

S B

8 3

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT

APR 24 2001

SENATE FINANCE
COMMITTEE

DATE: 3/14/01

FURTHER:

DATE TURNED IN TO OFFICE: 25 April 01

Finance Committee considered SENATE BILL NO. 83

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

and recommends:

- be replaced with CS SB 83 (FIN)
- adopt previous CS forthcoming ()
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:

- same title
- new title

House Bill:

- same title
- technical title
- new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
DOT SPF	3/14/01		✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>			✓	
<i>[Signature]</i>		✗		
<i>[Signature]</i>		✗		
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
COCHAIR: <i>[Signature]</i>	✓			
COCHAIR: <i>[Signature]</i>	✓			

APR 24 2001

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 83
(S) Publish Date: 3/16/01

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
Title: Construction of Highways by DOT&PF BRU: Construction & CIP Support
Sponsor: Sen. Cowdery Component: All Regional Components
Requester: Senate Finance Component Number: _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
FUND SOURCE	0.0	0.0	0.0	0.0	0.0	0.0
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

If approved, SB 83 would prohibit the department from using state forces to construct (Force Account Construction or FAC) highway projects if the value of the project was greater than \$250,000. The majority of projects that are considered for Force Account Construction are federally funded. Federal provisions require that prior to approval of a force account project, the state must determine that this method will result in cost savings.

Since it is not possible to determine which projects will be considered for FAC over the next six years, we will base the projected savings on Calendar Year 2000. The estimated savings on 2000 Force Account projects (greater than \$250,000) was \$20,000,000. Assuming the amount of Force Account projects remains constant over the next six years, the lost savings would total \$120,000,000. This is \$120,000,000 in additional projects that would not be constructed during this six-year period if Force Account Construction were prohibited as proposed by SB 83.

Prepared by: Mark O'Brien, Chief Contracts Officer Phone 465-6990
Division: Contracting, Procurement and Appeals Date/Time 3/14/01 12:29pm
Approved by: Joseph L. Perkins, Commissioner Date 03/14/2001
Agency: DOT&PF

For distribution information, call the Governor's Legislative Office

SENATE FINANCE COMMITTEE
2004 COMMITTEE ACTION

4/24

Bill Number	SB 83		
Amendment			
Motion	pass		
<u>Motion by</u>	Donley		
<u>Objection by</u>	Hoffman		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Hoffman			✓
Senator Leman	✓		
Senator Olson			✓
Senator Ward	✓		
Senator Wilken	✓		
Senator Austerman	✓		
Senator Green			
Co-Chair Donley	✓		
Co-Chair Kelly	✓		
<u>Tally</u>			
Yea	6		
Nay	2		
Absent	S. Green		
MOTION	PASSES		

CS FOR SENATE BILL NO. 83(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR COWDERY

A BILL
FOR AN ACT ENTITLED

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

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 * Section 1. AS 19.10.170(a) is amended to read:

5 (a) Except as provided in AS 44.33.300, it is the general policy of the state to
6 require the construction of all highways under bid contract in accordance with
7 AS 36.30 (State Procurement Code). However, subject to the provisions of (b) of this
8 section, the department may perform the work notwithstanding any other
9 provisions of law

10 (1) when the estimated cost of a construction project is less than
11 \$100,000; or

12 (2) when
13 (A) it appears to be in the best interests of the state; and
14 (B) the estimated cost of a construction project is \$500,000

#1

#2

1
2
3

or less, or no responsive and responsible bidder submits a bid [THE
DEPARTMENT MAY PERFORM THE WORK NOTWITHSTANDING
ANY OTHER PROVISIONS OF LAW].

|

SENATE FINANCE COMMITTEE
4 1341 2001 COMMITTEE ACTION

Bill Number	SB 83		
Amendment	# 1		
Motion	adopt		
Motion by	Kelly		
Objection by			
Removed			
Second Objection by			
Committee Member	Y	Vote	N
Senator Austerman			
Senator Green			
Senator Hoffman			
Senator Leman			
Senator Olson			
Senator Ward			
Senator Wilken			
Co-Chair Donley			
Co-Chair Kelly			
Tally			
Yea			
Nay			
Absent			
MOTION	PASSED		

Conceptual amendment:

page 1, line 10 after "less,"
 insert:

"or the department has not obtained
 a responsive bid"

ALASKA STATE LEGISLATURE
SENATE DISTRICT I

Interim:
716 West 4th Ave.
Anchorage, AK 99501
Phone: 907-269-0222
Fax: 907-269-0223
Toll Free: 1-888-269-3879



Session:
State Capitol Bldg., Suite
101
Juneau, AK 99801
Phone: 907-465-3879
Fax: 907-465-2069
Toll Free: 1-888-269-3879

John J. Cowdery
Senate Transportation Committee, Chair
World Trade and State & Federal Relations
LEGISLATIVE COUNCIL, RULES, JUDICIARY

March 8, 2001

Sponsor Statement SB 83

SB 83 amends AS 19.10.170(a) to require that no highway construction project that exceeds \$250,000 may be done in house by force account. Current law would still require that any project that exceeds \$100,000 in value and proposed to be constructed in house would require a written finding of fact.

**Force Account/Public Interest Findings
Summary 1998-2000
(In Thousands)**

Force Account Summary for 1998-2000				
	Total	Labor (In House)	Other (Private)	(Notes)
1998	\$7,898.7	\$4,958.6	\$2,940.1	
1999	\$9,920.0	\$5,217.3	\$4,702.7	(5% increase)
2000	\$15,767.9	\$7,846.6	\$7,921.3	(50% increase)
3-Year Total	\$33,586.6	\$18,022.5	\$15,564.1	
The Portion of Force Accounting used for M/O				
	Total	Labor (In House)	Other (Private)	(Notes)
1998	\$5,709.2	\$4,066.9	\$1,642.3	
1999	\$9,920.0	\$5,217.3	\$4,702.7	
2000	\$12,056.0	\$6,975.6	\$5,080.4	
Total	\$27,685.2	\$16,259.8	\$11,425.4	

NOTE: In three years, 1998-2000, DOT&PF kept \$18M in house for force accounts. Of the \$18M, \$16.3M was used for M/O projects.

