsibilities, the city must provide the tools and construction equipment necessary to build the project. The city may buy or lease equipment, or contract out that part of the project which will require heavy equipment. The project should be carefully considered to determine which way a project grant can be most efficiently used to pay for heavy equipment costs. A major benefit of force accounting is the city's ownership of tools and equipment after the project is completed. This equipment can be used on future projects, making those projects less expensive. One method of acquiring machinery is to spread the cost of the equipment over a number of construction projects.

If the city can't afford to buy a piece of equipment, it may consider borrowing or leasing it from a neighboring community. When renting equipment it is necessary to be prepared for the use the equipment in a timely manner; it can be very costly to have rented equipment sitting idle.

Equipment purchase involves a number of major decisions, including the choice of equipment type, size and brand, and what kind of financing will be used. It is important to remember that the equipment is to be used and maintained by community residents. Equipment suppliers will need to know the special needs and working conditions of equipment that is to be used for a force account project. Again, it is a good idea to check around with other communities and agencies to get information and advice about recommended equipment and suppliers; used equipment may be available for sale in other communities. If possible, it is best to get bids from several different equipment suppliers before making a purchase.

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8. Permitting and Other Legal Requirements

When a project is being planned, it is very important to keep track of the permits, contracts and any other legal procedures that may be required. A city is not necessarily exempt from the legal requirements that any other contractor would have to consider. Local, State and Federal permit requirements should be satisfied in a timely manner so as not to hold up the project. Contracts will have to be developed and signed with any necessary professional help and construction subcontractors. The land that a project is being constructed on should be clearly owned or controlled by the city.

Many construction projects will require special permits prior to the start of construction. For example, a dump site or sewage disposal project requires a permit from the State Department of Environmental Conservation; a project which will require dredging or filling of a waterway requires a U.S. Army Corps of Engineers' Dredge and Fill Permit. Most building construction plans must be reviewed by the State Fire Marshall's Office prior to beginning construction.

Depending on the project, there may be other permits required. For additional information about permits, contact the Alaska Department of Environmental Conservation. That Department operates regional Permit Information Centers and publishes a Directory of Permits. Assistance in applying for permits can be obtained from the Department of Community and Regional Affairs or the Department of Environmental Conservation.

The City should consider the question of what construction standards apply to the project. These could include the Uniform Building Code, the National Electric Code, State heating and lighting energy standards and perhaps others. These standards will have to be taken into account during project design and construction stages, and at the completion of project. Additionally, the City will need to arrange for whatever site inspections are necessary or required to assure that the project is in compliance with building standards.

Other legal issues may need to be addressed. Questions of liability need to be carefully considered. What will happen if the completed structure fails? What will happen if a worker on the project is injured or killed? Normally, the private construction company would be responsible for these problems. However, when the city is force accounting, these problems are the city's responsibility. Guidance from a city's attorney will help in determining what kinds of insurance or bonding a city should acquire when force accounting a project.

POTENTIAL BENEFITS OF FORCE ACCOUNTING

Force accounting offers a community a number of opportunities that are not available when a community project is built by a private construction company. These include more direct control over a project, local employment, developing the local labor force and developing an inventory of construction equipment and tools. These benefits, and others, are discussed below:

- Local Control. The city can establish wage rates, hiring and firing policies, and working hours. Decisions about the project schedule, design, materials and construction quality can also be made locally. The local government itself may undergo a transformation process by administering the project. The knowledge gained by carrying out the various elements of force accounting can expand the city's ability to serve the community.

- Local Employment. One of the the most important advantages of force accounting is the city's opportunity to employ community residents on the project labor force. While it may be necessary to recruit some workers from outside the community, generally the community can supply most of the workers needed.

- Develop the local labor force. Through On-The-Job training programs, the city, as employer, can help the local residents to acquire construction skills. Additionally, through exposure to work place organization and rules, residents can acquire the basic habits of productive employment. This local, skilled, labor pool would be available for future projects; saving the community future expenses. Additionally, as workers gain skills they will be increasingly able to compete in the larger, statewide, labor market.

