

SB

40

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/20/03

REPORTED OUT
MAR 30 2004
SENATE FINANCE COMMITTEE

FURTHER:

DATE TURNED
IN TO OFFICE: March 31, 2004

Finance Committee considered

SENATE BILL NO. 40

SB 40 CONSTRUCTION OF HIGHWAYS BY DOTPF

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

and recommends:

- be replaced with _____ CS SB 40 (FIN)
- 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#
DOT	3/26/04		✓	

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>Earl Dymally</i>				✓
<i>Richard H. ...</i>		✓		
<i>...</i>		✓		
<i>Ben Steere</i>	✓			
COCHAIR: <i>Lynne Green</i>	✓			
COCHAIR: <i>Garry White</i>	✓			

MAR 30 2004

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: SB40-DOT-CO-3-26-04
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
Title Construction of highways by DOT&PF RDU Administration & Support
Component Commissioner's Office
Sponsor Cowdery
Requester Senate Finance Component No. 530

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

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 (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Nona Wilson Phone 465-6973
Division: Legislative Liaison Date/Time 3/26/04 9:54 AM
Approved by: John MacKinnon Date 3/26/2004
Agency: Deputy Commissioner

Conceptual Amendment #2
(WILKEN)
ADOP TED

23-LS0381A

SENATE BILL NO. 40

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY SENATOR COWDERY

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.

Conceptual Amendment

This legislation would sunset 6/30/08.

Attention: Sheila

Of Senator Wilken's office

RE: SB 40

Date: 3/31/04 Time: 8:30 AM

The attached Senate Finance CS incorporates the amendment(s) your boss sponsored. Please review and approve so the bill can be forwarded to the Senate Secretary.

The CS is your copy.

Thanks,
Senate Finance Secretary
Mindy #4935
Robin #2618

OK
Sheila
3/31

Approved: _____

(please initial)

Return ASAP

Our Proof

23-LS0381ND

CS FOR SENATE BILL NO. 40(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND 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; and providing for an effective date."

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.

12 * Sec. 2. AS 19.10.170(a) is amended to read:

13 (a) Except as provided in AS 44.33.300, it is the general policy of the state to
14 require the construction of all highways under bid contract in accordance with

1 AS 36.30 (State Procurement Code). However, subject to the provisions of (b) of this
2 section, when the estimated cost of a construction project is less than \$100,000 or
3 when it appears to be in the best interests of the state [AND THE ESTIMATED COST
4 OF A CONSTRUCTION PROJECT IS \$250,000 OR LESS], the department may
5 perform the work notwithstanding any other provisions of law.

6 * **Sec. 3.** Section 2 of this Act takes effect June 30, 2008.

FAILED

SENATE FINANCE
COMMITTEE

Amendment Number: # 1

Bill Number: SB 40

Sponsor: Olson Date: 3/30/04

Logged In By: Robin

23-LS0381A.1
Utermohle
3/29/04

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR OLSON

TO: SB 40

1 Page 1, lines 8 - 11:

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

6 Insert "the department may perform the work notwithstanding any other
7 provisions of law when

8 (1) the estimated cost of a construction project is less than \$100,000;
9 (2) the construction project is not connected by a land road to the
10 main road system of the state and the commissioner determines that [OR WHEN]
11 it appears to be in the best interests of the state; or

12 (3) the construction project is connected by a land road to the
13 main road system of the state, the estimated cost of a construction project is
14 \$250,000 or less, and the commissioner determines that it appears to be in the
15 best interests of the state [, THE DEPARTMENT MAY PERFORM THE WORK
16 NOTWITHSTANDING ANY OTHER PROVISIONS OF LAW]."