MAINTENANCE & OPERATIONS
NORTHERN REGION

ST. MARY'S AIRPORT ROAD REHABILITATION

PUBLIC INTEREST FINDING
9/11/00

This Public Interest Finding is to allow the use of State forces to accomplish construction of project STP-0200 (3) / 66880, St. Mary's Airport Road Rehabilitation. State forces will be a combination of local hire (new hire Non-perm State employees) and existing State employee's used as leadmen. There will be maximum utilization of local available personnel and equipment. This work will be performed using force account methods.

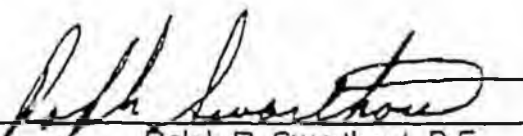
The project includes the rehabilitation of approximately 8.1 km of access road from the St. Mary's Airport to the post office in the city of St. Mary's. The existing road will be reconstructed to provide a two lane road 7.2 m from shoulder to shoulder. Asphalt surface treatment with high float emulsion will be applied to the entire length of the project. Work shall be as outlined in the final PS&E.


This project was developed by the Northern Region Design Section, approved by the Pre-Construction Engineer and accepted for construction by the Regional Director. The project will be constructed under the direction of a full time employed State Engineer in responsible charge of this project.

The legislative authority for the work on the Non-NHS route is (Federal 90.97%) 103/95/48/8; 139/98/76/16; 2/99/66/25 and (State 9.03%) 2/99/26/27.

Engineer's estimate in the final PS&E is \$3,526,739.50. The attached cost effective analysis demonstrates a revised estimate of \$2,999,514.44 using State forces, a cost savings of 14.9%.

It is hereby found to be in the public interest and consistent with Title 23, Section 635.104(b), of the Code of Federal Regulations to use Federal-aid highway funds (\$2,999,514.44) for force account construction of the St. Mary's Airport Road Rehabilitation project.

Recommended:  9/15/00
Ralph D. Swarthout, P.E. Date
Regional Director, Northern Region

Approved:  9/18/00
Mark O'Brien Date
Chief Contracts Officer, Headquarters

**MAINTENANCE & OPERATIONS
NORTHERN REGION**

ST. MARY'S AIRPORT ROAD REHABILITATION

**Force Account
Cost Effectiveness Analysis
9/11/00**

Data used in this analysis are from the Engineer's Estimate at Final PS&E (pages 3-4), revised Engineer's Estimate using State forces (page 5), labor rate cost analysis (page 6), and Standard Specifications for Highway Construction dated 1988, 109-1.05, Compensation for Extra Work.

The Adjusted Engineer's Estimate broke the Engineer's Estimate items into 3 categories: Labor, Equipment, and Materials by a percentage assigned to each category. Adjustment factors were then applied at applicable rates as follows:

Labor: 63% (as shown on page 6, computed per 109-1.05 #1).
Equipment: 100% (assume Contractor costs and State cost to be computed per 109-1.05 #3).
Materials: 85% (reduced 15% Contractor mark-up per 109-1.05 #2).

Items such as aggregates processing, surveying and mobilization are anticipated to be acquired under contract.

The Adjusted Engineer's Estimate (page 5) demonstrates that use of local State forces would be a cost savings of approximately 14.9% compared to using the competitive bid process, and a benefit to the surrounding communities by using available local hire and equipment.



ENGINEER'S ESTIMATE

STATE OF ALASKA -- DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES -- NORTHERN REGION

Project Number: STP-0200(3) / 66880

Project Name: ST MARTS AIRPORT ROAD REHAB

Item No.	Pay Item	Pay Unit	Unit Price	Quantity	Amount
BASIC BID					
201(4B)	HAND CLEARING	LUMP SUM	5,000.00	ALL REQUIRED	5,000.00
202(4A)	REMOVAL OF CULVERT PIPE	EACH	500.00	5	2,500.00
203(5)	BORROW	CUBIC METER	12.50	135,000	1,687,500.00
301(2)	AGGREGATE BASE COURSE	CUBIC METER	50.00	9,300	465,000.00
302(3)	PROCESSING FOR SUBGRADE MODIFICATION	METER	100.00	400	40,000.00
303(2)	RECONDITIONING	METER	100.00	375	37,500.00
405(1)	HIGH FLOAT ASPHALT SURFACE TREATMENT	SQUARE METER	6.00	60,000	360,000.00
603(17-600)	600 MM PIPE	METER	145.00	126	18,270.00
615(1)	STANDARD SIGN	SQUARE METER	750.00	4.48	3,360.00
615(2)	REMOVE AND RELOCATE EXISTING SIGN	EACH	250.00	1	250.00
615(5)	DELINEATORS, FLEXIBLE	EACH	25.00	494	12,350.00
618(2)	SEEDING	KILOGRAM	25.00	765	19,125.00
639(1)	APPROACHES	EACH	1,000.00	27	27,000.00
640(1)	MOBILIZATION AND DEMOBILIZATION	LUMP SUM	300,000.00	ALL REQUIRED	300,000.00
641(1)	EROSION AND POLLUTION CONTROL ADMINISTRATION	LUMP SUM	10,000.00	ALL REQUIRED	10,000.00
641(3)	EROSION AND POLLUTION CONTROL	CONTINGENT SUM	10,000.00	ALL REQUIRED	10,000.00
642(1)	CONSTRUCTION SURVEYING	LUMP SUM	20,000.00	ALL REQUIRED	20,000.00
642(3)	THREE PERSON SURVEY PARTY	HOURLY	175.00	75	13,125.00
642(4)	SET PRIMARY MONUMENT	EACH	500.00	31	15,500.00
642(10)	MONUMENT CASE	EACH	250.00	31	7,750.00
643(25)	TRAFFIC CONTROL	CONTINGENT SUM	7,500.00	ALL REQUIRED	7,500.00
644(1)	FIELD OFFICE	LUMP SUM	10,000.00	ALL REQUIRED	10,000.00
644(6A)	ENGINEERING TRANSPORTATION	EACH	8,000.00	2	16,000.00
647(1)	HYDRAULIC EXCAVATOR, CRAWLER MOUNTED 1.15 C.M. BUCKET, 130 KW MIN.	HOURLY	100.00	25	2,500.00

