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May, 1988

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Mary Van Nimwegen

House L. J. C.:

March 24, 1987

Alaska State Legislature

FAIRBANKS

1098 LAKEVIEW TERRACE
FAIRBANKS, ALASKA 99701
(907) 456-6473

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3466

REPRESENTATIVE
MARK BOYER

HOUSE FINANCE COMMITTEE



House of Representatives

MEMORANDUM

TO: Representative Dave Donley, Chairman
House Labor and Commerce Committee
Committee Members

FROM: Representative Mark Boyer *M/8*

SUBJECT: House Joint Resolution 22

DATE: March 19, 1987

Military construction has played a major role in the Alaskan economy for decades, and the anticipated Department of Defense construction schedule for the next two years will rival that of any other time in the state's history. The economic downturn caused by the dramatic drop in oil prices and the resultant decline in state revenues will increase the significance of military construction activity in the economy, giving it a prominence it has not had since the construction of the DEW Line in the Fifties.

Preparations for deployment of the 6th Light Infantry Division at Fort Wainwright and Fort Richardson will involve contracts for construction, maintenance and repair estimated at \$134 million in FY 87 alone. The FY 88 plan for military construction in Alaska includes \$80 million for the naval facility at Adak, \$38 million for Shemya Air Force Base, and \$100 million for Fort Wainwright. A major upgrade of the DEW Line, including construction of two new sites, and the construction of the Backscatter over-the-horizon radar system in the Tok and Glenallen areas will require hundreds of millions of dollars in additional military expenditure in the next few years. The millions which are paid in wages on these projects can give our sagging economy a much needed boost, if the workers employed are Alaskans.

Recent figures released by the Department of Labor would indicate that this might not be the case. In 1985, 77,000 non-resident workers earned \$691 million in Alaska, at a time when many of our own workers were losing their homes and leaving the state to find work. Fortunately, recent federal

legislation may offer a solution to the problem of non-resident workers displacing Alaskans from construction jobs on military projects.

Section 8078 of the 1986 Defense Appropriations Act, enacted on December 23, 1985, requires that whenever the unemployment rate in Alaska or Hawaii exceeds the national average as determined by the Secretary of Labor, employment on service and construction contracts awarded in FY 86 will be restricted to residents of the state. Subpart 22.72 of the Defense Federal Acquisition Regulation Supplement was approved for publication in the Federal Register on January 24, 1986. It details the preferential hire provision of Section 8078, and adds a new clause for inclusion in bid documents and contracts (52.222-7002 "Restrictions on Employment of Personnel").

Our congressional delegation was able to have the resident hire provisions included in the FY 87 Appropriations Act and will attempt to extend it through FY 89 as well. The 8078 resident hire restrictions remain in effect with an appropriation for the life of the project. Given the large amount of defense spending in Alaska during the affected fiscal years, the resident preference provisions could have a lasting positive impact on employment in the state, at a time when it is most needed, due to severely reduced state capital expenditure.

Any resident hire law is only as good as the means provided for its enforcement. Without additional compliance personnel the Corps of Engineers can not be expected to enforce the resident hire provisions, and even if additional personnel were provided, it is probable that compliance with 8078 would be minimal at best. Unlike our state government, which divides the duties of building facilities and enforcing labor laws associated with their construction between the Department of Transportation/ Public Facilities and the Department of Labor, the federal government leaves labor law enforcement to the contracting agency overseeing the construction of a project. This creates a built-in conflict of interest, and the primary mission of the construction entity will invariably prevail. Bacon-Davis compliance monitoring on Fort Wainwright and Eielson has been woefully inadequate since the start of the Eielson build-up in 1982, and Corps of Engineers personnel have no experience with the concept of resident hire. It is likely that the term "resident" will be interpreted as broadly as possible by the Corps inspectors to avoid friction with contractors and interference with the progress of the project.

The Alaska Department of Labor, on the other hand, has experience in the field of resident hire enforcement under the Title 36 preferential hire requirements which were in effect until the Francis vs. Robison decision. That case, which

involved a worker from Montana who was laid off by a subcontractor on the North Pole High School construction, is telling evidence of the department's effective administration of the resident hire statute. Even with a thirty day definition of residency, which lends itself to fraud virtually impossible to prove, Wage and Hour cited many employers for violation of the state 95% resident hire requirement before the Francis decision declared the law unconstitutional. The federal government, as the embodiment of the several states, has broader constitutional authority to enact legislation favoring one of those states, and the resident preference provision of section 8078 is an example of that prerogative. It also represents an opportunity for the state Department of Labor to utilize its expertise in the field of resident hire enforcement to improve employment opportunities for Alaskan workers.

Governor Cowper has asked the Secretary of Defense to enter into a cooperative agreement with the Alaska Department of Labor whereby state Wage and Hour personnel would monitor compliance with the 8078 resident preference requirements on military construction projects in Alaska. Commissioner Sampson has sent Deputy Commissioner Rick Erickson to Washington to confer with John Katz and officials of the Department of Defense this week. With hundreds of millions of dollars in construction projects scheduled for Alaska in the fiscal years covered by resident hire provisions, it is incumbent upon this body to ensure compliance with those requirements to the fullest extent possible. House Joint Resolution 22 puts us on record in support of a cooperative agreement between the Department of Defense and the Alaska Department of Labor and urges Congress to extend the resident hire preferences on military appropriations through Fiscal Year 88. The administration and the congressional delegation will be working toward this end, and an expeditious statement of support by the legislature is appropriate and timely.

Nonresidents Working in Alaska in 1985

State of Alaska
Department of Labor

Steve Cowper, Governor
Jim Sampson, Commissioner

Administrative Services Division

Nico Bus, Acting Director

Research and Analysis Section

Chuck Caldwell, Chief
Sally Saddler, Research Supervisor

Published January 1987

Prepared by:

Betsy Jensvold
Jim Wilson
Chris Kent
Brynn Keith

Labor Economist III
Labor Economist II
Statistical Technician I
Statistical Clerk

The following people contributed to the development of this publication:

Jeff Hadland
Rich Grayson
Judy Kidd
Josephine Ruby
Ingrid Zaruba
Nancy Hilbert
Linda Corder
Sandi Depue
Melanie Sims

Labor Economist III
Programmer Analyst
Administrative Officer I
Phototypesetter Operator
Statistical Clerk
Statistical Clerk
Statistical Clerk
Clerk IV
Clerk Typist III

PREFACE

In May 1986, the Fourteenth Alaska Legislature amended Title 36 to establish a new system of resident hiring preference on public funded construction projects. The law stipulates that a resident hiring preference will trigger on whenever specific conditions are shown to exist. Consequently, the Commissioner of Labor has been instructed to collect and compile the necessary information and to report annually on the status of employment in Alaska, the effect of nonresident employment on the employment of residents in Alaska, and alternative methods of increasing resident hire.

Last year, under a special appropriation from the legislature, the Department of Labor analyzed the economic impact of nonresident employment in Alaska in 1984. This year's publication, the first annual resident hire report prepared in compliance with Alaska Statute 36.10.130, updates the data contained in that report and provides additional information about the reasons employers hire nonresidents, alternative ways of promoting resident hire, and progress toward determining which geographic areas of the state qualify for preference under existing law.

This report is composed of five chapters and a series of appendixes that contain the best estimates currently available of the impact of nonresidents on Alaska's economy.

Chapter 1 compares employment and unemployment in Alaska to the rest of the United States.

Chapter 2 provides 1985 data about resident and nonresident employment and unemployment in Alaska, and the economic impact of nonresidents on Alaska's economy.

Chapter 3 provides a comparison of how the data contained in Chapter 2 changed from 1984 to 1985.

Chapter 4 describes the process of determining which geographic zones qualify for preference under current law. This chapter explains why no determinations are actually made in this year's report and documents the efforts underway to provide information upon which determinations can be made.

Chapter 5 summarizes the results of several employer surveys in an effort to explain the reasons why employers hire nonresidents and reviews some of the alternative methods available for promoting resident hire.

Readers are urged to read the Sources and Limitations section for an explanation of the limitations of the data provided in this report and to check the Glossary for specific definitions of terms used in this report.

EXECUTIVE SUMMARY

Highlights of the Data

-In 1985, \$691 million were paid to 77,000 nonresident workers in Alaska. This represents an increase of \$14 million and 6,000 employees over 1984. The percentages, however, remained constant from 1984 to 1985 with 12 percent of all wages paid to nonresidents who constituted 23 percent of all employees. See pages 20 and 45.

-The average annual earnings of nonresidents was only 43 percent as much as the average annual earnings of residents of Alaska (down from 48% in 1984). Nonresidents did not spend as much time working in Alaska as residents did. Fifty-eight percent of all residents worked during all four calendar quarters, while only 11 percent of nonresidents worked in Alaska in all four quarters. See page 20.

-1984 and 1985 data are strikingly similar. Although nonresident employees and wages increased in 1985 their overall impact, industry impact, and area impact changed only slightly. See page 45.

-The food processing industry (of which 94% of the firms are in seafood processing) had the highest number of nonresident employees (13,512), the highest percent of wages paid to nonresidents (55%), and the highest percentage of nonresident employees (68%). The oil and gas industry paid the highest amount of wages to nonresidents (\$106 million), although the construction industry as a whole paid more (\$149 million). Of all the wages paid to nonresidents in Alaska in 1985, over 21 percent went to nonresidents who worked in construction (building construction, heavy construction, or special trades construction) and over 15 percent went to nonresidents who worked in oil and gas. See page 23.

-The Anchorage-MatSu Region had the lowest percentage of nonresident wages and employees (10% and 21% respectively); the Southwest Region had the highest (24% and 38%). The Southwest Region also contained both the best and worst (mostly the worst) census areas in the state in terms of the percent of wages paid to nonresidents and the percentage of employees who were nonresidents. Wade Hampton had the lowest nonresident wages and employees (7% and 12% respectively); while the Aleutian Islands had the highest (41% and 61%) with the Bristol Bay Borough close behind (19% and 59%). See page 28.

-In 1985, the number of unemployed never fell below 20,500 individuals in any month (19,000 in 1984). The number of employed nonresidents was always greater than 17,000 individuals in any month (16,000 in 1984). See page 33.

-Alaska has unique economic conditions compared to other states. In 1985, Alaska had the fifth highest overall unemployment rate in the nation, the third highest for all nonagricultural industries, the highest in manufacturing and government, and the sixth highest in construction. Alaska also had one of the highest unemployment rates in the nation for many major occupational categories. See page 15.

-Nearly 22 percent of all regular unemployment insurance benefits paid by Alaska in 1985 were interstate payments. This is the highest interstate rate in the nation; approximately 4.5 times the national average. Seventy-four percent of those interstate payments went to nonresidents. See pages 15 and 41.

-Alaska paid almost \$32 million in unemployment insurance benefits to nonresidents in 1985, of which over \$21 million was paid out of state. This represents a significant increase over 1984 in which Alaska paid nonresidents \$20 million in unemployment insurance benefits, including \$17 million in out of state payments. See page 41.