Alaska State Legislature

Out of Session:
PO Box 531
Golovin, Alaska 99762
(907) 443-5599

In Session:
State Capitol, Suite 510
Juneau, Alaska 99801-1182
(800) 597-3707
(907) 465-3707
(907) 465-4821 Fax

SENATOR DONALD C. OLSON

DISTRICT T

Alakanuk
Ambler
Anaktuvuk Pass
Atkasuk
Barrow
Brevig Mission
Browerville
Buckland
Chevak
Deering
Diomedea
Elim
Emmonak
Gambell
Golovin
Hooper Bay
Kaktovik
Kiana
Kivalina
Kobuk
Kotlik
Kotzebue
Koyuk
Mountain Village
Noatak
Nome
Noorvik
Nuiqsut
Nunam Iqua
Pilot Station
Pitka's Point
Point Hope
Point Lay
Savoonga
Scammon Bay
Selawik
Shaktoolik
Shishmaref
Shungnak
St. Mary's
St. Michael
Stebbins
Teller
Unalakleet
Wainwright
Wales
White Mountain

AMENDMENT TO SB 40, DOTPF CONSTRUCTION.

SPONSOR STATEMENT

SB 40 mandates that all Department of Transportation and Public Facilities construction projects above \$250,000 in cost be competitively bid. In many cases, this restriction forecloses an efficient, economical method of completing rural construction projects through the force account funding mechanism. This is particularly true where the DOTPF project compliments and is an integral part of another village project such as water and sewer installation, land fill development, electrical extension, housing project, or a federally ear-marked BIA road project.

The amendment I offer exempts rural areas that are not served by Alaska's connected road system. The question of whether to competitively bid or force account a particular project in these areas is best determined through Administrative Order No. 199 (attached). This order, issued in October 2002, was recommended and supported by a task force comprised of representatives of state contracting agencies, the AGC, labor unions, and rural construction entities. This order seems to be working effectively in determining the correct approach.

Secondly, the exemption is for those areas of the state where expensive airlift or sealift is required for the mobilization of equipment and materials. Often, mobilization costs just to get started on the project is all or a large part of \$250,000.



TONY KNOWLES
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

October 1, 2002

ADMINISTRATIVE ORDER NO. 199

I, Tony Knowles, Governor of the State of Alaska, make the following findings concerning construction in rural Alaska that is publicly financed by state grants:

- A. Payment of prevailing wages to construction workers employed by contractors on most public construction projects is a long-standing requirement under federal and state law.
- B. Contracting with private construction companies through competitive bidding on these projects is an effective means of ensuring high-quality construction, completed in a timely fashion at a fair cost, but frequently results in low utilization of the local workers in rural areas of Alaska.
- C. Some programs allow grantees of public money to use force account labor, which occurs when the grantee employs its own workers to perform publicly-financed construction work instead of contracting with a private contractor. The use of force account labor for these publicly-financed construction projects, especially in rural Alaska, yields enhanced local control and ownership of these projects and high levels of local hire, and certain state and federal programs have evolved to favor the use of force account labor on these publicly-financed construction projects.
- D. However, the use of force account labor for publicly financed construction projects is frequently justified as less expensive and therefore preferable to competitive bidding by paying workers considerably lower wages and benefits than contractors pay their employees covered under the Little Davis Bacon Act under AS 36.05.010 or the Davis Bacon Act under 40 U.S.C. 276a.
- E. Wage rates on publicly-financed construction projects in rural Alaska that include fringe benefits, retirement plans, and other incentives help encourage rural workers to consider construction as a viable career with continued opportunities for training and employment.
- F. The construction industry in Alaska needs new entrants to meet ongoing and future needs for workers. Access to training opportunities directly related to construction projects in rural Alaska is essential to increase productivity and earning power of rural Alaskans and enable them to establish careers in the construction industry.
- G. Over the years, the use of force account construction, especially in rural Alaska, has increased significantly. To ensure that the construction of public improvements is most efficient, occurs at the lowest price, and provides maximum local job and economic opportunities, while recognizing the significant role of communities and federal agencies in guiding these programs, all current construction, wage, employment, and training practices should be evaluated. Communities and granting agencies should work cooperatively to offer communities more

effective alternatives to present construction practices.

ORDER

Under the authority of art. III, secs. 1 and 24, of the Alaska Constitution, I, Tony Knowles, Governor of the State of Alaska, hereby order that, to the maximum extent possible consistent with existing law:

1. State agencies that administer grants for state-financed construction shall offer communities in rural Alaska a choice between the use of force account labor and private contracting for those projects where the use of force account labor is the predominant purchasing method by the state agency, while allowing communities in rural Alaska to select methods optimizing benefits to rural Alaska.