- Develop a community equipment and tool inventory. If the city buys the equipment needed to construct a project, it will own that equipment after the project is completed. Again, an existing inventory of construction equipment and tools would save the community money on future projects.

- Community economy. A force account project can provide a direct boost to the local economy. In a normal construction project 25% to 40% of the project expense is worker wages; most of this is immediately taken out of the community by the imported workers. However, if a city employs mostly resident workers on a force account project, the wages tend to circulate longer in the local economy and this money can support other local and regional businesses.

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◦ Community pride. Another benefit of force accounting is the pride that a community gains through the successful completion of their construction project. The sense of self esteem that residents and workers have about a successful project may not be easily measured, but experience indicates this can be an important long term benefit of force account projects.

POTENTIAL PROBLEMS OF FORCE ACCOUNTING

Along with the advantage of greater direct control, a community is assuming a big responsibility by deciding to force account a project. Problems areas discussed here include project administration, dealing with the the labor force, project quality control, project liability, and community commitment:

◦ Project administration. The city is responsible for keeping the project on schedule and within budget, making sure that the project is completed, controlling construction quality, and supervising the employees. Force accounting projects require a good payroll system and a good accounting system to insure that expenses are charged to the proper accounts. Worker's compensation, taxes and insurance must be paid as well. Construction equipment and tools must be purchased or leased, and the community may need to contract with a mechanic to maintain the equipment. Other professional and construction subcontractors may need to be hired and managed during the course of planning and building the project. Each of these activities will place extra burdens on the city's administrative capacity. These activities, taken together, can easily be too much for a single person to accomplish efficiently. When considering the choice of force accounting, it is important for a city to carefully consider the capacity of existing staff, or the requirements for new staff, to handle the many additional duties of administering a force account program.

◦ Labor force. Not every community can provide a resident labor force adequate for the needs of a force account project. A city must examine its available labor force and make a determination as to whether they are able to handle the size and scope of the project. The city will need to figure out what construction and management skills are available in the community and what skills are lacking. It is quite likely that the city will have to look outside the community to find some construction workers/managers with the necessary experience. It is extremely important that people hired from outside the community understand force accounting and the community's goals in using force accounting. The city should carefully interview nonresident workers to be sure they will be able to work well with resident workers and the city administration.

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Because a force account project labor force is made up largely of residents, there may be some special problems within the work force that are the result of conflicts which normally exist between people in any community. The city should be careful to take any existing interpersonal community problems into account when making job assignments and putting together project teams.

◦ Quality Control. Without proper designs, technical guidance, and project management, a construction project can run into many problems that can affect the quality of the product. This is especially so when a large portion of the work force is unfamiliar with building techniques and the reasons for using certain techniques. To insure that all construction is done properly and efficiently, it is necessary for the city to develop and maintain a good program of skill and attitude development, supported by frequent inspections of work done.

◦ Cost Overrun. A problem that often results from poor quality control practices is cost overrun. Cost overrun problems can also result from improper initial cost estimates, labor or management incompetence, unexpected delays due to weather, equipment breakage, etc. Typically a capital project goes through a two-step cost estimate. The first estimate is made by an engineer or architect when the project is designed and secondly by the contractor when construction bids are submitted. In force accounting, the city acts as the contractor and the city loses the benefit of the private contractors' estimation of project cost. Therefore, it is very important that the city make a special effort to assure that cost estimates are as reliable as possible.

Additionally, the city loses the guarantee provided by a private contractor that the contractor will do a certain project at a certain cost. If there are cost overruns in contracted project, the contractor may be held responsible to complete the project at his own cost. However, if the city is force accounting, then the city has no such guarantee and must itself bear the burden of cost overruns. This may even mean that the city cannot complete the project unless it can get additional funding.

◦ Project Liability. Even with good planning and good management, some communities using force accounting will probably encounter unforeseen construction problems which could result in financial losses that would otherwise be borne by a general contractor. The major difference between force accounting and general contractor arrangements is that under force accounting the community assumes the responsibility for the safety of project workers and for the completion of the project correctly and within budget. While some potential liabilities to the city may be covered within the existing city insurance package, the city should

examine the need for additional insurance coverage and construction bonding specifically for the force account project. The requirements for acquiring a construction bond may vary from case to case depending on the fiscal capacity of the community and the size of the project. The city would be well advised to seek legal guidance in obtaining the necessary project liability coverage.