FINAL PS&E

AUG 23 2000

Northern Region

Prepared by: John O. Miller Date: 8/21/00 checked by: C.F. Date: 8/21/00
 ER11 3 OF 6 08/15/00 - 13:16:35



ENGINEER'S ESTIMATE

STATE OF ALASKA -- DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES -- NORTHERN REGION

Project Number: STP-0200(3) / 66880

Project Name: ST MARYS AIRPORT ROAD REHAB

Item No.	Pay Item	Pay Unit	Unit Price	Quantity	Amount
----------	----------	----------	------------	----------	--------

BASIC BID

647(2)	CRAWLER TRACTOR WITH HYDRAULIC BLADE, 220 KW MIN.	HOUR	100.00	25	2,500.00
Total Basic Bid (BB):					3,092,730.00
Less Construction Engineering 644() Exclusion(s):					-26,000.00
Subtotal Basic Bid Less 644() Exclusion(s) (sBB):					3,066,730.00
Construction Engineering (CE) at 15.0%:					+460,009.50
PROJECT TOTAL (sBB + CE)					3,526,739.50

Prepared by:

Patricia Allen

Date:

8/21/00

Checked by:

C.E.

Date:

8/21/00

ER11

4 OF 6

08/18/00 - 13:14:38

ADJUSTED ENGINEER'S ESTIMATE
 (Using Force Account Methods)
 *** REVISED ***
ST. MARY'S AIRPORT ROAD REHABILITATION

9/11/00

5 OF 6

ITEM	DESCRIPTION	ENGINEER'S ESTIMATE	% BREAKDOWN			ADJUSTMENT FACTOR			ADJUSTED ESTIMATE			ADJUSTED ESTIMATE
			LABOR	EQUIPMENT	MATERIALS	LABOR	EQUIPMENT	MATERIALS	LABOR	EQUIPMENT	MATERIALS	
201(4B)	Island Clearing	5,000.00	70%	25%	5%	63%	100%	85%	2205.00	1250.00	212.50	3,667.50
202(4A)	Removal of Culvert Pipe	2,500.00	40%	50%	10%	63%	100%	85%	630.00	1250.00	212.50	2,092.50
203(5)	Borrow	1,687,500.00	40%	35%	25%	63%	100%	100%	425250.00	500625.00	421875.00	1,437,750.00
301(2)	Aggregate Base Course	465,000.00	40%	35%	25%	63%	100%	100%	117180.00	162750.00	116250.00	396,180.00
302.3	Subgrade Modification	40,000.00	40%	60%	0%	63%	100%	85%	10080.00	24000.00	0.00	34,080.00
303.2	Reconditioning	37,500.00	40%	60%	0%	63%	100%	85%	9450.00	22500.00	0.00	31,950.00
405.1	High Float Asphalt Surface Treatment	960,000.00	50%	25%	25%	63%	100%	100%	113400.00	90000.00	90000.00	293,400.00
603	600 MM Pipe	18,270.00	30%	40%	30%	63%	100%	85%	3453.03	7308.00	4658.85	15,419.88
615.1	Standard Sign	3,360.00	45%	15%	40%	63%	100%	85%	852.58	504.00	1142.40	2,599.98
615.2	Remove and Relocate Existing Sign	250.00	75%	15%	10%	63%	100%	85%	118.13	37.50	21.25	176.88
615.5	delineators, Flexible	12,350.00	65%	15%	20%	63%	100%	85%	5057.33	1852.50	2099.50	9,009.33
618.2	Seeding	19,125.00	45%	20%	35%	63%	100%	85%	5421.94	3825.00	5689.69	14,836.63
639.1	Approaches	27,000.00	35%	40%	25%	63%	100%	85%	5953.50	10800.00	5737.50	22,491.00
640.1	Mobilization & Demobilization	300,000.00	30%	70%	0%	63%	100%	85%	56700.00	210000.00	0.00	268,700.00
641.1	Erosion & Pollution Control Admin	10,000.00	75%	5%	20%	63%	100%	85%	4725.00	500.00	1700.00	6,925.00
641.9	Erosion & Pollution Control	10,000.00	75%	5%	20%	63%	100%	85%	4725.00	500.00	1700.00	6,925.00
642.1	Construction Surveying	20,000.00	85%	10%	5%	100%	100%	100%	17000.00	2000.00	1000.00	20,000.00
642.3	Three Person Survey Party	13,125.00	85%	10%	5%	100%	100%	100%	11156.25	1312.50	658.25	13,125.00
642.4	Set Primary Monument	15,500.00	85%	10%	5%	100%	100%	100%	13175.00	1550.00	775.00	15,500.00
642.10	Monument Case	7,750.00	85%	10%	5%	63%	100%	85%	4150.13	775.00	320.38	5,254.50
643.25	Traffic Control	7,500.00	50%	25%	25%	63%	100%	85%	2362.50	1875.00	1593.75	5,831.25
644.1	Field Office	10,000.00	25%	50%	25%	100%	100%	100%	2500.00	5000.00	2500.00	10,000.00
644.6A	Engineering Transportation	16,000.00	0%	100%	0%	100%	100%	100%	0.00	16000.00	0.00	16,000.00
647.1	Excavator, Crawler Mounted, 1 15 C.M., 130 KW Min.	2,500.00	40%	60%	0%	63%	100%	85%	630.00	1500.00	0.00	2,130.00
647.2	Crawler Tractor w/hydraulic Blade 220 KW Min.	2,500.00	40%	60%	0%	63%	100%	85%	630.00	1500.00	0.00	2,130.00

