

HB

67

HFIN

FILE



217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

February 18, 2003

Representative Holm, Co-Chair
Representative Masek, Co-Chair
Transportation Committee
State Capitol, Room 101
Juneau, AK 99801

Re: HB 67

Dear Representatives,

The AML Public Works and Infrastructure Subcommittee reviewed HB 67 and recommends against its adoption.

This summer a number of public and private organizations worked on a compromise that took into consideration all of the aspects of this complex issue. The result is Administrative Order 199. I believe that all of the public and private groups involved in the discussions support working with new procedures.

Sincerely

Kevin Ritchie
Executive Director



Position Paper on Force Account Construction

ABC Alaska believes in a system of free enterprise and open competition. This premise is generally embraced by the State of Alaska as evidenced by the language existing in Alaska Statutes AS 19.10.170 and AS 35.15.010 which state it is the general policy of the state to require construction under bid contract in accordance with the state procurement code. Additionally, Alaska Statutes require: "*A contractor or subcontractor who performs work on public construction in the state, as defined by AS 36.95.010, shall pay not less than the current prevailing rate of wages for work of a similar nature in the region in which the work is done.*"

The intent of the Legislature is clear: public works ought regularly to be constructed in compliance with state procurement code and shall be regulated by "Little Davis Bacon" laws establishing prevailing wage rates. Force Account Construction by the state subverts this intent, bypassing the competitive bid process inherent in the state procurement code and hiring its own forces to complete construction work at sub-standard wages.

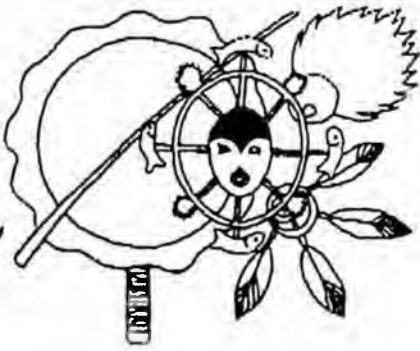
The two compelling arguments for Force Account Construction are cost savings and local hire. The cost savings are claimed by reduced labor costs and by the fact that the state does not have to make a profit. The payment of lower than prevailing wage has been used as the justification for avoiding federal procurement law by citing reduced project costs. 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 federal Davis-Bacon or Little Davis Bacon regulations on that same work. In short, this practice places the state in direct competition with private sector employers, a practice in direct conflict with privatization goals that have been expressed by the legislature over the past several years.

It may be argued that the published prevailing wage does not reflect local conditions. If this is the case, there is a mechanism in place to address the variation. 8 AAC 30.050 states "*A region may be subdivided into zones if the commissioner determines that the prevailing wage rate has local variations within the region...*" and "*Special prevailing wage rate determinations may be requested for special projects or special worker classifications, if the work to be performed does not conform to traditional public construction for which a prevailing wage rate has been established under (a) of this section.*" This would be in keeping with the intent of the Legislature and also protect the rights of the workers.

The contention that the state does not have to make a profit and therefore can operate at a lower cost is also misleading. While the state may not include a risk factor in its estimate, risk is still there. Delays and cost overruns will be borne solely by the state. Under bid contract, these risks and costs are borne by the contractor. The state will have no incentive for cost control and innovation as is routine in the competitive bid process. The notion that the State can compete with private industry on a level playing field is highly questionable and again flies directly in the face of the state privatization goal.

The local hire issue is also compelling and should not be ignored. Again, local residents are best served by a level playing field. Providing an accurate prevailing wage and including "helpers" in the job classifications will allow local residents the best opportunity to compete in the marketplace.

Senate Bill No. 40 and House Bill No. 67 will help limit the State's ability to engage in force account construction. The same language should be added to AS 44.33.300 and we, as a community, should then focus our efforts on improving the implementation of existing prevailing wage regulations to provide opportunities for local hire in a free and open competitive bidding environment.



Nunakauyak Traditional Council

TO ALL ALASKA STATE LEGISLATURES

Senator John Cowdery under Senate Bill 40 and Representative Jim Holm under House Bill 67 have introduced the bills which will affect the capital projects by "Force Account" in which we know will have devastating impact in our region and local economy.