2. The Department of Environmental Conservation, village safe water program, shall provide one or more demonstration projects to evaluate innovative contracting methods that include consideration of items such as hiring practices, on-site management procedures, local equipment and materials use, training plans, and other relevant items in awarding contracts for rural sanitation projects administered by that program.

3. (a) Grant agreements for projects first funded for construction after the date of this Order under the following state programs shall include a requirement for the payment of prevailing wages, including contributions to a pension or retirement account, equal to the prevailing wages under AS 36.05, as modified through the use of the progressive, graduated pay scale developed under (b) of this paragraph, on all public construction projects:

- (1) the village safe water program under AS 46.07.010 - 46.07.080;
- (2) bulk fuel storage tank construction grants made or administered by the Alaska Energy Authority under AS 44.83.080;
- (3) rural power systems upgrade grants made or administered by the Alaska Energy Authority under AS 44.83.080;
- (4) grants from the power project fund under AS 42.45.180;
- (5) grants from the electrical service extension fund under AS 42.45.200;
- (6) community priority program grants administered under AS 44.33.020(20) by the Department of Community and Economic Development that exceed \$100,000 and constitute at least 25 percent of the total project cost.

(b) The Department of Labor and Workforce Development, in consultation with communities, state and federal agencies, and groups involved in employment and training for rural construction, shall lead a technical assistance effort to develop a progressive, graduated pay scale that reflects varying skill levels of workers and the on-the-job acquisition of skill and experience.

(c) The state administrators of the grant programs listed in (a) of this paragraph shall grant, in accordance with this provision, an exemption from the requirements of (a) of this paragraph for specific projects. Unless a state administrator issues a documented finding that granting the exemption would violate the legal requirements or the intent of the grant program, the administrator shall grant an exemption upon receipt of a resolution making such a request that was adopted by the governing body of the grantee or prospective grantee after the governing body gave public notice and held a public hearing on the exemption request. A state administrator may not grant an exemption under this provision after October 1, 2007.

4. State granting agencies shall incorporate the payment of prevailing wages as provided in paragraph 3 of this Order in preparing budgets and plans for the programs listed in paragraph 3(a) of this Order.

5. The Department of Community and Economic Development shall create and regularly update a construction project directory designed to inform communities and contractors about upcoming work.
6. The Department of Labor and Workforce Development and the Department of Community and Economic Development shall continue and expand their jobs summit program, designed to match rural Alaskans with training and employment opportunities and to promote communication between contractors and rural communities.
7. The Department of Labor and Workforce Development, in consultation with organizations serving rural Alaska, shall continue and expand efforts to train rural Alaskans for careers in the construction industry.
8. The Department of Transportation and Public Facilities shall continue and expand its pilot project mandating local pre-bid or post-award conferences for public projects in rural Alaska.
9. The commissioner of the Department of Environmental Conservation shall lead an administration-wide effort to develop and implement a strategy to convince the United States Department of Health and Human Services to adopt rural sanitation project "cost caps" within the Indian Health Service that more realistically reflect the actual cost of construction in rural Alaska. The Department of Environmental Conservation shall give a priority consideration for funding under the village safe water program for any projects rendered "infeasible" in the Indian Health Service Sanitation Deficiency System by increases in the project's budget as a result of this Order.
10. Recognizing that the source of much of the funding for rural construction is federal money, this Order shall be implemented in cooperation with federal agencies and non-profit partner agencies in a manner that does not negatively impact federal funding formulas resulting in a reduction of the overall amount of federal funding for construction under any program, does not diminish the number of federally funded projects, and does not conflict with federal statutes and regulations. Additionally, recognizing that the intent of these programs is to promote the overall well being of communities, nothing in this Order should be construed to diminish the concepts of local control and local hire.
11. The commissioners of the departments of environmental conservation, community and economic development, labor and workforce development, and transportation and public facilities, and the executive director of AIDEA, in consultation with communities, state and federal agencies, and groups involved in employment and training for rural construction, shall provide the Governor with a joint report one year from the effective date of this Order that evaluates the results to date of this Order, and shall report annually thereafter. The report shall include: (a) a description of the actions taken by agencies and grantees to implement and comply with this Order; (b) an assessment of the effect of this Order on employment, hiring practices, wages, benefits, training, career development, number of construction projects, project costs, and choice of construction management methods; (c) the impact of this Order on the budgets and the funding available for programs listed in paragraph 3(a) of this Order; (d) the results of the demonstration projects specified in paragraph 2 of this Order; (e) the results of the local pre-bid and post-award conferences specified in paragraph 8 of this Order; and (f) other information relevant to the findings of this Order.