◦ Community Commitment Experience has shown that a very important element of a successful force account project is a clear and continuing community commitment to the goals of the project. A successful project depends largely on a certain number of dedicated people in critical positions of administration, management and construction skills. However, these people can only succeed if they have the general support of the rest of the community. For this reason, it is important to keep the whole community informed and involved in major project decisions from the beginning to the completion of the project. If there are major conflicts in the community about whether to force account a project, or specific community concerns such as problems with proposed wage scales or hiring practices, the city should first resolve these conflicts before proceeding with the project.

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ALASKA

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NUSHAGAK ELECTRIC CO-OPERATIVE, INC.

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DILLINGHAM, ALASKA 99576

AREA CODE (907) 842-5251

Mike Navarre, Chairman
House Labor and Commerce
Alaska State Legislature
Pouch V (MS 3100)
Juneau, AK 99811

Dear Representative Navarre:

I appreciate the opportunity to testify before your committee via teleconference yesterday on HB 176.

My testimony was quite abbreviated due to time constraints therefore I wanted to send you the text of my comments.

I have been located here in my present position of Manager of Nushagak Electric Cooperative and Nushagak Telephone Cooperative since 1972. Most of my adult life (since 1948) has been spent in rural Alaska and more specifically in Southwestern Alaska. I believe that I have some feel for the needs of this area that should be expanded upon.

The issue of high labor rates mandated by AS 36.05 was raised (for the first time as I recall) in HB 304 in 1983. Our records indicate that the following agencies supported our stand in recommending relief from the statute:

City of Dillingham
Nushagak Electric Cooperative
Nushagak Telephone Cooperative
Bristol Bay Native Association
Choggiung, Ltd.
Fortune Enterprises
Dillingham Construction

As far as I know, none of the above has changed its position.

I am really concerned because, in effect, we have the State of Alaska subsidizing high labor rates to a favored few who are supported strongly by organized labor and the State Department of Labor. This really means that competition for public works projects is minimized. Who pays?

Mike Navarre, Chairman
House Labor and Commerce
Alaska State Legislature

April 18, 1985

Yesterday, Representative Koponen asked what my position would be if a foreign firm (for example, a Korean company) was the low bidder on one of our projects. This was certainly a hypothetical question mainly because most of our work is done "force account" or with our own forces. But it does raise an interesting question. Is my primary responsibility to a state union contractor or to our electric consumers and telephone subscribers? To carry this issue a bit further, I see absolutely no difference in hiring a foreign contractor than I do in driving a VW or watching a Panasonic TV. I wonder how many of the opponents of HB 176 can say they are not supporting a foreign economy in some fashion.

The trade unions' strongest argument is that only their members have the skills to perform the tasks necessary to complete construction projects. For some construction projects, especially major jobs within the railbelt, there may be some grain of truth to this line of reasoning. But it hardly holds true in a rural village that may be contemplating a new school, a sewer system or improving a road.

Local government agencies and other entities that may be recipients of state capital project grants are actually precluded from utilizing local skilled labor because in most cases this local pool of talent are not members of railbelt area trade unions. Therefore, it should be noted that the largesse offered by the Little Davis Bacon Act wage rates is not available to all citizens in the state. And certainly union rolls are not open to all who apply.

In this era of declining oil revenues and corresponding reduction in available capital works funding, it would appear to be in the best interests of all Alaskans not just a favored few to stretch our dollars out as far as possible. In addition those dollars remaining for capital works projects should be shared as equitably as possible. We believe Alaska's Little Davis Bacon Act is in fact an impediment to good government because it removes competition from the work force and is applied unequally to citizens of this state.

To recognize the claims raised by unions, we would propose an exclusion of the application of this act in communities of 5,000 population or less. In summary we strongly urge your support for HB 176 because it does give the rural areas more local control for value received.

Thank you.