With limitation on State-funded projects to no more than \$250,000 will not support local economy whatsoever. This limitation and phasing out construction jobs under force account will not help high unemployment rate in rural communities. Big construction companies and non-residents will only benefit from construction jobs instead..

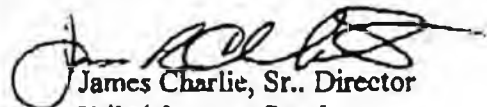
Villages do not even have economic base in which to support their own projects whether they are funded by the State or Federal government. The tribes or Tribal organizations have exercised their right to govern themselves by handling projects under force account thereby guaranteeing jobs to local residents who are jobless and have families to support. Big construction firms from outside of or even those based in Alaska do not always have that guarantee and instead bring in crews with them. This type of construction project do not support local economy.

The Alaska State Legislatures would be more lenient to its constituent's needs and well-being by helping them to protect their interest and allow them to continue to handle their own projects under force account. As a long time Tribal Council employee, I see many benefits that local force account projects provides to those who took part in construction projects which also help provide local economy little by little.

On the behalf of Nunakauyak Traditional Council (NTC) and many tribal governments and tribal organizations within AVCP/Calista region, I would like to humbly ask Senator Cowdery and Representative Holm to listen and reconsider or withdraw their bills immediately.

Last but not least, I would like to ask all Alaska State Legislatures to vote these bills down if the bills are not withdrawn by its original authors.

ON THE BEHALF OF NUNAKAUYAK TRADITIONAL COUNCIL


James Charlie, Sr., Director
Tribal Support Services

cc: Mr. David B. Tim, NTC Chairman
Editor, The Delta Discovery
Editor, The Tundra Drums



NOME JOINT UTILITY SYSTEM

a component unit of **CITY OF NOME**

P.O. Box 70 • Nome, Alaska 99762 • (907) 443-NJUS • Fax (907) 443-6336

February 28, 2003

The Honorable Rep. Richard Foster
ALASKA STATE LEGISLATURE
Juneau

Dear Rep. Foster:

Utilizing force account construction has allowed numerous quality improvements to be made to municipal services in Nome. The City and Utility have successfully completed tens of millions of dollars of projects. By using force account, we have been able to keep more money in the community, in the form of wages, rental of equipment and other local purchases.

In all cases in recent years, our employees have been represented by organized labor. We have negotiated a compensation package that fairly balances the needs of both labor and the community.

We would urge the legislature to retain the ability for government units in Alaska to utilize force account construction and are opposed to any action which would place limitations on the size of force account projects.

Thank you for your time.

Sincerely,



John K. Handeland, General Manager
NOME JOINT UTILITY SYSTEM

cc: Utility Board
Nome Common Council

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**NATIVE VILLAGE OF TUNUNAK
TUNUNAK IRA COUNCIL
PO BOX 77; TUNUNAK, ALASKA 99681
PHONE: (907) 652-6527 FAX: (907) 652-6011**

TO: ALASKA STATE LEGISLATORS

Date: March 12, 2003

FROM: James G. James, Tribal Administrator



Re: Senate Bill 40 and House Bill 67

MESSAGE:

Once again the construction of capital projects by force account within the State of Alaska has been put into place in question.

The Bill which has been sponsored by Senator John Cowdery and Representative Jim Holm would limit the construction of state funded capital projects by force account to those projects under \$250,000.00.

It will have a big impact especially to rural areas in which the majority of village members are in dire need of jobs and economic opportunities because of high costs of living.

I have seen many of our people that are in need to feed their baby and to clothe them with proper clothings during harsh winter months. A can of evaporated milk costs \$1.55 per can and the baby formula can costs nearly \$20.00 or more depending on the price market up. The clothings price are devastating compare to Anchorage prices. Although, people that are on welfare or on any assistance through State and Federal Assistance programs are just a quarter worth.

We urge you not to pass those two bills because it won't help the real Alaskans who needs it the most.

Thank You.

Subject: [Fwd: Force Accounting SB40 & HB67]
Date: Wed, 26 Feb 2003 11:14:38 -0900
From: Senator Donny Olson <Senator_Donny_Olson@Legis.state.ak.us>
Organization: Alaska State Legislature
To: Haven Harris <Haven_Harris@legis.state.ak.us>

Subject: Force Accounting SB40 & HB67
Date: Wed, 26 Feb 2003 10:25:05 -0900
From: "Boniface Chikigak" <bchikigak@msn.com>
To: Senator_Donny_Olson@legis.state.ak.us

Here in the bush villages the use of force accounting is very important to accomplish some projects.