This Order takes effect immediately.

Dated at Fairbanks, Alaska, this 1st day of October 2002.

S/S Tony Knowles
Tony Knowles



Alaska State Legislature

Please enter into the record by testimony to the

SENATE FINANCE Comm
COMMITTEE NAME

committee on

FORCE ACCOUNT
BILL/SUBJECT

dated

03/30/04
TODAY'S DATE

(2) ITEMS =

① Force Acc. is a tool for LOCAL MuniS TO USE. \$250,000 - IS IN ADEQUATE BECAUSE: WE JUST LET CONTRACTORS FOR REST ROOMS IN EXCESS OF 250m -

② SHOULD NOT APPLY UNIVERSALLY ON ALL PROJECTS -

LET THEM CONTINUE TO BE REVIEWED AND APPROVED BY COMMITTEE - ROAD OR NO ROAD -
- THANKS -

Signed:

JOHN TEUSKE

TESTIFIER

REPRESENTING

SECA - / CITY COUNCIL HOMER

ADDRESS

Box 2112 HOMER 99603

PHONE NO.

907 - 235 - 9211

SENATE FINANCE COMMITTEE
3 / 30 / 2004 COMMITTEE ACTION

Bill Number	SB 40		
Amendment	#1		
Motion	Olson to adopt		
<u>Motion by</u>	Olson		
<u>Objection by</u>	Wilken		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Bunde			✓
Senator Dyson	✓		
Senator Hoffman	✓		
Senator Olson	✓		
Senator Stevens			✓
Co-Chair Green			✓
Co-Chair Wilken			✓
<u>Tally</u>			
Yea	3		
Nay	4		
Absent			
<u>MOTION</u>	FAILED		

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 40
 (S) Publish Date: 3/20/03

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

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						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

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, SB 40 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 2/18/03 11:40 AM
 Approved by: Acting Commissioner Mike Barton Date 2/18/2003
 Agency: Alaska Department of Transportation and Public Facilities

SENATOR
JOHN J. COWDERY
Anchorage



January - May:
State Capitol, Suite 101
Juneau, Alaska 99801-1182
Tel: 907-465-3879
Toll Free: 888-269-3879
Fax: 907-465-2069

Committees
Chair: Rules
Chair: Transportation
Chair: World Trade &
State/Federal Relations
Legislative Council

Senate

May - December:
716 W. 4th Avenue
Anchorage, Alaska 99501
Tel: 907-269-0222
Fax: 907-269-0223

Senator_John_Cowdery@legis.state.ak.us

SPONSOR STATEMENT FOR SB40

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

In order to maintain transparency and to make certain public funds are spent efficiently, statute requires construction and maintenance contracts be awarded on the basis of a competitive bid. In the case of small projects or repairs, however, the law allows the state, for the purpose of efficiency, to fund a project in-house through what's termed a "force account."

The purpose of SB40 is to reserve the competitive bid process for projects costing more than \$250,000, while continuing to allow the use of force accounts to fund smaller, local projects at the discretion of the (most often) Department of Transportation (DOT-PF).

To date, force account spending by DOT-PF has been consistently used to fund projects costing considerably more than \$250,000. In each case, the check-and-balance protection of a competitive bid has been lost. This can result in the state paying more for a project, while wages paid on an in-house project may be substantially lower than those paid by a private-sector contractor.

Specifically, contractors generally pay "Davis-Bacon" wages, while force account workers are often lower-paid temporary state employees.