Yours very truly,


DAVID F. BOUKER
Manager

cc: Adelheid Herrmann, Representative District 26

DF9:ka



Telegram

TDA NELSON LAGOON ALASKA 30 04-17 1024A AST

FMS 465-3E92

REP NAVARRE, CHAIRMAN HOUSE LABOR/COMMERCE COMMITTEE

JUNEAU AK

SINCE WE ARE UNABLE TO PARTICIPATE IN THE TELECONFERENCE THIS AFTER-
NOON, WE HOPE THIS TELEGRAM WILL BE SUBMITTED AS OUR TESTIMONY. WE
UNANIMOUSLY SUPPORT HR176 INTRODUCED BY REPRESENTATIVE HERRMANN.

NELSON LAGOON COUNCIL

PAUL M. GUNDERSEN, PRESIDENT

Navarre 4/13
Message to Teleconference on HB#176 House Labor & Commerce
Committee
From: Ellen Morrison, P.O. Box 128, Fairbanks, AK

When local experienced contractors cannot pay their workers the prevailing Alaskan wage rate and still be competitive, in many cases they will not even bid a bush job. Out-of-state and inexperienced contractors will and will win the bush contracts. If that happens, I would say that you will not get "more for your buck", as Ms. Binkley said, by passage of HB#176. What you will get is installations of substandard quality.

I am a union electrician. Two years ago I came on a job that was begun by lower paid non-union electricians and proceeded to spend hundreds of hours re-doing work done poorly and dangerously. I empathize with the bush communities who want to get by with less money, but if they are going to have cheaper but inadequately trained people doing the work they will be taking the chance of exposing their residents to unnecessary dangers.

Presentation by Bob Bacolas to House Labor and Commerce Committee on House Bill 176

Under this bill, public construction under contract to municipalities, having a population of 5,000 or less, an unincorporated community, a public non-profit corporation, or a public utility operating in a city or village having a population of 5,000 or less would be exempt from paying the prevailing wage rates on public construction projects in the state as defined by AS 36.95.010(3). Furthermore, the bill seeks to define the term "unincorporated community" in relation to social units, within unorganized boroughs, which may from time to time be the recipient of funds for the construction of public facilities. This project, under contract to or for "unincorporated communities" would also be exempt from the requirement of paying prevailing wage rates of pay.

AS 36.05.010 now requires that a contractor or subcontractor who performs work on a public construction project in the state shall pay not less than the current prevailing rate of wages for work of a similar nature in the region in which the work is done. The current prevailing rate of wages for each pay period is that contained in the latest determination of prevailing rate of wages issued by the department. This bill would also exempt a political subdivision from its duty to publish applicable minimum wage schedules as part of its bid specifications.

This legislation would circumvent and evade the purpose of the "Little Davis-Bacon Act" (AS 36.05) and would be in direct conflict with the Alaska Supreme Court decision in The City and Borough of Sitka v. General Laborers' Local 342, 644 P. 2nd 227 (Alaska 1982), hereafter quoted as "Sitka".

The enabling legislation for Title 36, Public Contracts, when enacted by the

Territorial Legislature in 1931, was modeled after the federal "Davis-Bacon Act". The federal "Davis-Bacon Act" was enacted during the depression years, inter-alia, to prevent the importation of cheap labor. The act assures that all contractors are given an equal opportunity to benefit from public construction and guarantees that all laborers on public construction contracts are paid the same wages.

Under traditional "Davis-Bacon" analysis, prevailing wages are required whenever public funds are expended for construction of projects for use by the public for traditional reasons. The term "traditional", in the context of the application of "Davis-Bacon" principles, must be related in a contemporary sense. As indicated by the Alaska Supreme Court in "Sitka", "Davis-Bacon" coverage must be applied in an ever broadening fashion. The yardstick used to measure "traditional" must be relevant to the needs of today's society. Health and Welfare programs have expanded into areas that were not even considered, let alone conceived twenty-five years ago.