Total Basic Bid:	3,092,730.00	Adjusted Total Basic Bid: . 2,634,273.43
Less 644.1 & 644.6A:	(26,000.00)	Less 644.1 & 644.6A: (26,000.00)
Subtotal:	3,066,730.00	Subtotal: 2,608,273.43
CENG @ 15%:	460,009.50	CENG @ 15%: 391,241.01
	3,526,739.50	Adjusted Project Total: 2,999,514.44

% Of Original Estimate: 85.1
 % Cost Saving Using Force Account Methods: 14.9

Computed By: J. Prusak 0/11/00

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

Northern Region
St. Mary's Labor Cost Comparison
 9/11/00

State Force Account

Average work week is 6 days @ 10 hours/day

For Determining State Rate
 ST= First 7.5 Hrs Not to Exceed 37.5 ST Hrs/Wk.
 ST/OT= Amount Added to ST Until OT is Achieved.
 OT= Over 8 Hrs/Day and Over 40 ST Hrs/Wk.

Computation of State Loaded Rates
 Base x ST Loaded Rate Factor.
 Base x ST/OT Loaded Rate Factor.
 Base x 1.5 x OT Loaded Rate Factor.

- * Loaded Rate Factor Effective 7/17/00.
- ** Base Rates Per Schedule D Effective 7/1/00.

* Loaded Rate Factor		
ST	ST/OT	OT
1.81	1.24	1.24

Position	Quantity	Duties	Wage Group	Base	Loaded Hr Cost Per Person			Hourly Cost x Quantity		
					ST	ST/OT	O.T	ST	ST/OT	O.T
Operator	1	Foreman	61B	28.54	45.85	38.39	53.08	45.85	38.39	53.08
Operator	3	Dozer/Grader	53A	22.15	35.86	27.47	41.20	108.99	82.41	123.60
Operator	2	Roller	65A	20.09	32.34	24.91	37.37	64.68	49.82	74.74
Tx Driver	6	Belly Dump	64A	21.01	33.23	26.06	39.08	202.96	156.30	234.48
Tx Driver	1	Water Tk	64A	21.01	33.83	26.05	30.08	33.83	26.05	30.08
Labor	2	Asphalt/CMP	68A	18.98	30.53	23.51	35.27	61.06	47.02	70.54
Labor	2	General	67A	18.17	28.55	22.53	33.50	58.50	45.06	67.00
State Loaded Crew Cost Per Hour:								673.88	442.05	383.12

Weekly Crew Cost

	HOURS WORKED							Total Hours	Hourly Cost	Weekly Amount
	M	T	W	T	F	S	S			
ST	7.5	7.5	7.5	7.5	7.5	0	0	37.5	373.88	13924.23
ST/OT	0.5	0.5	0.5	0.5	0.5	0	0	2.5	442.05	1105.13
O.T	2	2	2	2	2	10	0	20	383.12	7662.40
State Loaded Crew Cost Per Week:								60	35,891.78	

Contractor Force Account

Average work week is 6 days @ 10 hours/day

For Determining Contractor Rate
 ST= Prevailing Rates Effective 8/01/00.
 OT= Over 8 Hrs/Day and Over 40 ST Hrs/Wk.
 Fringes = Prevailing Rates Effective 8/01/00.

Computation of Contractor Loaded Rates
 Ref: Standard Specifications 108-1.05 d1.

Position	Quantity	Duties	Wage Group	Hr Cost Per Person			Hourly Cost x Quantity			
				ST, Base	O.T. Base	Fringes	ST, Base	O.T. Base	Fringes	
Operator	1	Foreman	A1601-53	33.26	50.03	9.02	33.26	60.03	9.02	
Operator	3	Cozar/Grader	A1601	30.35	46.53	9.02	91.05	138.59	27.06	
Operator	2	Roller	A1604	29.09	43.65	9.02	65.10	87.10	18.04	
Tx Driver	6	Belly Dump	A2104	28.12	42.18	9.85	168.72	253.08	53.10	
Tx Driver	1	Water Tk	A2105	27.65	41.46	8.86	27.65	41.46	8.86	
Labor	2	Asphalt/CMP	A1203	25.98	38.93	9.74	51.99	77.86	17.48	
Labor	2	General	A1201	24.56	38.93	9.74	49.10	73.86	17.48	
Contractor Crew Cost Per Hour:								479.87	719.88	131.03

Weekly Crew Cost

	HOURS WORKED							Total Hours
	M	T	W	T	F	S	S	
ST	8	8	8	8	8	0	0	40
O.T	2	2	2	2	2	10	0	20
Fringe Hrs	10	10	10	10	10	10	0	60

Ref: Standard Specifications 108-1.05 d1.

a.)	80	478.87	26,792.20	a.) Total Hrs Worked in Work Week x ST Rate
b.)	20	239.89	4,797.80	b.) OT Hrs worked in Work Week x (OT Rate-ST Rate)
c.)	60	161.03	9,661.80	c.) Total Hrs Worked in Work Week x Fringe Rate
d.)	28,792.20	7.13%	2,062.88	d.) Amount From "a" x Work Comp Rate
e.)	0	0	0.00	e.) Per-Diem is include in Mob Item & is the same for both Forces
f.)	38,906.88	30%	11,872.07	f.) Sum of "a", "c", "d", "e" @ 30%
Contractor Loaded Crew Cost Per Week:			58,878.75	

*(class code 3516 highway heavy) Effective: 7/07/00

Summary of Labor Costs

State Loaded Crew Cost Per Week: 35,891.78
 Contractor Loaded Crew Cost Per Week: 58,878.75
Contractor Adjustment Factor: 1.58

Contractor forces are 58% higher than state forces.
 State forces are 37% less than Contractor forces.