Contractors employ skilled managers and maintain an inventory of specialized equipment. Therefore, construction work done in the public sector requires similar staffing as well as inventory, thus resulting in increased cost to the ratepayer.

SB40 also allows the use of force accounts on projects above the \$250,000 threshold when there is no responsive bidder.

re: SB 40 alternatives:

Is DELIVERY ORDER CONTRACTING an alternative?

- DOC is used by, and was developed by, the Department of Defense (it's called JOC by the Army, SABER by the Air Force) and is being increasingly used by local governments and educational facilities.
- DOC is a competitively bid, fixed price, indefinite quantity, indefinite delivery (IDIQ), general construction contract.
- The contract typically has a base year with 2 to 4 option years.
- The contract sets parameters such as location of work, type of work to be done, design criteria, etc.
- A DOC contract uses unit price guides (UPG) and/or a unit-price book (UPB) to establish a price for a multitude of line items of work. A typical UPB has about 40,000 line items in order to cover just about every imaginable task. Items that are not in the book are then negotiated, priced, and added to the UPB. A UPG uses computer cost databases, etc.
- The contractor bids a coefficient that is a markup or a markdown to the UPB items, rather than a dollar price.

What you get with a Delivery Order Contract:

- On-call general contractor where prices for line items of work are predetermined.
- A contract that is easy to manage.
- A contract that puts more money into "hard construction" instead of soft upfront costs.



The Association of
Higher Education Facilities Officers

About APPA | Education | Membership | News | Resources | Job Express | K-12

Facilities Manager

| Editorial Staff | Calendar | Subscribe | Archives | Advertising | Reprints |

Delivery Order Contracting: A Better Way to Build
 by Clayton M. Kline, P.E.

Clay Kline is senior product manager for AssetWorks, Inc., a provider of software solutions for infrastructure-intensive organizations, and is based in San Antonio, Texas. He previously worked for the Spring Branch School District in Houston, Texas, Brown & Root, and the U.S. Air Force, where he was a base civil engineer. He is a member of APPA's K-12 Task Force and can be reached at ckline@assetworks.com.

One of the most daunting tasks a facilities professional has to deal with is an increasing deferred maintenance backlog. Few maintenance organizations have sufficient staff and funding, yet these organizations still must find ways to deal with a budget that has been "straight lined" or kept the same for the third or fourth year despite an increase in square footage responsibility. In this environment, you spend hours trying to readjust priorities, only to have more maintenance issues added to your plate.

As we try to deal with this situation, we often struggle to make limited dollars stretch, and we cringe as large portions of the funding we do have are consumed by fees and overhead charges. Also, we struggle with finding ways to obligate or encumber funding and execute projects. Typically, the normal "bid" process takes close to 180 days from the time you start design to the time that you finally give the contractor "notice to proceed." And since many of your deferred maintenance projects are small (less than \$1 million, and usually in the \$50,000 to \$250,000 range), you have to deal with the problem of "quality contractors," or should I say less-than-satisfactory performance by contractors. This is particularly true, since just about anyone with a pickup truck and a tool belt can bond a \$250,000 project. As a result, you have a lot of rework, contract management time, and costs that are often higher than budgeted.

In an effort to overcome these problems, a number of years ago the Army developed a program called Job Order Contracting, or JOC. This program has since been adopted by the Department of Defense and many

This Month:



Volume 15 Number 5
 September/October 1999

CURRENT ISSUE:
 Learning New Steps to Improve
 Facilities

UPCOMING ISSUE:
 Accountability in Facilities
 Management
 November/December 1999

provided by Sen Couderc

other government agencies. It has also been gaining popularity in the county and local government arenas as well as the university and K-12 markets. JOC is also known as SABER (Simplified Acquisition of Base Engineering Resources) in the Air Force, but is more commonly called DOC or Delivery Order Contracting outside the government arena.

The DOC methodology has been successful as a tool to provide a cost effective, efficient, and quality contracting method that overcomes the often acrimonious environment experienced with the normal "low bid" contract. In addition, it is a performance-based contract that provides incentive for the contractor to do good work in a timely and responsive manner. DOC is a "team" approach to construction that reduces acquisition costs and time and improves response and quality.