Resident Hire Preference Determinations

In 1986, the Fourteenth Alaska Legislature passed a resident hire statute which is complex and substantially different from previous versions. The legislature emphasized the need to pass a law which would withstand a test of constitutionality. Consequently, the new statute uses a very targeted approach based on detailed statistical information.

Before preferences can be implemented, determinations must be made as to which zones qualify for preference based on the specific criteria outlined in chapter 4. Before any determinations can be made, regulations must be approved and data compiled. As of early January 1987, regulations have been drafted and reviewed through the public hearing process but not finalized. Data have been compiled which illustrate the overall economic condition of each zone (see Tables 4-1 and 4-2, pages 60 and 61); however, data about occupational supply and demand are not currently available in enough detail to demonstrate that nonresident workers have displaced qualified, available resident workers in specific occupations in specific areas of the state. Consequently, the Department of Labor has designed a system to collect the necessary detail, and has begun implementation of those procedures. The department expects to have the detailed information needed to evaluate possible determinations for most construction-related occupations by January 1988. Data about the social and economic impact of unemployment are available through a variety of sources which will be analyzed in depth during 1987.

For additional information see chapter 4, beginning on page 57.

Reasons Employers Hire Nonresidents

Sixty percent of employers contacted in a Department of Labor survey said their industries hire nonresidents because available Alaskans lack required training or experience.

Thirty-five percent of employers contacted stated that their industries hire nonresidents because there are no Alaskans available. This reason was most commonly cited by employers in food processing.

Fifty percent of employers contacted stated that their industries hire nonresidents because it is company policy to transfer people within the company. This reason was most commonly cited by employers in mining industries.

For additional information see chapter 5, beginning on page 62.

Promoting Resident Hire

Employers commonly promote the hiring of residents by having a company resident hire policy; advertising openings locally; or using local unions, Job Service offices, local private employment agencies or universities to find workers.

Employers felt the State could increase resident hire by promoting the issue, and working actively to train and place resident workers.

In a survey concerning vocational education, 40 percent of respondents from the manufacturing and wholesale trade industries felt there was not a trained Alaska labor force available.

More than 45 percent of employers who responded to the vocational education survey said they would prefer to hire Alaskans. Nearly 76 percent of survey respondents indicated that they would be willing to hire an underqualified Alaskan if the Alaskan could be trained.

The 1986 Alaska Hire Task Force Report presented 36 alternatives for promoting resident hire in Alaska. The report was intended primarily for policy makers to use as a reference of new ideas and initiatives on resident hire.

The Department of Labor is now collecting additional data from employers relating to the occupation and work location of their employees. This will allow the department to evaluate the impact of nonresident employment by individual occupation and specific work location. Then Alaska's policy makers can use those facts to adjust laws, regulations, administrative procedures, and programs to comprehensively encourage higher levels of resident employment throughout Alaska.

For additional information see chapter 5, beginning on page 62.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 6, 1987

The Honorable Caspar W. Weinberger
Secretary of Defense
The Pentagon
Washington, D.C. 20301

Dear Mr. Secretary:

The 1986 Defense Appropriations Act passed by Congress requires contractors performing work on projects covered by the Act to hire individuals who are residents of our state should they possess or would be able to acquire promptly the necessary skills to perform the contract. The specific language of the law is cited below:

" . . . every contract awarded during FY 1986 calling for construction or services to be performed in whole or in part within the State of Alaska or the State of Hawaii shall include a provision requiring the contractor to employ, for the purpose of performing that portion of the contract work within the particular state, individuals who are residents of that state, and who, in the case of any craft or trade, possess or would be able to acquire promptly the necessary skills to perform the contract."

Section 8078 of the Act also states that this employment preference for residents of Alaska and Hawaii shall not apply when the state's unemployment rate is not in excess of the national average rate of unemployment as determined by the Secretary of Labor.

The State of Alaska has been informed that this employment preference is still applicable in FY 1987 and that, due to Alaska's and Hawaii's severe unemployment problems, may be extended into FY 1988. It is the State of Alaska's desire to enter into a federal/state cooperative agreement with the Department of Defense granting the state the authority to

The Honorable
Caspar W. Weinberger

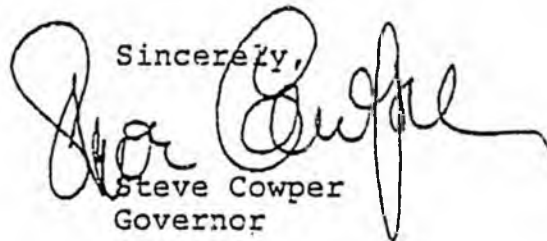
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March 6, 1987

enforce this important preference of employment for residents of our state. The State of Alaska has the experience in the area of employment preference programs and, additionally, has a highly trained workforce available to assist all branches of the military services in the construction and servicing of their facilities in Alaska.

Your assistance in helping to arrange a meeting between appropriate Department of Defense personnel and representatives of my office to explore the possibilities of such a cooperative federal and state effort would be sincerely appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "Steve Cowper".

Steve Cowper
Governor

cc: John Katz, Special Counsel
State/Federal Relations
Office of the Governor
Washington, D.C.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 6, 1987

Mr. John Katz, Special Counsel
State/Federal Relations
444 North Capitol, N.W.
Suite 518
Washington, D.C. 20001-1512

Dear John:

The enclosed letters to the Secretary of Defense and our Congressional Delegation are self-explanatory.

I would like your office to work with Commissioner of Labor Jim Sampson and with the appropriate people in Washington, D.C., to see if the state can assume enforcement of this employment preference for our resident workers in time for this year's construction season. The state would like to enter into an agreement with the Department of Defense instead of each individual branch of military service so that the enforcement of this important federal legislation is consistent.

Additionally, efforts need to be pursued to ensure that adequate federal funding be obtained for the State of Alaska to implement the program.

Should you have any questions on this matter, please contact Jim Sampson, Commissioner of Labor, at (907) 465-2700.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper".

Steve Cowper
Governor

Enclosures

cc: Jim Sampson
Commissioner of Labor
State of Alaska

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 6, 1987

The Honorable Donald E. Young
House of Representatives
2331 Rayburn House Office Building
Washington, D.C. 20515

Dear Don:

Enclosed is a letter recently sent to Secretary of Defense Caspar Weinberger inquiring into the possibility of the State of Alaska assuming enforcement responsibilities for the hiring of residents on military construction projects in Alaska.

I have been informed by Commissioner of Labor Jim Sampson that your office may be willing to assist the State of Alaska in pursuing such a federal/state cooperative agreement and that an appropriation from Congress to help offset the costs associated with such a program would be supported.

Federal spending for military construction projects is very important to the economic well-being of Alaska and is equally important to our country's national defense.

Currently, our Alaskan workers skilled and trained in the building and construction trades are suffering high unemployment. Any assistance your office can render to ensure that these qualified residents are employed on projects covered by this federal legislation would be sincerely appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper".

Steve Cowper
Governor

Enclosure

cc: John Katz, Special Counsel
State/Federal Relations
Office of the Governor
Washington, D.C.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 6, 1987

The Honorable Frank Murkowski
United States Senate
720 Hart Building
Washington, D.C. 20510

Dear Frank:

Enclosed is a letter recently sent to Secretary of Defense Caspar Weinberger inquiring into the possibility of the State of Alaska assuming enforcement responsibilities for the hiring of residents on military construction projects in Alaska.

I have been informed by Commissioner of Labor Jim Sampson that your office may be willing to assist the State of Alaska in pursuing such a federal/state cooperative agreement and that an appropriation from Congress to help offset the costs associated with such a program would be supported.

Federal spending for military construction projects is very important to the economic well-being of Alaska and is equally important to our country's national defense.

Currently, our Alaskan workers skilled and trained in the building and construction trades are suffering high unemployment. Any assistance your office can render to ensure that these qualified residents are employed on projects covered by this federal legislation would be sincerely appreciated.

Sincerely,

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Steve Cowper
Governor

Enclosure

cc: John Katz, Special Counsel
State/Federal Relations
Office of the Governor
Washington, D.C.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 6, 1987

The Honorable Ted Stevens
United States Senate
522 Hart Building
Washington, D.C. 20510

Dear Ted:

Enclosed is a letter recently sent to Secretary of Defense Caspar Weinberger inquiring into the possibility of the State of Alaska assuming enforcement responsibilities for the hiring of residents on military construction projects in Alaska.

I have been informed by Commissioner of Labor Jim Sampson that your office may be willing to assist the State of Alaska in pursuing such a federal/state cooperative agreement and that an appropriation from Congress to help offset the costs associated with such a program would be supported.

Federal spending for military construction projects is very important to the economic well-being of Alaska and is equally important to our country's national defense.

Currently, our Alaskan workers skilled and trained in the building and construction trades are suffering high unemployment. Any assistance your office can render to ensure that these qualified residents are employed on projects covered by this federal legislation would be sincerely appreciated.

Sincerely

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name and title.

Steve Cowper
Governor

Enclosure

cc: John Katz, Special Counsel
State/Federal Relations
Office of the Governor
Washington, D.C.



THE OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301-8000

ACQUISITION AND
LOGISTICS
DASD(P)DARS

29 JAN 1986

In reply refer to:
DAR Case 86-3

697-9125

SUBJECT: Section 8078, 1986 Defense Appropriations Act - Restrictions on
the Employment of Personnel for Work on Construction/Service
Contracts in Alaska and Hawaii

The attached Departmental Implementation Letter was issued by the
Military Departments and by this office to the Defense Agencies under our
cognizance.

OTTO J. GUENTHER, COL, USA
Director
Defense Acquisition
Regulatory Council

Attachment



ACQUISITION AND
LOGISTICS
DASD(P)DARS

THE OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE.

WASHINGTON, D.C. 20301-8000

29 JAN 1986

In reply refer to:
DAR Case 86-3

MEMORANDUM FOR THE DIRECTOR, NATIONAL SECURITY AGENCY
THE DIRECTOR, DEFENSE COMMUNICATIONS AGENCY
THE DIRECTOR, DEFENSE INTELLIGENCE AGENCY
THE DIRECTOR, DEFENSE NUCLEAR AGENCY
THE DIRECTOR, DEFENSE MAPPING AGENCY

SUBJECT: Section 8078, 1986 Defense Appropriations Act - Restrictions on
the Employment of Personnel for Work on Construction/Service
Contracts

On 24 January 1986, the DAR Council approved the attached new Subpart 22.72 of the DFARS for publication in the Federal Register as an interim rule and for immediate Departmental implementation. This action is necessary because Section 8078 of the FY 1986 Defense Appropriations Act, enacted on 23 December 1985, requires that whenever the unemployment rate in Alaska or Hawaii exceeds the national average as determined by the Secretary of Labor, service and construction contracts awarded in FY 1986 and calling for performance in whole or in part within those states must contain a restriction on who can be employed to perform work on that contract. This requirement is implemented by a new clause at DFARS 52-222-7002. Contracting officers shall include the clause in all new solicitations, as well as modify existing solicitations to incorporate the clause when to do so will not unduly delay the procurement. For contracts already awarded in FY 1986, contracting officers should attempt to modify them to include the clause on a no cost basis, provided the Government's interests are adequately protected.