**Force Account/Public Interest Findings
Summary 1998-2000
(In Thousands)**

Force Account Summary for 1998-2000				
	Total	Labor (In House)	Other (Private)	(Notes)
1998	\$7,898.7	\$4,958.6	\$2,940.1	
1999	\$9,920.0	\$5,217.3	\$4,702.7	(5% increase)
2000	\$15,767.9	\$7,846.6	\$7,921.3	(50% increase)
3-Year Total	\$33,586.6	\$18,022.5	\$15,564.1	
The Portion of Force Accounting used for M/O				
	Total	Labor (In House)	Other (Private)	(Notes)
1998	\$5,709.2	\$4,066.9	\$1,642.3	
1999	\$9,920.0	\$5,217.3	\$4,702.7	
2000	\$12,056.0	\$6,975.6	\$5,080.4	
Total	\$27,685.2	\$16,259.8	\$11,425.4	

NOTE: In three years, 1998-2000, DOT&PF kept \$18M in house for force accounts. Of the \$18M, \$16.3M was used for M/O projects.

FORCE ACCOUNT / PUBLIC INTEREST FINDINGS

Number	Name	1998 Gov't or.			*1	*2
		M&O	Local Agency	Village Safe Water	Labor \$	Other \$
001	NR NHS Road Pave & Bridge Refurb	X			1,764.0	1,386.0
002	CE NHS Crack Sealing & Bridge Repair	X			670.0	249.3
003	KTN-Cent Bus Dist Sidewalk Imp.		X		134.5	70.3
004	NR Surface Maintenance & Bridge Rehab.	X			1,064.0	* 2
005	Selawik Boardwalk Improvements		X		75.0	310.0
006	Rural Ak. Sanitation Rds.-Chignik Lagoon			X	350.0	450.0
007	SE Gold Rush Centennial Enhancements	X			20.2	7.0
008	SE NHS/Non Pave & Bridge Refurb.	X			500.0	* 2
009	Kongiginak Sanitation Boardwalk			X	250.0	450.0
010	SE Jnu-Hazard Elimination	X			48.7	* 2
011	KTN-Waterfront Promenade		X		82.2	17.5
Totals					\$ 4,958.6	\$ 2,940.1
1999						
001	NR FFY 99 NHS Prev. Maint. & Repairs	X			2,000.0	1,850.0
002	CE Bridge Maint/Repair FY 99	X			284.3	74.8
003	NR FFY 99 Non-NHS Maint. & Repairs	X			836.0	1,064.0
004	CE Crack Seal Program FY 99	X			643.4	224.3
005	SE NHS Pavement Rehab.	X			147.0	653.0
006	CE Asphalt Pave. Surface Refurb. FY 99	X			383.9	399.6
007	Force Account (AMHS) Wireless Com.	X			33.4	135.6
008	SE Non-NHS Pave. Rehab. FY 99	X			600.0	* 2
009	NR Dalton Hwv. Erosion Control	X			15.3	102.7
010	NR Surface Treatment, Brenwick/Craig	X			73.6	129.4
011	CE FY 99, Non-NHS Fed. Crack Seal Pro.	X			200.4	69.3
Totals					\$ 5,217.3	\$ 4,702.7
2000						
001	NR FFY 00 NHS M&O Prev. Maint.	X			2,215.6	1,604.4
002	NR FFY 00 CTP M&O Prev. Maint.	X			1,725.5	1,249.5
003	CE: FY 00 Central Region Crack Seal Crew	X			704.3	189.4
004	SE Non-NHS Pavement Rehab. (FFY00)	X			256.7	376.1
005	SE Road Surface Treatment (FFY00)	X			253.6	552.4
006	CE: Interstate Maint. & Bridge Repair FY00	X			260.4	139.3
007	Proj. #66740, Russian Mission AWOS Pad		X		47.2	* 2
008	Proj. #66740, Russian Mission Air. Clear.		X		122.0	* 2
009	CE: Bridge Maint./Repair Non-NHS FY 00	X			278.0	121.5
010	CE: Cascade Shop Reconstruction	X			82.0	230.0
011	SE Haines-Lutak Rd. Storm Drain	X			207.0	* 2
012	Chefomak Sanitation Boardwalk			X	262.2	1,117.8
013	CE: FY00 Non-NHS Fed. Crack Seal Pro.	X			580.6	227.8
014	SE Haines-Chilkat Lake Rd.	X			310.0	190.0
015	SE Skagway-Taiva River Erosion Control	X			90.0	* 2
016	Married Man's Trail Lighting		X		40.6	22.1
017	SE Wrangell Airport Control Reg. Shelter	X			11.9	0
018	Nunapitchuk Sanitation Boardwalk			X	399.0	1,701.0
Totals					\$ 7,846.6	\$ 7,921.3

Dollar Amounts are in Thousands

- *1 The column for State labor includes State owned equipment charges. And, where applicable, it includes small contracts let to entities that the State oversees under its Force Account work.
- *2 Where only a total estimated cost was available, the costs were included in the "Labor" column total. This results in an inflated estimate of the Labor costs associated with Force Account projects.

Saint Marys Force Account Project

- DOTPF is planning a 3.5 million dollar force account project this coming summer in Saint Mary's.
- This project in violation of AS 36.30.305 - \$100,000 procurement limit.
- This force account project will build a road from the village of Saint Marys approximately 8 miles to the airport.
- Using a force account project to attempt to cure an economic problem in the village of Saint Marys —due to a poor fishing season.
- State DOTPF will be hiring villagers as state employees and DOT will have to train these workers to operate heavy equipment.
- DOTPF will not be paying a Davis Bacon wage scale.
- Alaskan contractors will be denied an opportunity to bid on this project.
- There is no justification for this action.