What is Delivery Order Contracting?

A Delivery Order Contracting (DOC) is a competitively bid, indefinite quantity, indefinite delivery, general construction contract between a facility owner and a construction contractor. The contract typically has a base year with two to four option years. The contract sets parameters such as the types of work that can be done, location of the work, design criteria and maximum amount of work to be awarded. The contract also has a unit-price book (UPB) with associated specifications that establish a unit price to be paid for each of a multitude of construction line items. A typical UPB (Figure 1) has more than 40,000 line items and covers almost every construction task. Items that are not in the UPB can be negotiated, priced, and added to the UPB at any time. The contractor then "bids" a coefficient that is a markup or markdown to the items in the UPB, rather than a dollar price.

What you then get with a DOC contract is an on-call general contractor where prices for line items of work are predetermined. So when you have a work requirement, you notify the contractor, you conduct the site visit, the contractor develops a cost estimate based on the UPB, you negotiate the delivery order (in other words make sure that line-item selection and quantities are correct), and then issue a delivery order. The contract is easy to manage. However, initially the concept may be difficult to grasp, so let's look at DOC in more detail.

Since DOC is a performance-based contracting method, it is usually solicited using a Request for Proposal (RFP) format so you can evaluate and select the contractor based on performance measures you establish. These are usually a combination of technical expertise, experience, past performance, quality, and price. But if your state procurement laws do not allow use of an RFP methodology, a DOC can also be

acquired by a more traditional Invitation for Bid (IFB). I will discuss both of these approaches in more detail later.

The actual DOC solicitation typically involves the owner specifying a minimum dollar amount of work during the base and each of the following contract option years, usually \$50,000 to \$200,000, and then defining a potential maximum dollar amount of work each year. These minimum and maximum dollar amounts are often referred to as "volume." The maximum should be significantly higher than the minimum, but it should also be realistic. The potential maximum provides the contractor with a powerful incentive to perform. Maximums reach from \$1 million to \$15 million or \$20 million per year, and are usually in the neighborhood of \$5 million to \$7 million.

The higher and more realistic the maximum and the more potential option years, the lower the "bid" coefficient you will see. The reason for this is that a DOC contractor experiences his highest costs in the initial contract years as he hires and trains his staff, sets up his facilities, acquires necessary estimating hardware and software, and provides the owner any specified hardware and software under the terms of the contract. This results in a profit margin that is initially lower in the first years and improves with increased contract volume over time. With this in mind you can see that the higher the potential volume and the greater the number of possible option years, the lower the coefficient.

The DOC contract, which is composed of the contract documents, unit price book (UPB), and specifications provide the necessary contract "boilerplate," thus avoiding the necessity of preparing and issuing these documents repeatedly. This reduces acquisition time and effort since specifications and pricing are already in place. All you then do is "issue" delivery orders against the contract. To issue a delivery order all you have to do is notify the contractor of a requirement and then walk the site and discuss the statement of work. The contractor then prepares a cost estimate, using the UPB, any required drawings or plans, and a schedule. This constitutes a "proposal," that you review to ensure the scope is covered, ensure line item selection and quantities are correct, and negotiate any adjustments. When this is complete, a final proposal is submitted and you issue the contractor a "notice to proceed."

It is not unusual for a DOC contractor to provide design support for a client, if desired. If design is required, 100 percent design and full documentation is not necessary since the DOC contract specifications cover these items. As a result, execution of work requirements are far quicker than traditional contracting methods. As can be seen in the chart in Figure 2, work on a DOC delivery order requiring design usually starts 70 days before work done under the traditional design/bid/build

COMPLIMENTS OF THE
ALASKA STATE LIBRARY

method. And when minimal or no design is required, DOC is almost 150 days faster.

Why Should I Have a DOC?

Now that we have had an overview of what DOC is, let's talk about why you should have one. As can be seen from the timeline, DOC lets you compress the acquisition time for projects and enables you to be more responsive to your customers. Since all the upfront documents and procurement is complete, you only have to define the scope of work, and develop, estimate, and negotiate the final proposal.