This Departmental is effective immediately.

OTTO J. GUENTHER, COL, USA
Director
Defense Acquisition
Regulatory Council

Attachments
DFARS 22.72 and 52.222-7002

Add a new Subpart 22.72 as follows:

SUBPART 22.72--SECTION 8078, 1986 DEFENSE APPROPRIATIONS ACT -
RESTRICTIONS ON THE EMPLOYMENT OF PERSONNEL FOR
WORK ON CONSTRUCTION/SERVICE CONTRACTS IN ALASKA
AND HAWAII

22.7200 Policy.

(a) Except as provided in (b) and (c) below, Section 8078 of the 1986 Defense Appropriations Act requires that notwithstanding any other provision of law, every contract awarded during FY 1986 calling for construction or services to be performed in whole or in part within the State of Alaska or the State of Hawaii shall include a provision requiring the contractor to employ, for the purpose of performing that portion of the contract work within the particular state, individuals who are residents of that state, and who, in the case of any craft or trade, possess or would be able to acquire promptly the necessary skills to perform the contract.

(b) This section shall not apply at any time during FY 1986 when the unemployment rate in Alaska is not in excess of the national average rate of unemployment as determined by the Secretary of Labor.

(c) This section shall not apply to contracts to be performed in whole or in part within the State of Hawaii unless in FY 1986 the unemployment rate in Hawaii is in excess of the national average rate of unemployment as determined by the Secretary of Labor.

22.7201 Waivers. This section may be waived by the Secretary of Defense, the Deputy Secretary of Defense, the Assistant Secretary of Defense for Acquisition and Logistics, and any Secretary, Undersecretary, or Assistant Secretary of the Army, Navy, and Air Force, in the interest of national security. Requests for waiver shall be processed in accordance with Departmental or agency procedures.

22.7202 Contract Clause. The contracting officer shall insert the clause at 52.222-7002, Restrictions on Employment of Personnel, in all solicitations and contracts in accordance with 22.7200.

Add a new clause as follows:

52.222-7002 Restrictions on Employment of Personnel. As prescribed in 22.7202, insert the following clause.

RESTRICTIONS ON EMPLOYMENT OF PERSONNEL (JAN 1986)

(a) The Contractor shall employ, for the purposes of performing that portion of the contract work in the State of (insert appropriate state), individuals who are residents of the state, and who, in the case of any craft or trade, possess or would be able to acquire promptly the necessary skills to perform the contract.

(b) The Contractor agrees to insert the substance of this clause, including this paragraph (b), in each subcontract.

(End of clause)

DEPARTMENT OF DEFENSE

48 CFR Parts 222 and 252

Department of Defense Federal
Acquisition Regulation Supplement

Restrictions on Employment of Personnel

AGENCY: Department of Defense (DoD)

ACTION: Interim rule and request for comments.

SUMMARY: The Defense Acquisition Regulatory Council has issued a change to the coverage in the DoD FAR Supplement regarding Restrictions on Employment of Personnel in DoD contracts. The purpose of the change is to implement Section 8078 of the Fiscal Year 1986 Defense Appropriations Act.

DATES: Effective January 28, 1986. Comments on the change must be submitted in writing to the Executive Secretary, DAR Council, at the address shown below, on or before (30 days from publication), to be considered in the formulation of the final rule. Please cite DAR Case 86-3 in all correspondence related to this issue.

ADDRESS: Interested parties should submit written comments to: Defense Acquisition Regulatory Council, ATTN: Mr. Charles W. Lloyd, Executive Secretary, DASD(P)DARS, c/o OASD(A&L), Room 3E791, The Pentagon, Washington, DC 20301-3062.

FOR FURTHER INFORMATION CONTACT: Mr. Charles W. Lloyd, Executive Secretary, DAR Council, telephone (202)697-7268.

SUPPLEMENTARY INFORMATION

A. Background.

The DoD FAR Supplement is codified in Chapter 2, Title 48 of the Code of Federal Regulations.

The October 1, 1985 revision of the CFR is the most recent edition of that title. It reflects amendments to the 1984 edition of the DoD FAR Supplement made by Defense Acquisition Circulars 84-1 through 84-10.

Interested parties may submit proposed revisions to this Supplement directly to the DAR Council.

B. Interim Changes to 48 CFR Parts 222 and 252.

Section 8078 of the FY 1986 Defense Appropriations Act, enacted on December 23, 1985, requires that whenever the unemployment rate in Alaska or Hawaii exceeds the national average as determined by the Secretary of Labor, service and construction contracts awarded in FY 1986 and calling for performance in whole or in part within those states must contain a restriction on who can be employed to perform work on that contract.

C. Determination to Issue an Interim Rule.

A determination has been made under the authority of the Secretary of Defense that the regulation in DoD FAR Supplement Parts 222 and 252 must be issued as an interim rule in compliance with Section 22 of the Office of Federal Procurement Policy Act, as amended, in order to put in place, as soon as possible, the requirements of Section 8078 of the FY 1986 DoD Appropriations Act.

D. Regulatory Flexibility Act.

This change does nothing more than implement Section 8078 of the

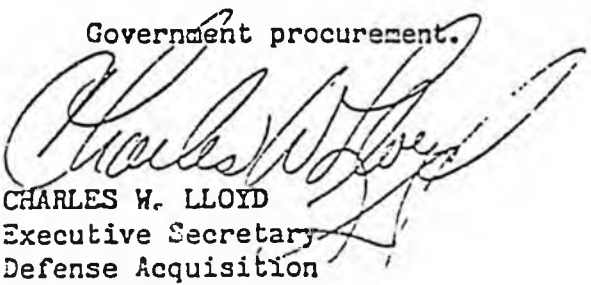
FY 1986 DoD Appropriations Act. If this change impacts on small entities, it will impact only those small entities that have been awarded, in FY 1986, construction and services contracts calling for performance in whole or in part within the States of Alaska or Hawaii and then only if the unemployment rate for those states exceeds the national average. The number of small entities that meet this condition are considered to be insignificant in relation to the total number of small entities that do business with the Department of Defense. Therefore, the Department of Defense certifies that the change will not have a significant impact on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 et seq.).

E. Paperwork Reduction Act Information.

The interim rule does not contain information collection requirements which require the approval of OMB under 44 U.S.C. 3501 et seq.

List of Subjects in 48 CFR Parts 222 and 252

Government procurement.



CHARLES W. LLOYD
Executive Secretary
Defense Acquisition
Regulatory Council

Adoption of Amendments

Therefore, the DoD FAR Supplement contained in 48 CFR Parts 222 and 252 is amended as set forth below:

FRANK H. MURKOWSKI
ALASKA

CHAIRMAN, COMMITTEE ON
VETERANS' AFFAIRS
COMMITTEE ON ENERGY AND
NATURAL RESOURCES
COMMITTEE ON FOREIGN
RELATIONS
SELECT COMMITTEE
ON INDIAN AFFAIRS
SELECT COMMITTEE
ON INTELLIGENCE

United States Senate

WASHINGTON, DC 20510

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ANCHORAGE OFFICE
701 C STREET, BOX 1
(907) 271-2735

FAIRBANKS OFFICE
101 12TH AVENUE, BOX 7
(907) 458-0233

JUNEAU OFFICE
FEDERAL BUILDING, BOX 1647
(907) 888-7400

January 28, 1987

Colonel Otto J. Guenther, USA
Defense Acquisition Regulatory Council
Office of the Assistant Secretary of Defense,
Acquisition and Logistics
Washington, D.C. 20301-8000

Dear Colonel Guenther:

Several engineering and construction contractors bidding on a Navy project in Alaska recently contacted me to seek an interpretation of law and regulation dealing with restrictions on the employment of personnel for work on Construction/Service Contracts in Alaska and Hawaii (DAR Case 86-003).

While all the bidders knew that they were required to hire Alaska resident labor to fill construction trades positions, they were not sure whether they were required to fill positions on the project staff with resident labor as well.

I believe the legislative intent is clear. Workers employed by defense contractors or their subcontractors who perform work in Alaska, regardless of the nature of their duties, should be Alaska residents to the greatest extent possible. I also believe the DoD policy is clear on that point, as it tracks the language of the amendment almost precisely:

"Every contract... calling for construction or services to be performed in whole or in part within the State of Alaska... shall include a provision requiring the contractor to employ, for the purpose of performing that portion of the contract work within the particular state, individuals who are residents of that state, and who, in the case of any craft or trade, possess or would be able to acquire promptly the necessary skills to perform the contract." (DFARS Subpart 22.72, emphasis added)

I believe the DoD language makes it clear that on-site engineers, office personnel, and other project staff needed to perform that portion of the work in Alaska should be Alaska residents to the greatest extent possible, and I have made that interpretation known to the bidders in this particular project.

Colonel Otto J. Guenther, USA
January 28, 1987
Page 2

I would appreciate your confirmation of my interpretation, and notification of the same to the appropriate contracting authorities in order that any confusion in the future can be avoided. My staff contact on this matter is David Garman, who can be reached at (202) 224-6665.

Sincerely,

Frank H. Murkowski
United States Senator

Mr. Gil Florence
A-105
Environmental Protection Agency
401 M Street, S. W.
Washington, D. C. 20460
382-4562

Mr. Tom Jones
Labor Advisor
Logistics Service
Federal Aviation Administration
800 Independence Avenue, S. W.
Washington, D. C. 20591
426-2667

Mr. Justin L. Logsdon
Assistant to the Secretary
for Labor Relations
Department of Housing and
Urban Development
Office of Labor Relations
451 - 7th Street, S. W.
Washington, D. C. 20410
755-5370

Mr. Allen Harding
Director of Industrial Relations
National Aeronautics and Space
Administration
600 Independence Avenue, S. W.
Washington, D. C. 20546
453-2882

Mr. William Oehrl
Contract Labor Relations Advisor
Naval Facilities Engineering
Command
Department of the Navy
200 Stovall Street
Alexandria, Virginia 22332
325-9230

Mr. Richard Hedges
Contract Labor Relations Advisor
Office of the Assistant
Secretary of the Navy
200 Stovall Street
Alexandria, Virginia 22332
692-8657

Mr. Doyle Williams
Special Assistant for Labor Affairs
Directorate, Contracting &
Manufacturing Policy
Department of the Air Force
Washington, D. C. 20330-5040
697-1879

Mr. Louis A. Cornet
Assistant for Labor Relations
Office of the Chief of Engineers
U.S. Army Corps of Engineers
20 Massachusetts Avenue, N. W.
Washington, D. C. 20314
272-0037

Maj. Steve Lundberg
Labor Advisor, CASA (RDA)
Department of the Army
Office of the Assistant Secretary
Washington, D. C. 20310
695-4363

Mr. Morris L. Myers
Director, Office of Industrial
Relations
Department of Energy
1000 Independence Avenue, S. W.
Washington, D. C. 20585
252-9008