One of the underlying principles of the "Davis-Bacon Act", as also in the case of the Fair Labor Standards Act, was to give the working man a wage that represented a fair determination of what the government considered to be the lowest wage that could be paid while insuring the public receives the best quality workmanship and materials in the construction of their public use facilities. This legislation flies in the very face of those principles.

The Department of Labor is the agency responsible for determining the prevailing rate of pay for public construction contracts and enforcing the payment of that rate. The state "mini Davis-Bacon Act" has been law since 1931. As we learned from the Alaska Supreme Court in "Sitka" our law is modeled after the federal Davis-Bacon Act. The U.S. Supreme Court in *Endicott-Johnson v. Perkins*, expressed

the underlying philosophy and legislative intent behind Davis-Bacon and related acts, "its purpose is to use the leverage of the government to immense purchasing powers to raise labor standards." The Davis-Bacon Act has as its key purpose that of establishing a minimum wage rate for craftsmen on public construction contracts where the cost of the contract is in excess of \$2,000. The "Act" is intended to be a remedial labor standards statute.

This legislation seeks to broadly implant a legislative intent that, 1) municipalities, unincorporated communities, public non-profit corporations, and public utilities would have a preemptive authority over the state in the use and distribution of funds intended for public construction; 2) that projects built with designated grants are not public construction within the ambit of AS 36.05 and; 3) that any grant, to any corporation, determined to be "public non-profit" is not intended to fall within the ambit of "public construction" regardless of how "traditional", the terms of the government service the use of the facility may be.

The definition of "municipality" in general law, as set forth in the Alaska Statutes, means any city or borough, unchartered or otherwise, so long as it has legislative powers. It is estimated, after review of the department records related to the number of current projects in various phases of construction, that between 20-25% of all public construction projects fall within the category of those exempted by this bill.

Grants to municipalities under AS 37.05.315, provides state funds for a variety of local projects and activities, directly to established political subdivisions of the state. Requirements of AS 36.05 clearly apply to construction projects contracted out under those grants.

Designated grants, which are used to construct capital improvements in "unincorporated communities" is an "unincorporated community grant" under AS 37.05.317. Construction contracted out for an "unincorporated community" with grant funds provided by the state under AS 37.05.317, is subject to the provisions of AS 36.05. The U.S. Department of Labor does not deem it essential that a federal agency be signatory to the actual construction contract. Nor do they deem it necessary that the government hold title to it. So long as the contract is carried out with federal funds, to serve the interest of the public, Davis-Bacon is applicable. This is the concept of "Sitka" and we can continue to expect that the courts will rely on Davis-Bacon for interpretation of our law.

In the "Sitka" case the court expressly stated that "(T)he fundamental purpose of AS 36.05 is to assure that employees engaged in public construction receive at least the prevailing wage." It went on to emphasize that "(T)he focus of the act, quite clearly is to the benefit of the employees, not the contracting principles."

An item to be considered is that the language in this bill makes no distinction between federal and state funds. Any project with federal dollars included would also be exempt. This legislation subverts federal law and in doing so, jeopardizes federal aid to municipalities, unincorporated communities, public non-profit corporations, and public utilities.

This bill is obviously designed to affect only small, remote rural communities, where the standards of living are traditionally the lowest in the state. Virtually every community affected by this bill is already impacted by excessive unemployment, or at best nominal seasonal employment. (The underlying intent of this legislation

seeks to accomplish one or possibly two purposes, they are: 1) to lower the wages paid on public contracts and thereby encourage the employment of persons with lower skill levels who reside in the community, and/or; 2) to provide a greater purchasing power in relation to the amount of money available for a given project by reducing labor costs. Both of these approaches are inconsistent with the basic and underlying philosophy of the Davis-Bacon Act, upon which our state law is modeled. The focus of the act is clearly to benefit the employee, not the contracting principles.

When comparing working conditions in urban areas to rural areas, the conditions in the rural setting is always lesser. In Alaska, the climate as well as the lack of amenities in the "bush" make the incentives attached to reasonable, fair wages even more important. This bill, if enacted, would work severely to the detriment of the rural Alaskan worker. The contracts would go to out-of-state construction companies who would import their own cheap labor.