On behalf of the Alakanuk Tribal Council and the Native Village of Alakanuk, I fully support the use of force accounting.

The Alakanuk Tribal Council is pursuing to improve the road conditions and to develop more roads in the future so that the much needed housing projects can be build.

Thank you for pushing to keep the force accounting alive!

MSN 8 with e-mail virus protection service: 2 months FREE*
<http://join.msn.com/?page=features/virus>

**KOTLIK TRADITIONAL COUNCIL
PO BOX 20210
KOTLIK, ALASKA 99620
Phone (907) 899-4326/4836 FAX (907) 899-4790**

3 March 2003

The Honorable Richard Foster
State Capitol, Suite 410
Juneau, Alaska 99801-1182

FAX (907) 465-~~4831~~ 32 42

Re: SENATE BILL 40 and HOUSE BILL 67

Dear Representative Foster:

This memo is to let you know that we denounce the above hostile bills because if they are passed it requires all state funded projects to be contracted and divert possible local income to outside companies. We have our very own members to construct any structure in our communities. These people are skilled and some that can become skilled. We need our own work forces. Local force account is very important to us and it helps our economy.

We request your assistance in opposing these two bills. If they are passed, it will also take our portion, if not all, our self-sufficiency and self-determination.

Quyenaqpuk!

Joseph P. Mike
President

Joseph P. Mike
JPM/pgs

St. Mary's Airport Road Rehabilitation Final Completion Summary Report

During the summers of 2001 and 2002, work was conducted to rehabilitate the St. Mary's Airport Road. The job consisted of rehabilitating approximately 8.1 kilometers of access road from the St. Mary's Airport to the post office in the City of St. Mary's. The existing road was reconstructed to provide a two-lane road 7.2 meters from shoulder to shoulder. A surface course was placed on the road to finish the project. Alaska Department of Transportation and Public Facilities' (ADOT) employees were used in completing the project by Force Account. Total cost of the project was \$2,470,000.

Work during the summer of 2001 included clearing, excavating and removing inappropriate material, placing pipe, and the placing of base and sub-base courses. Work extended from May 1 through the end of September and was conducted by local residents of St. Mary's, who were hired as temporary state employees.

To complete the work in 2001, 17 local residents were hired. Over the summer they worked a total of 9,618 hours, of which 2,847 hours were overtime. Total payroll for these employees was \$259,067. Training was provided for 13 of those employees through the Alaska Vocational Technical Center for obtaining Commercial Drivers Licenses. All of these obtained their CDL's through this process. Jobs by these employees included operating CAT Loaders, CAT Dozers, Dump Trucks and Rock Trucks. DOT foreman duties, administration and materials testing costs during this time period accounted for \$232,200.

Through a Memorandum of Understanding between the City of St. Mary's and the ADOT, St. Mary's provided equipment, mechanic/oiler services and fuel for the project. Through this memorandum, the City of St. Mary's was paid \$449,600 for equipment, \$103,630 for fuel and \$40,820 for mechanic/oiler services. Equipment used through the Memorandum of Understanding was new to the community and was retained by them after the project was finished. In addition, the City of St. Mary's received \$415,000 for aggregate that was taken from the city aggregate source.

Work during the summer of 2002 consisted of clearing, embankment construction and stabilization, grade raises, placing surface course and calcium chloride, installing delineators and reconditioning the borrow pits. The Maintenance and Operations Department of ADOT managed this phase of the project, due to their expertise in doing high float surfacing. However, it turned out that acceptable aggregate for conducting high float operations could not be produced on site and was too expensive to barge in to the project. Instead, surface material available was placed and conditioned in place, with calcium chloride applied as a binder/dust suppressant.

From May 31, 2002 through January 15, 2003, seven local residents were hired under M & O's management. Over the summer they worked a total of 1,027.50 hours of regular time, 545 hours of overtime and 200 hours of double time for a total of 1,772.5 hours. With M & O overhead and foreman personnel included, the total payroll for these

employees was \$100,331.45. Construction personnel charged an additional \$11,861.91 to the project over the same time period.