Mr. Lyle Brown
Contractor Labor Relations
Specialist
Department of Energy
1000 Independence Avenue, S. W.
Washington, D. C. 20585
252-9019

Ms. Juanita Smith
Director, Employee Relations Div.
Department of Energy
1000 Independence Avenue, S. W.
Washington, D. C. 20585
252-9019

Mr. Gordon Gilson
Deputy Director of Industrial
Relations
National Aeronautics and Space
Administration
600 Independence Avenue, S. W.
Washington, D. C. 20546
453-2882

3-11-71
BANK

THE FOLLOWING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

FY 1988 MILITARY CONSTRUCTION TOTAL OBLIGATIONAL AUTHORITY AS REQUESTED

ACTIVE, GUARD AND RESERVE FORCES
INSIDE THE UNITED STATES
(\$ THOUSANDS)

DATA AS OF 05 JAN 1987

STATE/COMP./INSTALLATION -----PROJECT NAME-----	PROJ COST	TOTAL
ALABAMA		
AIR FORCE RESERVE MAXWELL AFB RESERVE FORCES OPERATIONAL TRAINING MAXWELL AFB	1,990	1,990
FAMILY HOUSING		
ARMY		
FORT RUCKER NEW CONSTRUCTION (7) FORT RUCKER FAMILY HOUSING	(110)	(110)
**ALABAMA		
AUTHORIZED IN PRIOR YEAR FAMILY HOUSING		28,692 (1,900) (110)
ALASKA		
ARMY		
✓ FORT GREELY ✓ TEST SUPPORT COMPLEX FORT GREELY	6,400	6,400
✓ FT J M WAINWRIGHT ✓ BARRACKS MODERNIZATION ✓ BATTALION HEADQUARTERS ✓ COMMUNICATIONS FACILITY ✓ DINING FACILITY ✓ FLIGHT SIMULATOR BUILDING ✓ MAINTENANCE COMPLEX ✓ MILITARY CLOTHING SALES STORE Tot FT J M WAINWRIGHT	15,000 2,200 2,250 4,000 3,350 42,000 570	89,970
ARMY		
76,370		
NAVY		
✓ NAVAL AIR STATION ADAK BACHELOR ENLISTED QUARTERS ADDITION RADAR SUPPORT FACILITIES (PHASE II) NAVAL AIR STATION ADAK	12,000 64,200	76,200
NAVAL HOSPITAL BRANCH ADAK EMERGENCY VEHICLE GARAGE NAVAL HOSPITAL BRANCH ADAK	700	700
NAVAL SECURITY GROUP ACTIVITY ADAK TRANSPORTATION BUILDING NAVAL SECURITY GROUP ACTIVITY ADAK	2,360	2,360
NAVY		
79,760		
AIR FORCE		
CLEAR SOLID STATE UNINTERRUPT POWER SPT CLEAR	4,000	4,000
EIELSON AFB AIRCRAFT MAINTENANCE COMPLEX DINING HALL EIELSON AFB	4,700 5,465	10,165
ELMENDORF AFB ALTER UNACCOMP ENLISTED PERSONNEL HOUSING TELECOMMUNICATIONS FACILITY ELMENDORF AFB	6,700 4,300	11,000

FY 1988 MILITARY CONSTRUCTION TOTAL OBLIGATIONAL AUTHORITY AS REQUESTED

ACTIVE, GUARD AND RESERVE FORCES
INSIDE THE UNITED STATES
(\$ THOUSANDS)

DATA AS OF 05 JAN 1987

STATE/COMP./INSTALLATION -----PROJECT NAME-----	PROJ COST	TOTAL
ALASKA		
AIR FORCE		
KING SALMON AFB COMMUNICATIONS FACILITY KING SALMON AFB	3,350	3,350
SHEMYA AFB ACQ-ALTER MECHANICAL/ELECTRICAL SUPPLY SYS AIRCRAFT MAINTENANCE HANGAR FIRE PROTECTION SYSTEMS UNACCOMPANIED ENLISTED PERSONNEL HOUSING SHEMYA AFB	3,400 15,000 1,350 18,900	38,350
VARIOUS LOCATIONS-ALASKA ALASKAN OTH-B REAL ESTATE ACQ SYSTEM ALASKAN OTH-B TECH SUPPORT FACILITIES VARIOUS LOCATIONS-ALASKA	5,300 10,000	15,300
**AIR FORCE		82,665
DEFENSE MEDICAL SUPPORT ACTIVITY		
FORT WAINWRIGHT TRCOP MEDICAL & DENTAL CLINIC FORT WAINWRIGHT	9,100	9,100
ARMY NATIONAL GUARD		
ELI SCOUT ARMORY ELI	246	246
JUNEAU ARMY AVIATION OPERATING FACILITY BOAT DOCK JUNEAU	3,522 255	3,797
NOME ARMY AVIATION OPERATING FACILITY NOME	4,152	4,152
NUNAPITCHUK SCOUT ARMORY NUNAPITCHUK	246	246
TOGIAK SCOUT ARMORY TOGIAK	246	246
ARMY NATIONAL GUARD		8,677
AIR NATIONAL GUARD		
EIELSON AFB COMPOSITE MAINT AND SITE PREP COMPLEX EIELSON AFB	15,400	15,400
KULIS ANGB ALTER HANGAR/AERIAL PCRT KULIS ANGB	950	950
**AIR NATIONAL GUARD		16,350
FAMILY HOUSING		
ARMY		
FORT WAINWRIGHT NEW CONSTRUCTION (150) FORT WAINWRIGHT FAMILY HOUSING	(29,000)	(29,000)
**ALASKA		272,922
FAMILY HOUSING		(29,000)



US Army Corps
of Engineers
Alaska District

Construction Program

Fiscal Year 1987

November 1986

	A Under 1 Million	B 1 - 5 Million	C 5 - 10 Million	D Over 10 Million	Advertise Fiscal Qtr
MILITARY CONSTRUCTION					
<u>Fort Greely</u>					
Rehab Dining Facility, 2 bldgs. Remove & Replace Asbestos, 1 Bngr Add Baths & Garages	X	X	X		4th Qtr 1st Qtr 3rd Qtr
<u>Fort Hainwright</u>					
Utility Expansion Dining Facility, 2 bldgs. Barracks Modernization TAC Equipment Shop, 2 bldgs. Child Care Center Install Mega Door Rehab Division Headquarters Repeve 3400 Area Replace Bridge	X	X X X	X X	X X X	2nd Qtr 1st Qtr 2nd Qtr 2nd Qtr 2nd Qtr 3rd Qtr 4th Qtr 3rd Qtr 3rd Qtr
<u>Fort Richardson</u>					
Replace Heating System, 4 bldgs. Replace Heating System, bldgs. 640 Replace Heating System, bldgs. 650 Replace Controls Boiler Plant	X X X	X			2nd Qtr 3rd Qtr 4th Qtr 4th Qtr
<u>AK Various</u>					
Replace Tank Gauges Rose Band Derrick	X X				1st Qtr 1st Qtr
<u>Elmendorf Air Force Base</u>					
Alter OEPH 2204 Fire Protection Flightline Hazardous Material Storage Library Loop Access Road Security Fence	X	X X X X X			1st Qtr 2nd Qtr 1st Qtr 3rd Qtr 1st Qtr 7.3v
<u>Elmendorf Air Force Base</u>					
Battery Shop Alter Elect Distribution System Security Police Facility M/R HQAC		X X X	X		2nd Qtr 1st Qtr 3rd Qtr 4th Qtr
<u>Clear</u>					
SATOOM Ground Terminal		X			3rd Qtr
<u>Galena</u>					
ADAL Power Plant UPH		X	X		2nd Qtr 2nd Qtr
<u>King Salmon</u>					
UPH ADAL Corp OPS Facility Replace Boilers, Stacks, Htng Sys		X X X			2nd Qtr 2nd Qtr 4th Qtr
<u>Shemya</u>					
DIESEL Storage ADAL Water System Solid State Uninterruptible Power Repair OAMP Bangar	X	X X		X	2nd Qtr 2nd Qtr 2nd Qtr 1st Qtr
<u>CIVIL WORKS SHETTISHAM PROJECT</u>					
Supervisory Control	X				2nd Qtr
<u>WINDA RIVER LAKES PROJECT</u>					
Visitors Facility	X				1st Qtr
<u>DERA</u>					
Driftwood Bay (Unalaska) Port Beiden/Port Moller Cape Thompson/Krusenstern		X X X			4th Qtr 4th Qtr 4th Qtr



6th INFANTRY DIVISION (LIGHT)

DESIGN AND CONSTRUCTION
PROJECTS

Guardian of the Great Land

CONTRACT PROGRAMS

RPMA: REAL PROPERTY MAINTENANCE ACTIVITY

OMA: OPERATION AND MAINTENANCE ACTIVITY

FHMA: FAMILY HOUSING MAINTENANCE ACTIVITY

MCA: MILITARY CONSTRUCTION ARMY

FY 87 CONSTRUCTION PROGRAM

I. MILITARY CONSTRUCTION ARMY (MCA):

-DEFINITION: MAJOR CONSTRUCTION PROJECTS WHICH ARE APPROVED AND APPROPRIATED BY CONGRESS TO CONSTRUCT NEW FACILITIES OR RENOVATE/ALTER EXISTING FACILITIES.

-CURRENT PROGRAM: \$72 MILLION AT FORT WAINWRIGHT TO PREPARE FACILITIES FOR ACTIVATION OF THE 6TH INFANTRY DIVISION (LIGHT).

II. REAL PROPERTY MAINTENANCE ACTIVITY (RPMA):

-DEFINITION: REPAIR, MAINTENANCE AND CONSTRUCTION PROJECTS PLANNED, PROGRAMMED, AND FUNDED BY THE 6TH INFANTRY DIVISION WITHIN THE ANNUAL INSTALLATION OPERATING BUDGET.