This bill would also serve as a serious detriment to the Alaska contractor, as they would not be able to compete with the outside contractor who would employ cheap labor. The money earned by these companies and their employees, leaves the state reducing the pass through effect (economic multiplier) of local spending. This equates to an overall leakage to the state economy.

The cost of doing business in Alaska is much higher than elsewhere in the nation, therefore, the Alaska firm would be at a competitive disadvantage without outside firms who can frequently offer lower bids. This problem magnifies under this proposed legislation.

Under the existing law, the Alaska firm is on an equal footing with the outside

firm in terms of labor costs, since both are required to pay the prevailing wage rates. Without this equal protection and coupled with the high cost of doing business in the state, it can be predicted with reasonable certainty, that Alaska firms will not be successful in competitive bidding on public construction projects, even with the Alaska bidder preference advantage under AS 37.05.230(5). The result would be that the Alaska firms which had previously rendered job opportunities to Alaskans and had been subject to the high cost of doing business in the state, would no longer be competitive. The number of non-resident contractors doing business in the state on non-public construction projects using cheap labor is evidence of the consequences of this type of legislation.

It is apparent that both the federal and state prevailing wage rates have as their primary objectives the protection of workers on government projects by establishing a required minimum wage. Both the legislative history and judicial interpretations of prevailing wage legislations strongly suggest that this primary objective is as fundamental and vital today as it was in 1931 when the legislation was first enacted.

This bill, finally removes from the law, the department's authority to collect certified payrolls and thereby eliminates one of the most effective systems to insure against misuse of the public dollar as well as monitor the activities of the non-resident contractors in their use of non-resident employees. Payroll information could be collected under new regulations so that there would be no impact to the Resident Hire Enforcement Program.

The department is diametrically opposed to this legislation as it is a total contradiction of the purpose of the Davis-Bacon Act, as well as AS 36.05, and would serve as a detriment to the working men and women of this state, as well

as the Alaska contractor, and the state's overall economy.

This bill will result in a negative fiscal impact on the department. Fiscal note is attached.

"HISTORICAL OVERVIEW OF THE DAVIS-BACON AND RELATED ACTS"

The Davis-Bacon Act is one of the oldest American labor laws and was the first federal law enacted to regulate the wages of non-government workers. Like most early federal labor laws, the Act was preceded by various state statutes. Kansas, for example, had enacted the first prevailing wage law for state construction projects in 1898. Federal congressional hearings were held as early as 1898 although legislation did not result until 1931. Today, all but 10 states have enacted prevailing wage laws governing state construction projects.

The principal impetus for government regulation of wages for workers employed on public construction projects was the economic and social conditions of the 1930's. During the Depression, the national conscience was aroused by the effect of widespread unemployment on the wages of workers. While the competition for limited markets forced employers to cut labor costs, the scarcity of work created an oversupply of labor that resulted in low wage rates. The absence of job opportunities further increased public reliance upon federal construction as a source of employment at a time when the federal government was required to award its contracts to the lowest bidder. This requirement prevented federal contracting agencies from dictating that successful bidders pay their employees wages comparable to those paid for similar labor in private industry in the same area as the government projects under construction. Some successful bidders took advantage of this situation by "selfishly import[ing] labor from distant localities and...exploit[ing] this labor at wages far below local wage rates." Local workmen were unable to compete with migratory laborers, and qualified local contractors found it impossible to compete with outside contractors who based their estimates for labor costs upon the low wages paid to imported laborers.

The Davis-Bacon Act, enacted on March 3, 1931, was designed to curtail such unscrupulous practices among government contractors during a decade in which public works were on an upswing and economists and politicians were particularly wary of depressed labor markets. The Act was also designed to prohibit wage differentials from becoming a major competitive advantage in bidding on government construction contracts, thereby insuring that the economic power of government as an employer would not contribute to a further depression of local markets. To accomplish these goals, the federal Act required government contractors to pay their "laborers and mechanics" the prevailing private industry wage rates.