Associated General Contractors of Alaska
Legislative Priorities
2001

Long Term Fiscal Plan - It is in the best interests of the State that the legislature and administration adopt a long-term fiscal plan that deals with the issue of falling petroleum revenues, the permanent fund, and new economic incentives. Part of this plan should include an increase in the gasoline tax and a dedication of those funds to underwrite the costs of highway maintenance.

Matching funds for transportation projects - The transportation infrastructure of Alaska is currently inadequate and requires continued planning, upgrades, and expenditures to assure the citizens of Alaska are provided with essential services. The economic benefit derived from this investment far exceeds the matching funds required to secure the federal matching funds. Accordingly the legislature is encouraged to continue providing full funding of the federal highway matching funds.

Funding for vocational/technical education - A majority of Alaska's high school graduates do not go to college yet the State's high school curriculum is oriented to college preparation. The legislature should adopt a more balanced funding approach to better prepare those students not pursuing post-secondary education for the world of work.

Pre-judgment interest on claims - Construction claims frequently represent differing opinions between the owner and the contractor regarding whether or not particular work was included in the bid documents at bid time. Since resolving these differences takes time and since the contractor incurred costs to complete the work, the contractor should be entitled to interest on the claim settlement from the time the claim was filed until payment.

Definition of design build - Design/build is a project delivery system that is widely used in private construction and is starting to gain acceptance in public construction. The Alaska procurement code does not contemplate or define design/build construction and therefore all such use by public entities is performed under the term "alternative procurement procedures". Due to the uncertainty as to the use and applicability of the design/build delivery system in the public sector, it is in the best interests of all parties that its use and definition be clearly set forth by the legislature.

Privatization of work done by State employees and limiting use of force accounting. Considerable work is undertaken each year by State workers that could be performed more efficiently in the private sector. Governmental employees involved in these activities should be transferred to more traditional governmental roles. In addition the utilization of force accounting should be significantly restricted. Force accounting is a project delivery system that trades accountability for convenience. Primarily used in rural Alaska, it is normally restricted to small projects. However recent attempts to increase its applicability to larger projects suggest that guidelines and procedures regarding its use are appropriate.

Native Village of Scammon Bay

100 Front Street PO Box 126 Scammon Bay, Alaska 99662-0126

Phone (907) 558-5425 Fax (907) 558-5134 E-mail: scammonbay@aitc.org

March 8, 2001

Senator Pete Kelly
119 N. Cushman Street Ste. 201
Fairbanks, AK 99701

Dear Pete,

We, the people of Scammon Bay, strongly and wholeheartedly oppose Senate Bill # 83. We need jobs for local residents during construction projects in our villages because we are in an economically depressed area in Alaska. The Governor of Alaska has declared our region, and economic disaster area for the last 3 years. We need to find jobs from any source for our people. The best sources are from those projects that are happening right in our communities.

Sincerely,



Andrew Kasayuli Sr.
President

Fax# (907) 452-4378
Phone# (907) 456-1383
P.O. Box 70752 Fairbanks, AK 99707



FAX

To: **Senator Pats Kelly**

From: **Jeff Alling**

Attention:

Total # of Pages: 1

Fax: (907) 465-5241

Date: 3-30-01

Phone:

CC:

Re: **Force Account Construction**

- Urgent
- For review
- Please Comment
- Please Reply
- Please Recycle

Dear Senator,

We strongly support Senate Bill 83 to limit the state's ability to engage in force account construction.

Sincerely,

Jeff Alling

This fax is intended for the sole use of the individual and entity to whom this fax is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. You are hereby notified that any dissemination, distribution or duplication of this fax by anyone other than the intended addressee or designated agent is strictly prohibited. If you receive this fax in error, please notify the firm immediately by calling the number on this fax cover sheet and send the original fax to us by mail to: P.O. Box, Fairbanks, AK 99707.

AURORA ELECTRIC DATATEL

April 2, 2001

The Honorable Senator Pete Kelly
Alaska State Senate

Re: Force Account Construction

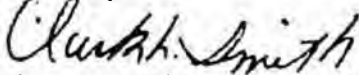
Dear Mr. Kelly:

Associated Builders & Contractors of Alaska along with Aurora Electric/DataTel has adopted a position in opposition to "Force Account Construction." As you know "Force Account Construction" is where the state hires its own forces to perform construction work, bypassing the competitive bid process. Where federal funding is involved, the state has justified this practice to federal agencies by citing the reduced project cost of wages realized by avoiding Davis-Bacon regulations, in effect, the state is paying sub-standard construction wages on government work, eliminating opportunities for private sector employers who would be required to conform to Davis-Bacon regulations on that same work.

In addition village residents hired for force account construction will be required to join Local 17 (State Employees Union). Once on the state payroll, there is strong likelihood they will remain in some capacity after the project is complete. If done "Force Account" local residents will be paid substantially less than the prevailing wage (Davis-Bacon), which in effect would be not only unjust but discriminatory. Administrative costs will be "buried" in some other state account. The state will likely purchase equipment excess to future needs and current equipment would be subject to abnormal wear. There will be no incentive for cost control and innovation as is routine in the competitive bid process. Last year the legislature spent significant resources of time and money to conduct a study on privatization. An increase in "Force Account Construction" flies in the face of the privatization goal.

Senate Bill 83 will limit the state's ability to engage in "Force Account Construction."
Thank-you for your attention in this matter, we are looking forward in hearing from you.

Sincerely,



Clark L Smith
Business Development
Aurora Electric/DataTel
1118 E 70th Avenue
Anchorage, Alaska 99518

dist. by Sen. Olson

CE2 Engineers, Inc.

MEMORANDUM

TO: Ron Clarke, Governor's Office **By Fax to:** 465-3552

FROM: Chuck Eggener, P.E., CE2 Engineers

SUBJECT: CE2 Engineers - Force Account Construction History and 10-year Association with the City of St. Mary's

DATE: July 31, 2000

FOR MARK-
5 pages

St. Mary's City Manager, Walton Smith, asked me to provide you with some information about our firm and its association with the City of St. Mary's.