-CURRENT PROGRAM: \$52 MILLION

\$13 MILLION - ANNUAL CONSTRUCTION PROGRAM

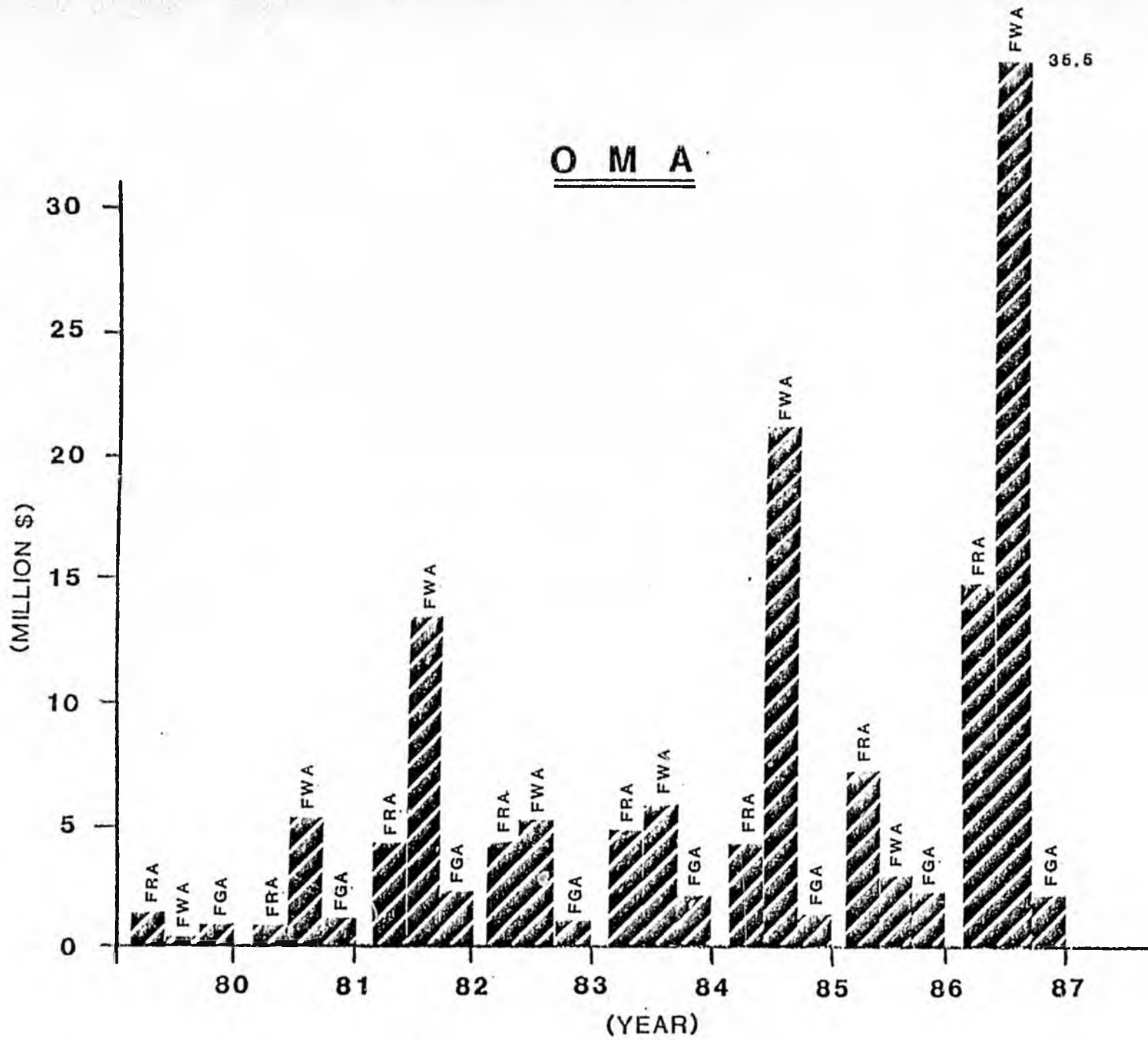
\$ 9 MILLION - JOB ORDER CONTRACT

\$30 MILLION - PLUS UP IN FY 87 APPROPRIATION TO SUPPORT NEW DIVISION

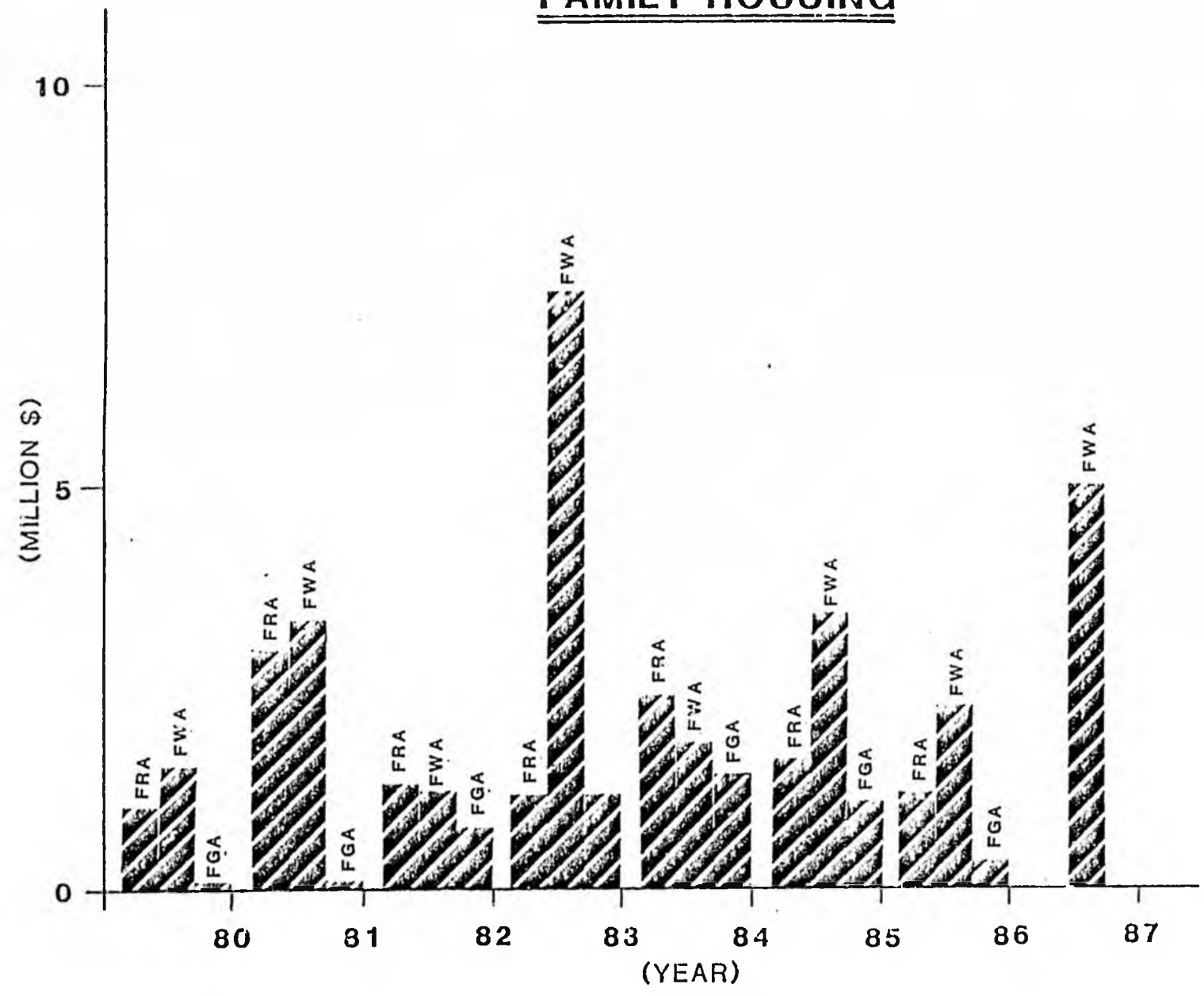
FY 87 RPMA PROGRAM DISTRIBUTION

	<u>OMA</u>	<u>FHMA</u>
FORT GREELY	\$ 1.5 MILLION	---
FORT RICHARDSON	\$35.0 MILLION	---
FORT WAINWRIGHT	<u>\$15.5 MILLION</u>	<u>\$ 5.0 MILLION</u>
	\$52.0 MILLION	\$ 5.0 MILLION

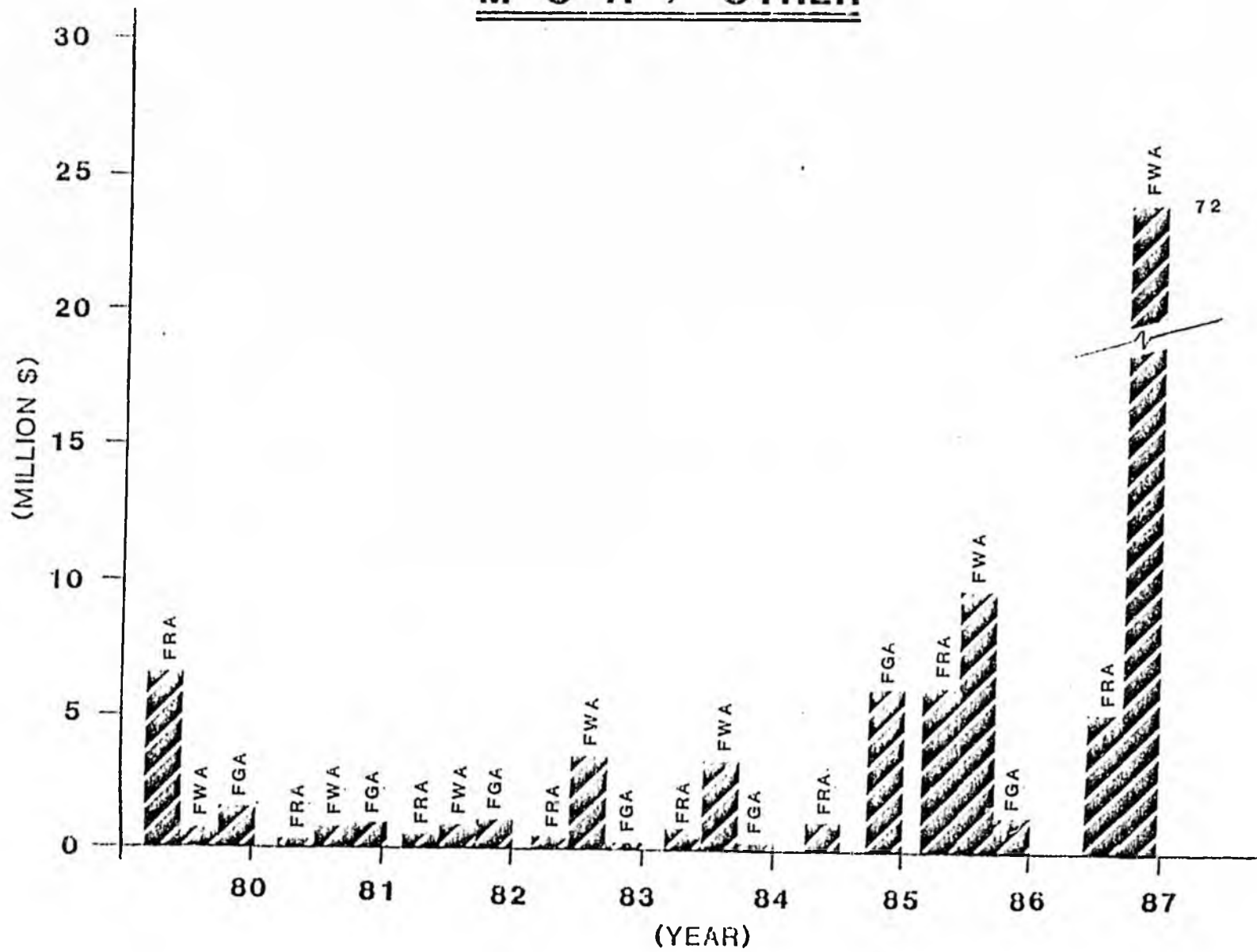
OM A



FAMILY HOUSING



M C A / OTHER



CONSTRUCTION CONTRACT PROGRAM PROJECTS
 FY 87 OPERATIONS AND MAINTENANCE ARMY (OMA)