During the summer of 2002, the City of St. Mary's provided the following fuel, equipment, mechanic and oiler services and aggregate. Fuel charges from the City of St. Mary's totaled \$13,817.22. Equipment charges from the City of St. Mary's totaled \$84,427.85. Oiler and mechanic services that were provided totaled \$7,000.00. Aggregate purchases totaled \$309,307.25 including a \$500 gravel road access fee.



Emmonak Tribal Council

P.O. BOX 126
EMMONAK, ALASKA 99581
(907) 949-1720
FAX (907) 949-1384

March 05, 2003

Representative Mary Kapsner
State Capitol, Room 424
Juneau, Alaska 99801-1182

Re: Force Accounting SB40/HB67 And any other issues:

Dear Representative Mary Kapsner:

The Native Village of Emmonak and the City of Emmonak fully supports the use of Force Accounting here and in the surrounding villages that utilizes Force Account through SB40/HB67 in the Federal Government sections.

The high cost of Projects utilizing Force Accounts is one way to get projects done within Native Villages and through the Whole State of Alaska that have Capitol Projects.

Your assistance is vital for the whole State of Alaska in pursuing to keep the Force Account open for the Native villages and for the whole State of Alaska.

Our support is with your request Representative Mary Kapsner and in best regards.
Thank - you.

Sincerely,

Emmonak Tribal Council
President Joe Augustine

Emmonak Tribal Council
Secretary Roberta Charles

Emmonak Tribal Council
Administrator Wilbur Hootch

Cc: ETC - files

**NATIVE VILLAGE OF TUNUNAK
TUNUNAK IRA COUNCIL
PO BOX 77; TUNUNAK, ALASKA 99681
PHONE: (907) 652-6527 FAX: (907) 652-6011**

TO: ALASKA STATE LEGISLATORS

Date: March 12, 2003

FROM: James G. James, Tribal Administrator



Re: Senate Bill 40 and House Bill 67

MESSAGE:

Once again the construction of capital projects by force account within the State of Alaska has been put into place in question.

The Bill which has been sponsored by Senator John Cowdery and Representative Jim Holm would limit the construction of state funded capital projects by force account to those projects under \$250,000.00.

It will have a big impact especially to rural areas in which the majority of village members are in dire need of jobs and economic opportunities because of high costs of living.

I have seen many of our people that are in need to feed their baby and to clothe them with proper clothings during harsh winter months. A can of evaporated milk costs \$1.55 per can and the baby formula can costs nearly \$20.00 or more depending on the price market up. The clothings price are devastating compare to Anchorage prices. Although, people that are on welfare or on any assistance through State and Federal Assistance programs are just a quarter worth.

We urge you not to pass those two bills because it won't help the real Alaskans who needs it the most.
Thank You.

NIGHTMUTE TRADITIONAL COUNCIL

**P.O. Box 9021
Nightmute, AK 99690
Phone (907) 647-6215 Fax 6112**

March 12, 2003

TO: ALASKA STATE LEGISLATURES HOUSE & SENATE

FROM: JOE POST, PRESIDENT

RE: SENATE BILL 40 AND HOUSE BILL 67

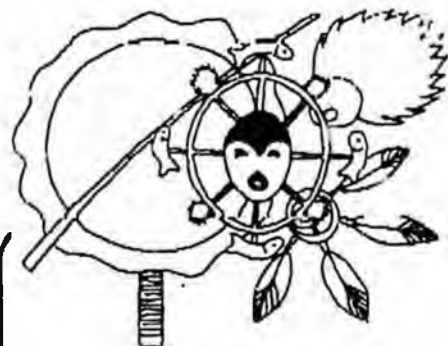
The construction of capital projects by Force Account in rural Alaska has created an option of income from the ongoing fisheries disasters. The State of Alaska has done little to improve the economy in rural Alaska and the Senate Bill 40 & House Bill 67 if passed will further impact the distressed state of rural Alaska.

We have shown our ability to carry out capital projects by Force Account and retain local income. Force Account projects have also shown the positive effects of local hire by renewed interest in job retraining. Voting against the two bills will keep the number of people on welfare & unemployment low. With the rising cost of living already high in rural Alaska and the Governor proposing budget cuts & taxes, it only makes sense to keep these bills from passing.

These two bills are divisive and ignorant to the rural economy that needs more growth. Thank You for your time and consideration.