CE2 Engineers, Inc. (CE2) is an Alaskan owned engineering and force account construction management company with 40 employees specializing in design engineering and construction management services exclusively for rural Alaska. The firm was formed in 1985. We have been the City Engineer for St. Mary's since 1990.

Since its founding CE2 has managed force account construction for more rural Alaskan projects than any other private sector firm, both in dollar volume and number of successful projects. Over the past 15 years, we have managed construction for \$130 million of projects in over 40 rural Alaskan communities, including \$7 million of construction in St. Mary's.

Our staff includes six design engineers, 14 construction superintendents, three procurement specialists, two expeditors, two construction surveyors, two mechanics, two construction accountants, drafters and other support personnel. See the attached Organizational Chart.

CE2 has teamed with rural Alaskan communities to construct all types of projects including roads, water and sewerage systems, community buildings, waste heat improvements, bulk fuel facilities, etc. The attached Table of Rural Projects highlights our experience and states the construction value of the projects completed in each community.

CE2 and the City of St. Mary's have worked together for ten years to build approximately \$7 million of force account projects in the community including an ISTEA roads project funded by DOT, a water supply dam, water treatment plant, water storage tank, several miles of water and sewer lines, water and sewage pumping stations, retail fuel facilities, waste heat improvements, building improvements and several other types of projects.

Typically CE2 designs these projects, then works with the City to procure materials, equipment and services, arrange logistics, etc. When materials arrive in St. Mary's CE2 personnel direct local construction crews hired by the City, ensure quality control, approve vendor invoices, etc. and generally assist the City manage and complete the project. After project completion CE2 provides record drawings and assists the City with project closeout.

P.O. Box 232946 • Anchorage, AK 99523-2946 • (907) 349-1010 • Fax: (907) 349-1015

Ron Clarke
Page 2 of 2
July 31, 2000

The firm currently has term contracts with the Department of Community and Economic Development (DCED) to provide force account construction management services for rural fuel tank farms. CE2 also has a term contract with the Alaska Native Tribal Health Consortium (ANTHC) to provide design engineering and force account construction management services for rural sanitation projects, which typically require some road construction. In addition, CE2 is in the fourth year of providing design engineering and force account construction management services for a \$25 million dollar, six year utility upgrade project in downtown Nome, which includes water, sewer, storm drain, road reconstruction and paving.

CE2 recently teamed with the City of Hooper Bay to construct a \$3.4 million sanitation roads project funded by Federal Highways under the same program that is funding the St. Mary's Airport Road Rehabilitation Project. The 3.5 mile Hooper Bay project is 98% complete. ADOT's Central Region has been quite satisfied with the work. Mike Tooley, P.E., is ADOT's project manager for Hooper Bay. Mike can be reached at 269-0450.

The bottom line is that the City of St. Mary's, with assistance from CE2 Engineers, can easily manage and execute the St. Mary's Airport Road Rehabilitation Project. St. Mary's has proven that it can successfully complete large force account construction projects, including road projects, and CE2 Engineers has a decade long construction management relationship with the City. CE2 also has experience with force account construction of a similar \$3.4 million roads project in Hooper Bay.

As an aside you might mention to the Governor that CE2 is the firm that, in 1986, test pumped a well, built a well house, installed one mile of above ground watermain and connected approximately 40 homes to temporary water service in Peters Creek - when a leaking fuel tank contaminated several private wells. The Governor was Mayor of Anchorage then. He promised the community the job would be completed in two weeks. We worked around the clock and did it in 10 days. The community held a picnic to honor the Mayor.

We've been around construction for a long time and know what can be done. The City is well qualified to complete the St. Mary's Airport Road Rehabilitation Project and the local people need the jobs.

If I can provide additional information, please call me at 349-1010.

P.O. Box 232946 • Anchorage, AK 99523-2946 • (907) 349-1010 • Fax: (907) 349-1015

Received Jul-31-00 02:40pm From-9073491015 To-City of St. Mary's Page 02

9:51pm From-City of St. Mary's 907-438-2719 T-308 P.02/05 F-875

TABLE OF RURAL PROJECTS COMPLETED BY CE2

* INDICATES COMMUNITY WHERE WORK WAS DONE IN THE LAST FIVE YEARS.

(IP) INDICATES WORK "IN PROGRESS"

COMMUNITY

COMMUNITY	Boardwalk/Bridge	Booster Pumping Station or Wellhouse	Bulk Fuel/Retail Fuel	Dam Improvements	Force Main and/or Vacuum Sewer	Infiltration Gallery	Intake Pump Station	Lagoon	Lift Station	Mech. Wastewater Collection	Ocean/River Outfall	Planning and Feasibility Studies	Road Improvements	Septage or Honebucket Works	Septic Tank/Drainfield	Waste Heat Recovery	Water Distribution	Water and/or Sewer Services	Water Storage Tank System	Water Transmission Line	Well	Total Construction Value (Millions)	
* Akiachak															(IP)							5	
Aniak																							1
* Brevig Mission																					(IP)		5
* Chefornak																							3
Chignik Bay																							2
Chignik Lagoon																							2
* Cold Bay																							6
* Donlin Creek																							1
* Gambell																							9
* Healy Lake																							1
* Hooper Bay																							5
Huslo																							2
Ivanof Bay																							1
* Kolzebue																							6
* Lwr Yukon SD																							4
McGrath																							1
* Mountain Village																							6
* Nelson Lagoon																							2
Nanana																							4
* Noatak																							8

Almost all of these projects were constructed by Force Account methods with CE2 providing complete construction management services.