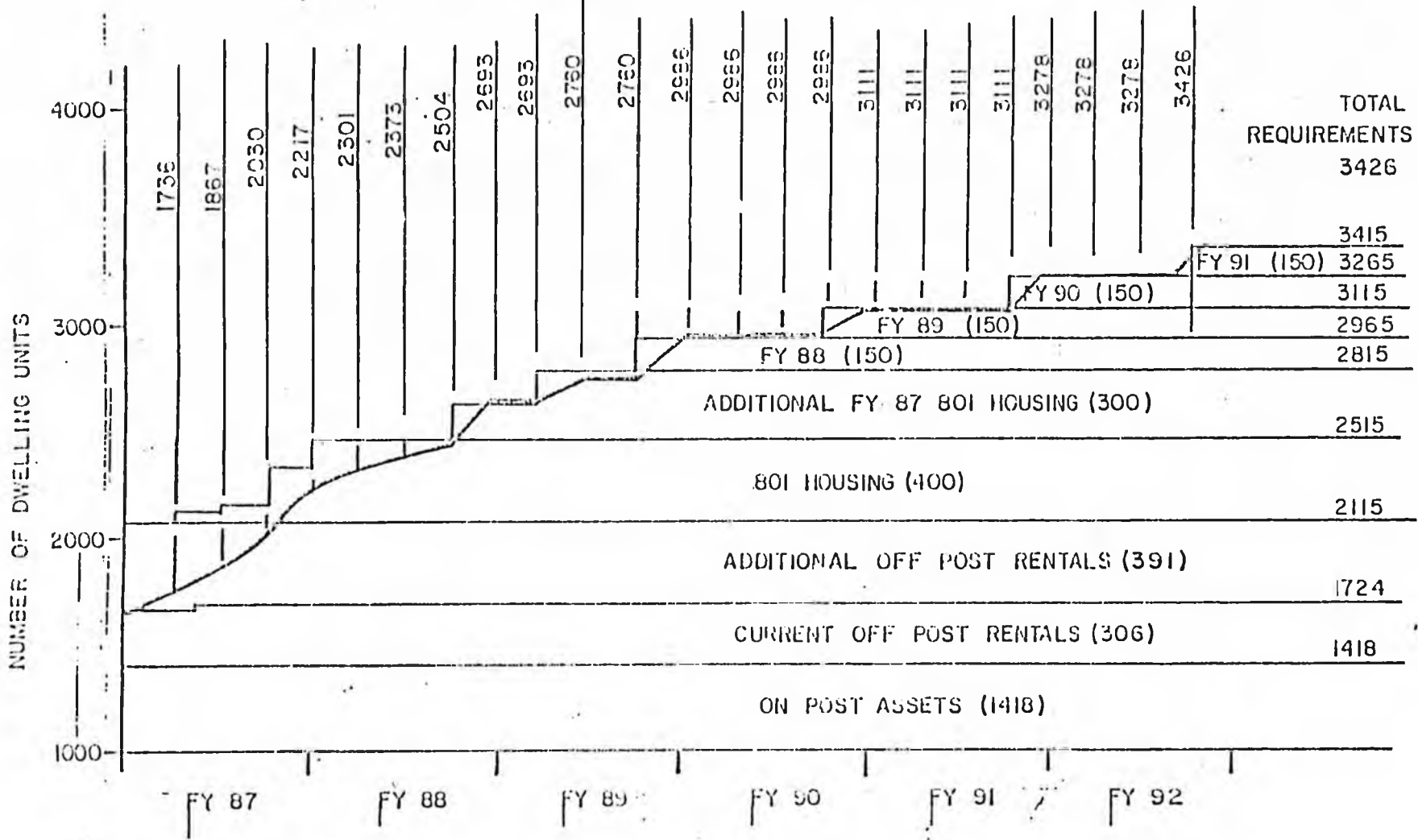
FORT WAINWRIGHT	<u>AWARD</u>	<u>CONTRACT START</u>
1. REPAIR ROOFS, BLDG 3599, 3567, AND 3566	MAR 87	MAY 87
2. RENOVATE BLDG, 4603	OCT 86	DEC 86
3. REPAIR ROOFS, BLDG 3015, AND 3030	DEC 86	APR 87
4. REPAIR/RENOVATE ADMIN OFFICES, BLDG 1555	SEP 87	NOV 87
5. REPLACE ENGINEER BRIDGE	JUL 87	AUG 87
6. REPAIR ROOFS, (2200 SERIES BLDGS)	MAR 87	MAY 87
7. REPAIR AIR CONDITIONING, BAH, BLDG 4065	AUG 87	SEP 87
8. REPAIR/RENOVATE HOSIPTAL ADMIN, BLDG 4066	JUN 87	AUG 87
9. REPAIR HANGAR DOORS, BLDGS 1557, 2085, 3005, AND 3008	APR 87	MAY 87
10. REPAIR ROADS AND PARKING LOTS (3400 SERIES BARRACKS)	MAY 87	JUN 87
11. REPAIR/RENOVATE BOQ'S, BLDGS 1061-62-64-65 & 66	JUN 87	JUL 87
12. REPAIR ROADS, VARIOUS STREETS	MAY 87	JUN 87
13. REPLACE SUPER HEATER TUBES CH&PP, BLDG 3595	JUN 87	JUL 87
14. REPLACE SIDING, BLDGS 3454, 3592, 3588, AND 1020	MAY 87	JUL 87
15. REPAIR/INSTALL FENCES, VARIOUS LOCATIONS	APR 87	MAY 87
16. INSTALL HANDICAP ACCESS, BLDGS, 3015, 1045, AND 3595	JUL 87	AUG 87
17. RENOVATE ADMIN OFFICES, BLDG 1557	SEP 87	OCT 87
18. REPAIR/RENOVATE MAINTENANCE SHOPS	AUG 87	OCT 87
19. REPLACE WINDOWS, BAH	MAY 87	JUL 87
20. REPLACE WINDOWS (3400 SERIES BARRACKS)	AUG 87	OCT 87
21. REPAIR/RENOVATE BASEMENTS (3400 SERIES BARRACKS)	AUG 87	OCT 87
22. DEMOLISH ABANDONED POWER PLANT	JUN 87	JUL 87