Sincerely,


Joseph Post, President
Nightmute Traditional Council



Nunakauyak Traditional Council

TO ALL ALASKA STATE LEGISLATURES

Senator John Cowdery under Senate Bill 40 and Representative Jim Holm under House Bill 67 have introduced the bills which will affect the capital projects by "Force Account" in which we know will have devastating impact in our region and local economy.

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On the behalf of Nunakauyak Traditional Council (NTC) and many tribal governments and tribal organizations within AVCP/Calista region, I would like to humbly ask Senator Cowdery and Representative Holm to listen and reconsider or withdraw their bills immediately.

Last but not least, I would like to ask all Alaska State Legislatures to vote these bills down if the bills are not withdrawn by its original authors.

ON THE BEHALF OF NUNAKAUYAK TRADITIONAL COUNCIL


James Charlie, Sr., Director
Tribal Support Services

cc: Mr. David B. Tim, NTC Chairman
Editor, The Delta Discovery
Editor, The Tundra Drums

March 5, 2003

Representative Mary Kapsner
State Capitol, Room 424
Juneau, AK 99801-1182

Dear Representative Mary Kapsner,

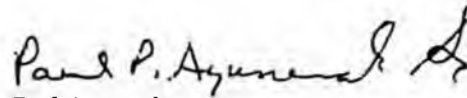
SUBJECT: FORCE ACCOUNTING SB40/HB67

The Alakanuk Tribal Council and the Native Village of Alakanuk fully support the use of force accounting here in the bush villages.

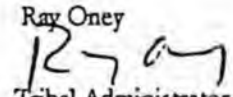
The high cost of accomplishing some projects in the communities, utilizing the force accounting is one way to get projects done in the bush villages.

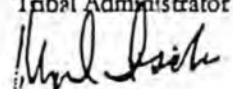
Thank you for pushing to keep the force accounting alive.

Sincerely,


Paul Ayunerak

Tribal President

Ray Oney

Tribal Administrator


Marcel Isidore

Tribal Council Member

Cc: Alakanuk Tribal Council

Files

STATE OF ALASKA
HOUSE OF REPRESENTATIVES

Representative Jim Holm



119 N. Cushman
Fairbanks, AK 99701
TEL 456-7423, FAX 451-9293

House District 9

State Capitol
Juneau, AK 99801
TEL 465-3466, FAX 465-2937

Sponsor Statement House Bill 67

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

Alaska statute requires that construction and maintenance contracts be awarded to the private sector on the basis of competitive bid.

However, statute also allows the state to fund small projects or repairs in-house through a "force account," meaning the state uses its own forces to accomplish the work.

To date, force account spending by DOT-PF has been frequently used to fund projects costing considerably more than \$250,000. Not only has this taken these dollars out of the private sector, it also omits the check and balance oversight and transparency of the competitive bid process.

House Bill 67 was introduced to insure that state force accounts are still allowed for smaller jobs while requiring that projects over \$250,000 utilize private contractors in the competitive bid process. Private contractors not only maintain an inventory of specialized equipment and employ skilled managers, but they assume risk-costs, thus providing the state with considerable savings.

DOT&PF FORCE ACCOUNT REPORT

By Calendar Year - Dollar Amounts are in Thousands

Labor - The "Labor" column includes State owned equipment charges. And, where applicable, it includes small contracts let to entities that supplemented State Force Account work.

Other - Material, rental equipment, etc. costs are shown in the "Other" column. Where only an estimated overall cost was available, the cost was placed solely in the "Labor" column. This results in an inflated estimate of the Labor costs associated with Force Account projects.

1998

Number	Name	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	
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	
009	Kongiginak Sanitation Boardwalk			X	250.0	450.0
010	SE Jnu-Hazard Elimination	X			48.7	
011	KTN-Waterfront Promenade		X		82.2	17.5
Totals					\$ 4,958.6	\$ 2,940.1

Total dollars committed to surface transportation funding for 1998 was \$ 406.3 million.

1998 FA work performed = 1.94 % of the total surface transportation program

\$ 7,898.7

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 Pav Rehab.	X			147.0	653.0
006	CE Asphalt Pav Surface Refurb. FY 99	X			383.9	399.6
007	Force Account (AMHS) Wireless Com.	X			33.4	135.6
008	SE Non-NHS Pav. Rehab. FY 99	X			600.0	
009	NR Dalton Hwy. 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

Total dollars committed to surface transportation funding for 1999 was \$ 524.0 million.