The compulsory nature of the Act's prevailing wage rate provision was emphasized throughout the 1931 congressional debates in Davis-Bacon Legislation. Because the Act mandated that under all covered contracts the contractor pay the prevailing wage rate, the only variable was the exact rate to be paid. In the event of a dispute concerning the applicable wage rate, the government contracting officer was to attempt to adjust the rate in accordance with the character of the work performed and the locality in which it was performed. If the contracting officer could not resolve the dispute, the matter was then to be referred to the Secretary of labor for a conclusive determination.

In the 50 years since the enactment of the federal Davis-Bacon Act, a series of executive orders and congressional amendments have generally broadened its scope and strengthened its impact. Additionally, more than 80 other federal laws relating to prevailing wages have been passed during this period, covering a wide range of federal projects and activities. The amendments to the Davis-Bacon Act as well as the variety of federal legislation requiring prevailing wages to be paid serve to indicate the continuing concern of Congress to preserve prevailing wage standards for government contract work.

In Alaska, legislation requiring the payment of prevailing wages on public construction work has also been in effect since 1931. The original Alaska prevailing wage laws were passed by the territorial legislature on an emergency basis, presumably in direct response to the passage of the federal Davis-Bacon Act by the U.S. Congress two months earlier. The Alaska version was introduced as Senate Bill 69 by Senator Lomen of Nome and was swiftly enacted into law effective April 29, 1931 (SLA 1931, ch. 69). Unfortunately there appears to be no written record on any legislative debate or committee hearings on the proposed Alaska legislation. The prevailing wage provisions were later included in the 1933 and 1949 compilations of Alaska law and, upon statehood, were carried over into state law and are now codified at AS 36.05.010-.110. In the years since the enactment of the original prevailing wage laws in Alaska there have been periodic amendments which further define the scope of the Little Davis-Bacon Act and establish enforcement procedures, largely in response to similar changes in federal law.

In addition to the legislative history, both federal and Alaska courts have had occasion to interpret the basic purposes and policies underlying prevailing wage legislation. In a leading federal case, the U.S. Supreme Court recognized the important wage protection purpose of the Davis-Bacon Act: "The language of the Act and its legislative history plainly show that it was not enacted to benefit contractors, but rather to protect their employees from substandard earnings by fixing a floor under wages on Government projects." U.S. v. Binghamton Construction Co., 347 U.S. 171, 177 (1953). The Alaska Supreme Court has quoted this language in at least two separate cases involving Alaska's Little Davis-Bacon Act, noting that the Alaska statutory scheme is closely patterned after the federal Act. City and Borough of Sitka v. Construction and General Laborers Local 942, 644 P.2d 227, 231-33 (Alaska 1982); Fowler v. City of Anchorage, 583 P.2d 817, 821-22 (Alaska 1978). In reviewing the policies underlying the Little Davis-Bacon Act, the Alaska Supreme Court has further stated: "The fundamental purpose of Little Davis-Bacon is to assure that employees engaged in public construction receive at least the prevailing wage. The focus of the Act, quite clearly, is to the benefit of the employees, not the contracting principals." City and Borough of Sitka, *supra*, at 232. From these judicial statements, it is apparent that both the federal and state prevailing wage laws have as their primary objective the protection of local workers on government projects by establishing a required minimum wage in accordance with that prevailing in the area where the work is done. Both the legislative history and judicial interpretation of prevailing wage legislation strongly suggest that this primary objective is as fundamental and vital today as it was in 1931 when the legislation was first enacted.

RWL-t1
F-40

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : 1/13/86

REQUEST

Bill/Resolution No. : HB 176
 Title : An Act relating to wage rates
 on public construction.....
 Sponsor : Herrmann, Binklev, etc.
 Requestor : HL+C
 Date of Request : March 15, 1985

FISCAL DETAIL

Agency Affected : Community & Regional Affairs
 BRU : Local Government Assistance
 Components : Training/ Development

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING : (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS :

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by : Michael Cushing, Research Analyst
 Division : Municipal & Regional Assistance

Phone : 465-4750
 Date : 1/13/86

Approved by Commissioner : *Amie Root*
 Agency : Community & Regional Affairs

Date : 1/17/86

Distribution (by Agency preparing fiscal note) :

- Legislative Finance
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