CONTRACTS WILL BE ADVERTISED 45-60 DAYS PRIOR TO CONTRACT AWARD

FORT WAINWRIGHT

6 NOV 86

REVISED PLAN WITH
ADDITIONAL 801 HOUSING

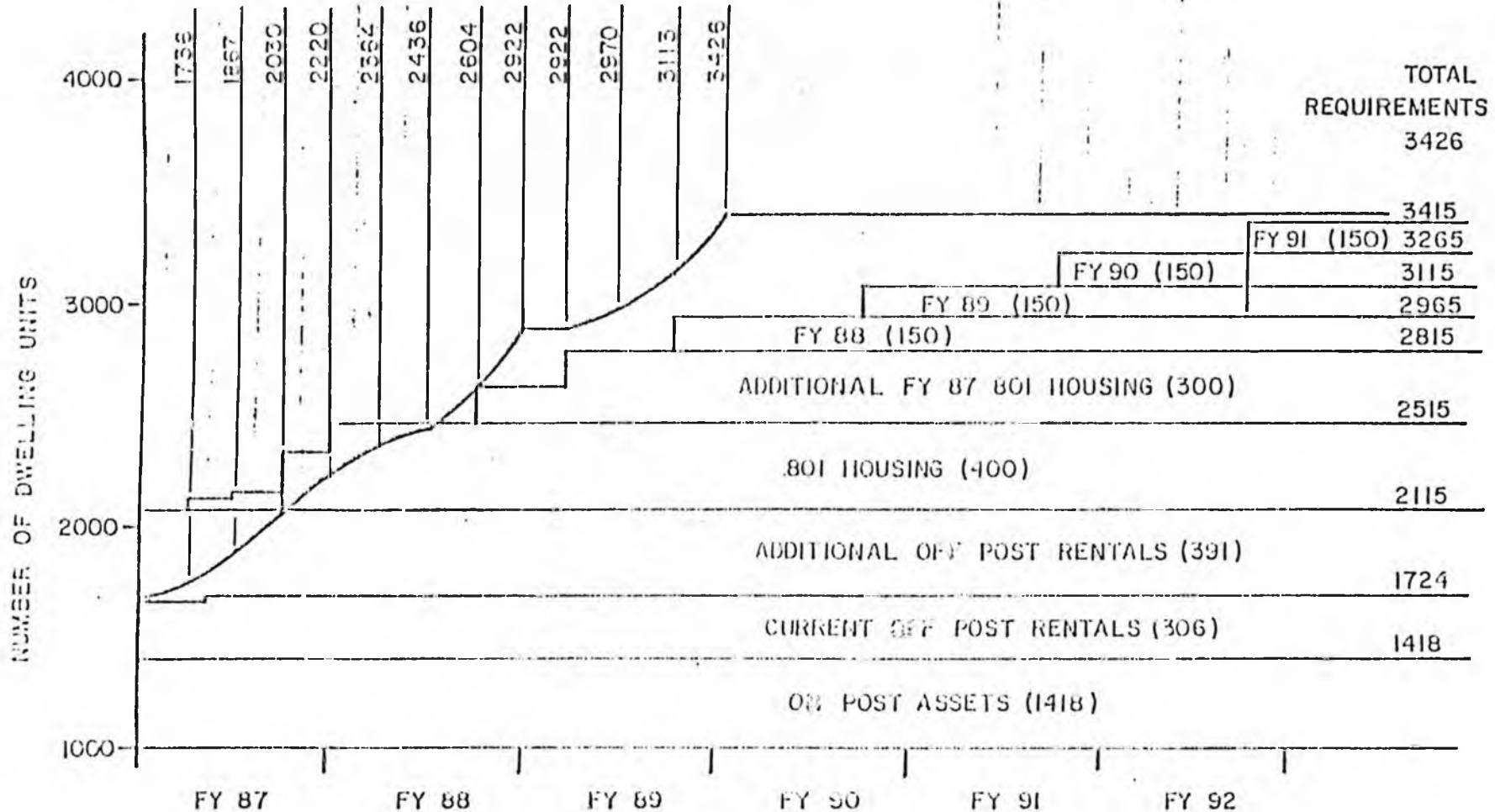


FORT WAINWRIGHT

Concept Plan Requirements with

6 NOV 86

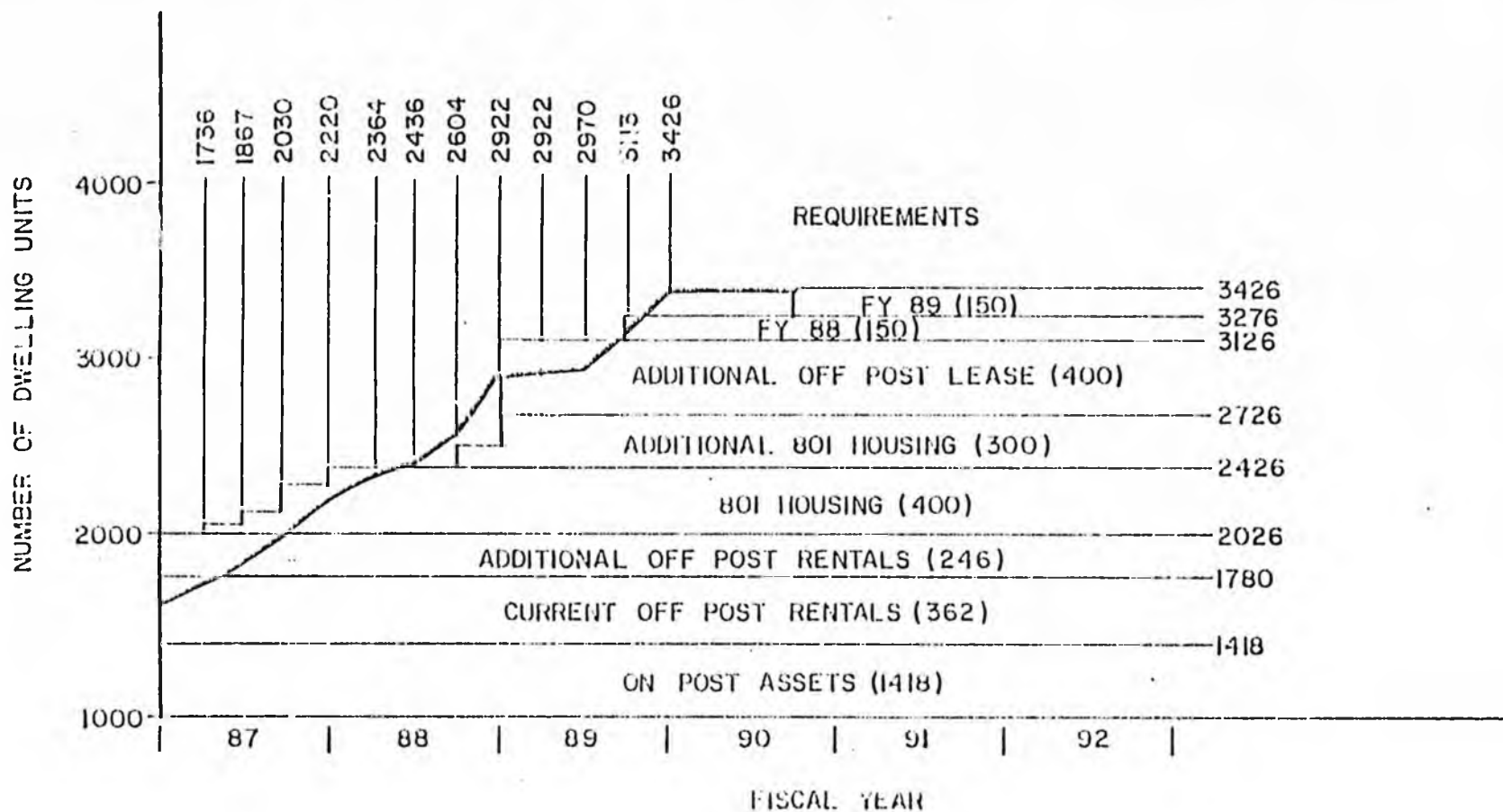
ADDITIONAL BOI HOUSING



FORT WAINWRIGHT

14 JAN 87

CONCEPT PLAN WITH ADDITIONAL OFF POST LEASE



FY 85 - 86 MCA, FII, NAF PROJECT LIST (AWARDED FY 86)

FY 85

<u>POST</u>	<u>PN</u>	<u>PROJ DESCRIPTION</u>	<u>SCOPE</u>	<u>CONTRACTOR</u>	<u>CONTRACT AWARD</u>
FR	280	BARRACKS MOD (B-668)	43,435 SF	CONSOLIDATED ENTERPRISES	2,883,100
FR	279	CHILD CARE CENTER ADDN	6,780 SF	DELTA CONST & ENGR INC	1,177,702

FY 86

FR	261	DINING FAC MOD (B-640)	9,313 SF	WATTERSON CONST	1,369,223
FR	287	SENSITIVE COMPARTMENTED INFO FACILITY (SCIF)	5,610 SF	CONTRACTING VENTURES INC	998,686
FG	141	CHILD CARE CENTER	9,375 SF	HEGDAL CONST	1,708,500
FW	147	BARRACKS MODERNIZATION	124,579 SF	ENSERCH AK CONST	7,935,000
FW	170	YOUTH CENTER ADDITION (NAF)	13,280 SF	GHEM CO INC & ASSOC JV	2,360,902

FY 87 MCA PROJECTS

16 JANUARY 1987

<u>POST</u>	<u>PN</u>	<u>PROJ DESCRIPTION</u>	<u>SCOPE</u>	<u>REMARKS</u>
FW	176	CHILD CARE CENTER	22,500 SF	(1) 300-CHILD FACILITY
FW	177	UTILITY DISTRIBUTION SYSTEM	182,000 LF	STEAM, CONDENSATE AND SEWER
FW	181	NEW DINING FACILITIES	2 BLDGS	(2) 1,000-MAN FACILITIES
FW	182	BARRACKS MODERNIZATION	215,000 SF	5 BLDGS @43,000 SF
FW	183	BDE/DVARTY TACT SHOPS	63,000 SF	(2) FACILITIES 1 - 42,000 SF 1 - 21,000 SF

FY 87 AFH PROJECT

FG	144-II	3/4-BATH & GARAGE ADDITIONS	144 UNITS	ADDITIONS TO 8-PLEX FAMILY HOUSING UNITS
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FY 88 MCA PROJECT LIST

16 JANUARY 1987

<u>POST</u>	<u>PN</u>	<u>PROJ DESCRIPTION</u>	<u>SCOPE</u>
FG	0142000	TEST SUPPORT COMPLEX	38,800 SF
FW	0175000	TROOP MED/DENTAL CLINIC	30,465 SF
FW	0178000	TACTICAL EQUIPMENT SHOPS	295,523 SF
FW	0194000	UH-60 FLIGHT SIMULATOR	13,500 SF
FW	0196000	CLOTHING SALES STORE	5,000 SF
FW	0197000	BARRACKS MODERNIZATION	10 BLDGS
FW	9235880	DINING FACILITY	(1) 650-MAN FAC
FW	9144100	BATTALION HQS BLDG	12,000 SF
FW	9148680	DPI/TCC (COMM CTR)	9,600 SF

JOB ORDER CONTRACT

DEFINITION: TERM, REQUIREMENTS TYPE, CONSTRUCTION CONTRACT FOR REPAIR,
MAINTENANCE, AND CONSTRUCTION OF REAL PROPERTY FACILITIES.

SCOPE: FORT WAINWRIGHT
FORT RICHARDSON
FORT GREELY

MAGNITUDE: \$ 1.0 MILLION MINIMUM
\$15.0 MILLION MAXIMUM

PERIOD: 15 MONTH CONTRACT WITH TWO 1-YEAR OPTIONS.

PREPROPOSAL CONFERENCE:

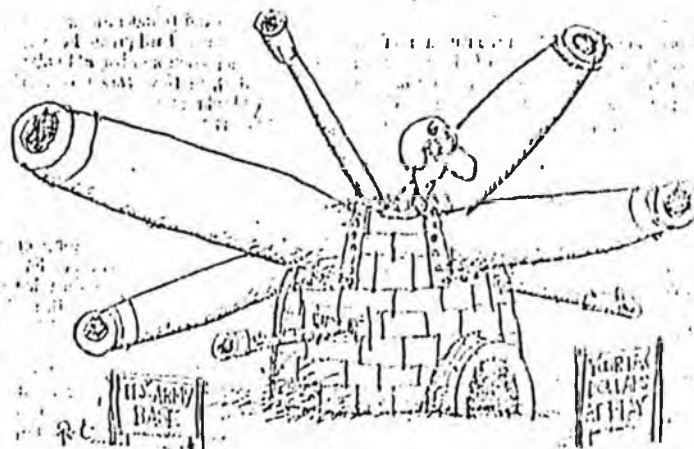
FORT WAINWRIGHT/FORT GREELY - 4 FEB
FORT RICHARDSON - 5 FEB

JOB ORDER CONTRACT

ADVANCE NOTICE TO CBD	8 DEC 86
RFP ISSUED	16 JAN 87
GREELY SITE VISIT	4 FEB 87
WAINWRIGHT SITE VISIT	4 FEB 87
RICH. SITE VISIT & PRE-PROPOSAL CONF.	5 FEB 87
CLOSE RECEIPT OF PROPOSALS	2 MAR 87 (4:00 PM)
NPACO SCREENING	3-5 MAR 87
EVALUATION OF PROPOSALS	9-20 MAR 87
NEGOTIATIONS	23 MAR - 3 MAR 87
FINAL SELECTION PROCESS	9-13 APR 87
MPD APPROVAL	10-18 APR 87
AWARD CONTRACT	19 APR 87
CONTRACT IMPLEMENTATION	29 APR 87

OUTLOOK

Commentary and Opinion



Frozen Pork

How Alaska's Sen. Stevens Got His Army Division

By William M. Arkin

A FUNNY THING happened to the Army's new 6th Infantry Division (light) on the way to battling extremists and desert commandos in Third World "low intensity conflicts."

Sen. Ted Stevens hijacked it to Alaska. Not that anyone's anticipating low-intensity conflicts in Alaska. In fact, Stevens managed to get the division for his home state not because we have determined exactly what the threat to Alaska is, but because we haven't. Meanwhile, every-

William M. Arkin is director of the national security program at the Institute for Policy Studies. He is co-author of a forthcoming book on U.S. military policy in the Pacific, "Naked as a Jaybird."

one seems to win: Alaska steps up from obscurity in military planning, Stevens gets his pork and the Army is assured a firm supporter for its otherwise questionable light division program.

In short, what we have here is a good example of how decisions are actually made about our defenses.

Let's start with "low-intensity conflict."

This magic phrase has opened new congressional coffers and accelerated "special operations" planning to a fever pitch. Secretary of the Navy John Lehman may have his "600 ships," and the Air Force may be bedecked with SDI and nuclear gas-bags, but with "low intensity conflict" the Army now has its light divisions and in the capricious ebb and flow of U.S. military priorities, it's

See ALASKA, D1, Col. 1

Frozen Pork in Alaska

ALASKA, From D1

at the top of the totem pole for the first time during the Reagan Administration.

How does a "light" division, which the Army originally promoted as the cutting edge of America's new fire brigade for Third World capability, end up in Ted Stevens' Alaskan snow?

When it comes to pork-barrel politics, Stevens is the master. He has used his hawkish views and position as chairman of the Senate subcommittee on defense appropriations to interfere in virtually every military decision which relates to his state. Stevens' clout is enhanced by Alaska's unique position in Pentagon politics. Because Alaska is a state and not an overseas military command, and because it was invaded by the Japanese in World War II (no kidding), and because it is opposite the Soviet Union (and therefore on the "front lines"), it receives special treatment by military planners.