1999 FA work performed = 1.89 % of the total surface transportation program

\$ 9,920.0

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	576.1
005	SE Road Surface Treatment (FFY00)	X			253.6	552.4
006	CE: Interstate Maint. & Bridge Repair FY00	X			260.4	139.3
007	Proi. #66740. Russian Mission AWOS Pad		X		47.2	
008	Proi. #66740. Russian Mission Airport Clearing		X		122.0	
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	
012	Cheformak 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-Tajya River Erosion Control	X			90.0	
016	Married Man's Trail Lighting		X		40.6	22.1
017	St. Mary's Airport Rd. Rehab.	X			1,205.6	1,793.0
018	SE Wrangell Airport Control Reg. Shelter	X			11.9	
019	Nunapitchuk Sanitation Boardwalk			X	399.0	1,701.0
Totals					\$ 9,052.2	\$ 9,715.2

Total dollars committed to surface transportation funding for 2000 was \$ 463.8 million.

2000 FA work performed = 4.05 % of the total surface transportation program

\$ 18,767.4

2001

001	NR FFY 01 M&O Preventive Maintenance	X		7,150.0	
002	CE: FY 01 Non-NHS Fed. Crack Sealing Prog.	X		339.4	86.5
003	NR FFY 01 CTP Pavement Markings	X		7.3	43.3
004	South Naknek Airport Repairs		X	30.0	15.0
005	CE: Bridge Maint./Repair NHS FY 01	X		325.5	35.6
006	Kwigillingok Sanitation Road		X	764.2	2,235.8
007	Cordova Sidewalks Asbestos Removal	X		14.2	2.7
008	CE: Bridge Maint./Repair Non-NHS FY 01	X		373.6	74.0
009	CE: FY 02 NHS Crackseal IPM	X		701.1	210.6
010	CE: FY 02 Non-NHS Crackseal Program	X		670.6	185.6
Totals				\$ 10,375.9	\$ 2,889.1

Total dollars committed to surface transportation funding for 2001 was \$ 429.0 million.

2001 FA work performed = 3.09 % of the total surface transportation program

\$ 13,265.0

2002

001	NR FFY 02 M&O Preventative Maintenance	X		8,860.0	
002	SE Region Road Surface Treatment	X		527.0	
003	Dalton Hwy. Painted Traffic Markings	X		113.6	61.4
004	CR Bridge M& R, NHS FY '02	X		118.5	200.0
005	Soldotna: East Redoubt Ave. Improvements		X	633.0	
006	Statewide Emergency Sign & Traffic Signals	X	X	430.0	
007	Northern Region Winter Trail Marking		X	182.8	111.0
008	King Cove Lagoon Bridge		X		5.0
Totals				\$ 10,864.9	\$ 377.4

Total dollars committed to surface transportation funding for 2002 was \$ 457.0 million.

2002 FA work performed = 2.46 % of the total surface transportation program

\$ 11,242.3

Revised 2/19/3

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 41
Bill Version: HB 67
() Publish Date: _____

Revision Date/Time (Note if correction): 2/18/03 Dept. Affected: DOT&PF
Title Construction of Highways by DOT&PF BRU Construction and CIP Support
Component All Regional Components
Sponsor Holm
Requester HTRA Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
If approved, HB 67 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 2002. The estimated savings on 2002 force account projects (greater than \$250,000) was \$4,267,700. Assuming the amount of force account projects remains constant over the next six years, the lost savings would total \$25,606,200.

Prepared by: Dennis R. Poshard Phone 465-3904
Division Special Assistant to Commissioner Date/Time 2/19/03 9:45 AM
Approved by: Acting Commissioner Mike Barton Date 2/19/2003
Agency Alaska Department of Transportation and Public Facilities

HOUSE BILL NO. 67

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE HOLM

Introduced: 1/29/03

Referred: Transportation, Finance

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, when the estimated cost of a construction project is less than \$100,000 or
9 when it appears to be in the best interests of the state and the estimated cost of a
10 construction project is \$250,000 or less, the department may perform the work
11 notwithstanding any other provisions of law.