TABLE OF RURAL PROJECTS COMPLETED BY CE2

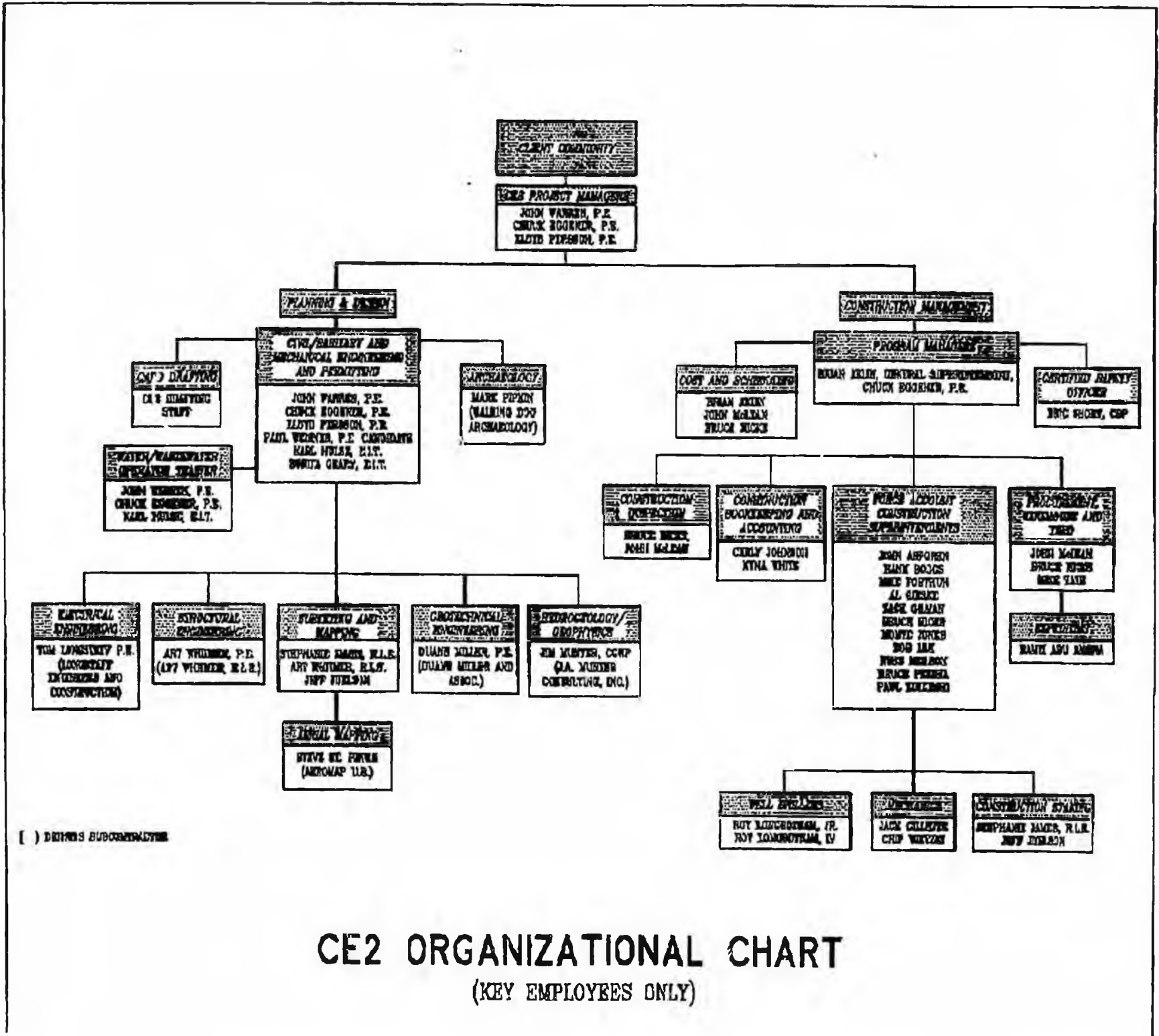
* INDICATES COMMUNITY WHERE WORK WAS DONE IN THE LAST FIVE YEARS.

(IP) INDICATES WORK "IN PROGRESS"

COMMUNITY

	Boorwalk/Bridge	Booster Pumping Station or Wellhouse	Bulk Fuel/Retail Fuel	Dam Improvements	Force Main and/or Vacuum Sewer	Gravity Wastewater Collection	Infiltration Gallery	Intake Pump Station	Lagoon	Lift Station	Mech. Wastewater Treatment Works	Ocean/River Outfall	Planning and Feasibility Studies	Road Improvements	Septage or Honeybucket Disposal Facility	Tanker Tank/Drainfield	Water Heat Recovery	Water Distribution	Water and/or Sewer Tank System	Water Storage Tank Services	Water Transmission Line	Well	Total Construction Value (Millions)
* Nome																							2.8
* Nunam Iqua																							3.1
Peters Creek																							1.1
* Pitkas Point																							1.1
Platinum																							1.1
* Sand Point																							1.1
* Seldovia																							1.1
* Shishmaref																							1.1
* St. George																							3.1
* St. Mary's																							1.1
* Shaktoolik																							1.1
* Sleetmute																							1.1
Stebbins																							1.1
Talkeetna																							1.1
Teller																							1.1
Tuluksak																							1.1
* Wales																							1.1
* Whitler																							1.1

Almost all of these projects were constructed by Force Account methods with CE2 providing complete construction management services.



() DENOTES SUBCONTRACTOR

CE2 ORGANIZATIONAL CHART
(KEY EMPLOYEES ONLY)

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 2/12/01

FURTHER: Finance

Date of 5-Day Notice: 2-21-01
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 3/13/01

Transportation Committee considered SENATE BILL NO. 83

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

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

- Senate Bill:**
 same title
 new title
House Bill:
 same title
 technical title
 new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

FN forthcoming

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	No REC	AMEND
<i>John H. Taylor</i>			<input checked="" type="checkbox"/>	
<i>Gene Wilber</i>	<input checked="" type="checkbox"/>			
<i>Jim Ward</i>	<input checked="" type="checkbox"/>			
<i>At D. S. R.</i>		<input checked="" type="checkbox"/>		
<i>Lo</i>				
CHAIR: <i>John H. Taylor</i>	<input checked="" type="checkbox"/>			