But Pentagon officials are surprisingly frank in admitting that it wasn't strategic necessity but Ted Stevens that was the cause of a second division being activated for the "defense" of Alaska. A Department of Defense planner was quoted at the time: "It's a political thing pure and simple. . . . Once they decided to satisfy Stevens, they invented a rationale and said that the Russians are coming to threaten the Aleutians."

What the Army gets out of this is the chance to add another light division to its table of organization. As the Army put it in internal briefings after a 1981 study, "it became evident that there was a need to strengthen our land forces on the West Coast, particularly in Alaska." Ted Stevens for his part saw the opportunity to bring another "hog"—a general officer command—to his neck of the woods.

Stevens bluntly answers his critics: "I'm pleased to see this decision because it means a restoration of ground forces in Alaska, which are there to defend Alaska primarily and also the rest of the country, and I'm proud of the role I played in achieving that," he said in a telephone interview last week.

Ted Stevens' bookkeeping will cost the American taxpayer \$1 billion by fiscal year 1992. "In the cozy moments of the conference committee" this year, according to one Congressional staffer, Stevens not only managed to restore \$72 million cut by the Hodar for his new division in the military construction bill, but also wangled an additional \$10 million in the "operations and maintenance" account for construction of "temporary structure."

In a "Dear Casp" letter to Secretary of Defense Caspar Weinberger dated May 1, 1984, Ted Stevens stated that in view of "the intense competition and political poli-

tics involved in this selection" he thought it would be "important to stress how critical it is to me that Alaska be favored." He added that the decision "is so important that we should discuss it personally at our earliest opportunity. I suggest . . . sometime before May 7 so that the urgency of the Alaska priority is not overlooked in the Department's planning process."

The next day, Stevens sent Weinberger a hand-written note: "When you examine the enclosed [a comparison of defense procurement and operations spending between Alaska and other states] and realize that Alaska's votes in Congress have been consistently pro-defense, the request for consideration of Alaska as the place to deploy the light division just doesn't seem unreasonable."

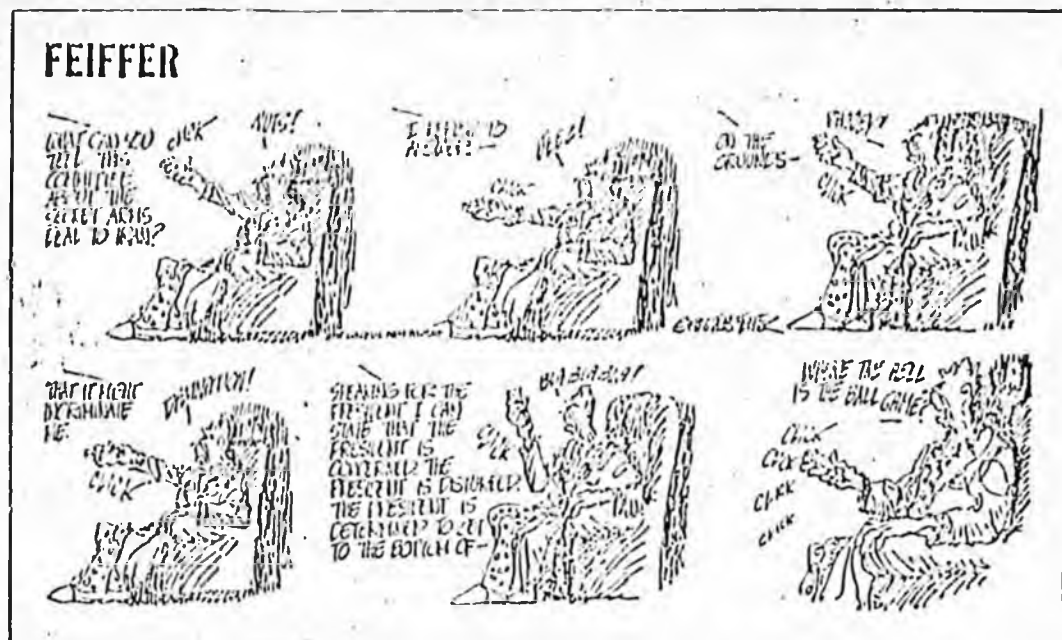
In a closed Pentagon budget meeting on July 26, the decision was made to add the second Stevens division and station it in Alaska. The Army officially designated Alaska as the "preferred alternative" for the second light division, pending "selection" in competition with other locations. According to an Army message of Sept. 11 informing senior commanders of the sudden decision to add two instead of one light division, "a broad examination of the Army's strategic and force posture . . . surfaced a need to strengthen our active component land forces on the west coast, particularly in Alaska, with additional structure. SECDEF [Secretary of Defense] has endorsed a proposal to activate an 18th AC [active component] Division (6th Inf Div) and to select Alaska as the preferred stationing alternative for this unit."

In October, an internal Army "Information Paper" stated that the Alaska light division would not have enough material support to be "globally deployable" and that "the 6th Infantry Division's primary mission, therefore, is one of Alaska/Aleutians theater defense." So much for low-intensity conflicts in the Third World.

Within days, Secretary of the Army John Marsh officially ruled in favor of Alaska as the base for the new division. The Army's internal "Public Affairs guidance" for the decision stated that the decision "allows us to improve our ability to protect this large and vital region while taking advantage of the facilities and unique training environment in Alaska."

Ironically, the original February 1981 Basing Alternatives study placed training factors among the disadvantages of the Alaskan location.

The Army still insists that Third World "deployment scenarios" for the 6th Division will be determined once the second brigade is fully formed in 1989. But don't hold your breath. By scaling down the division to two brigades to simultaneously please Stevens and keep within its congressionally imposed ceiling on manpower, the Army also cut the division's capability to de-



ploy overseas. In addition, the division's mission had to be reduced to "defense of Alaska," rather than rapid deployment overseas, because, among other reasons, it ended up being equipped with snowmobile-like vehicles rather than wheeled vehicles common to rapid deployment units.

At first, Army spokesmen went through great contortions to justify deployment to the state of Alaska—pointing out that Alaska lies closer to Europe and to most of the hotspots in the Third World (other than Central America) where a light division is likely to be needed. Ultimately, though, they just abandoned the entire Third World light-division jive. In March, when the division was activated, the Army frankly stated, "The mission of the 6th Division is the defense of Alaska and the initial defense of the Aleutian Islands."

This is just one example of Stevens' pork-barrel politicking. In fact, his interference in the light-division decision was minor compared to his interference in deliberations over the military chain of command in Alaska.

Ever since the Alaskan Command was eliminated in December 1974 because of fiscal cutbacks there has been lively discussion within the Joint Chiefs of Staff, the Pacific Command (PACOM) and Alaska about what the proper line of authority for Alaska defense should be. It seemed natural that Alaska be part of the Pacific Command.

But Stevens had other ideas. He feared that if Alaska was not a separate command it would lose its special status and attention.

In November 1980, Adm. Robert Long, commander-in-chief of the Pacific Command,

proposed to General Lew Allen, the chief of staff of the Air Force, that the Pacific Command be assigned responsibility for Alaska and the Aleutian Islands. A month later, according to declassified JCS memoranda, Allen, although supportive, "responded that political realities would seem to preclude a realignment in Alaska."

The issue lay dormant until 1983 when it turned into a battle between the Joint Chiefs, who wanted Alaska in the Pacific Command, and Secretary of Defense Caspar Weinberger, who cited objections by the Alaskan delegation.

The chiefs blaked it, noting: "Congressional concerns must be resolved before attempting to change Alaska Command relations—timing critical based on reelection bids."

The military doesn't really believe that there's a problem in defending Alaska and the Aleutians. Just what the light division is to defend against—the Red Army on dog sleds coming over the ice on its way to Chicago—is something that intelligence officers consider ridiculous. "Who's going to invade Alaska? The Russians? One Army officer asked. "Well then you're talking about global conflict and a light division doesn't mean a damn thing."

According to the current planning scenarios of the JCS, the most likely Soviet conventional option for attack on Alaska is small special forces teams infiltrating by air and sea to disable early warning sites, communications links, airfields, and power generation facilities.

Nevertheless, Alaska, our home soil, is a key element of the forward offensive strat-

egy of the Pacific Command. "The last frontier," as the military now calls it, sums up its meaning to today's war planners. "A real 'threat area,'" officers say.

"If we are forced to engage in global hostilities, in my command, I would envision intense sea and air engagements in the north-west Pacific and in the vicinity of the Aleutians," said Adm. William Crowe, commander-in-chief of Pacific Command and now chairman of the Joint Chiefs, before the Senate Armed Services Committee.

Alaska is a new cold war battleground because domestic politics influenced strategic decisions. The cynics may discount the bureaucratic maneuvers and military war games as having no meaning. They can claim that this is how everything is done in Congress. Meanwhile, the military, thwarted in its effort to make a logical framework for its strategy, has blown Alaska out of all previous proportion in the course of reorganizing the world into theaters of war.

Given public anger over the excesses of military spending, one feels compelled to yawn or roll one's eyes in reaction to the sales pitches of still more "threats" and "windows of vulnerability." But always behind the threat-mongering are new organizations, new operations and exercises, and new weapon systems.

Stevens was able to get a light division to Alaska and interfere in the military chain of command because a clearly defined mission really doesn't exist for the new light divisions and a serious appraisal of the "threat" to the state has never been made. If it turns out that there's a threat that a light division is just right to handle, we'll be ready.

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**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version : HJR 22
Publish Date : _____

Revision Date: _____
Title: "Relating to an agreement . . .
for enforcement of Alaskan hire . . ."
Sponsor: Boyer, Donley, et al
Requestor: House Labor & Commerce

Agency Affected: Labor
IRU: Labor Standards & Safety
Components: Wage & Hour

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		44.4	44.4	44.4	44.4	44.4
TRAVEL		21.2	21.8	22.5	23.2	23.9
CONTRACTUAL		9.0	9.3	9.6	9.9	10.2
SUPPLIES		.4	.4	.4	.5	.5
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		75.0	75.9	76.9	78.0	79.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS		75.0	75.9	76.9	78.0	79.0
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Tom Stuart, Director *Stuart* Phone: 465-4870
Division: Labor Standards & Safety Date: 3/24/87
Approved by Commissioner: Jim Sampson Date: 3/24/87
Agency: Labor

Distribution (by preparer) :

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

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version : HJR 22
Publish Date : _____

Revision Date: _____
Title: Resident hire on Dept. of
Defense contracts.
Sponsor: Zharoff et al
Requestor: House Labor & Commerce

Agency Affected : _____
BRU: _____
Components : _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

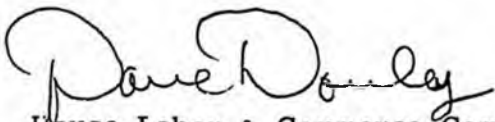
FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)



Prepared by : House Labor & Commerce Committee Phone : 465-3892
Division : _____ Date : March 24, 1987

Approved by Commissioner : _____ Date : _____
Agency : _____

- Distribution (by preparer) :
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