When I was responsible for facilities at a large metropolitan school district, a new computerized science curriculum was proposed for the high schools. It was presented to the school board in late April, and after the end of the presentation, the superintendent of schools announced that the program would be available at the start of the next school year in early August. The only problem was that this program would require increased power and cooling to the science labs as well as additional local area network wiring. Since the program was only a plan, there had been no design accomplished--only rough cost estimates. With the standard design/bid process, there was no way we could deliver in time. Luckily we had a DOC in place. We called the contractor, did the walk through, and defined the scope of work. The contractor provided us an estimate and was given notice to proceed. All work was completed by the end of June, in time to allow the teachers a month to train on the new system.

- DOC also provides an excellent way to reduce maintenance, repair, and renovation backlog. Since you have a contract and specs in place and a contractor "on-call," you have a ready source to supplement your maintenance staff and to handle those repair and renovation projects that you do not have the available labor or skills to support.

One example that shows the effectiveness of DOC is a case study from Northeast Independent School District (NEISD) in San Antonio, Texas. NEISD was in the process of installing elevators in three schools to bring them into ADA compliance. Design was started in late January 1995 because NEISD had the chance to fund one of the elevator projects using federal funds, provided the project could be completed by the end of September that year. Northeast had recently awarded a DOC in mid-May, and they removed one of the elevators from the design package and assigned it to their DOC contractor.

As can be seen in Figure 3, that elevator was accepted in time to receive federal funds. The other two elevators proceeded using the normal design-bid process and were completed and accepted 174 days after the DOC

elevator. The cost savings of \$4,000 using the traditional bid process did not justify the loss of time.

- Another advantage of DOC is that you can know the cost before committing funds. Avoid "busted" bids and painful change orders because of fixed prices.
- Reduce upfront costs and increase available dollars for construction. As we initiated DOC at Spring Branch ISD, we started tracking design cost savings and advertising the costs we saved by not having to advertise every delivery order. These costs were based on reduced design costs since DOC eliminates the need for 100 percent design and usually only requires 35 to 50 percent design (depending on the project). During the course of our project, we awarded over \$35 million of work in three-and-a-half years and experienced almost \$2 million in savings. These savings were then expended in actual construction instead of administration and advertising costs.

Finally, DOC can produce a win-win contract relationship. Since the contract value is based on performance, the contractor has an incentive to perform at the highest level. This means not only improved quality, response, and timeliness, but also, since the contractor is in it for the long haul, there is a real incentive to value engineer and look out for the best interests of the customer. Where traditional contracts can result in acrimonious contract relationships at best, DOC engenders a true "team" approach. One example of where DOC truly excels is during emergencies. Since costs are fixed in the UPB, and the contract is there to serve and perform, you can react quickly without fear of "being taken to the cleaners" later when you finalize costs.

How Do I Get a DOC?

Now that you are convinced that DOC has something to offer and can help improve your facilities operation, the next question is how to get a Delivery Order Contract. DOC can be procured using an IFB, "low bid" approach, or an RFP, "best value" approach. An RFP selection is the best method, but if you are not allowed to use that approach, you can procure a DOC in the traditional bid method.

In all cases, you need to establish what your guaranteed minimum volume will be and also determine a realistic maximum. It does not make sense to say you will have a maximum of \$10 million per year, if you have funding only to do \$3 million. So be up front and realistic. As a rule of thumb, 75 percent of your usual minor construction, repair, renovation, and alteration dollars could be considered as a potential maximum. You also need to determine what the contract term will be. Typically, it is a base plus two to four option years with the right to exercise the option

years being the owner's choice.

You also need to determine what you will use for your unit price book. The R.S. Means Facilities Construction Cost Data is the most common UPB used, but there are also price books available from other vendors. Along with the price book, it is important to determine what specifications you will use. There are commercial as well as "public domain" versions that can be used and then tailored to include specific "owner" requirements/specifications. There are also software solutions that automate your UPB and will allow linking of specifications to the line items in the UPB. Using a software package speeds the DOC operation and provides a method to track all activity.

In addition, if you select a software package that integrates DOC estimating and management with Computerized Maintenance Management System (CMMS) and Facility Condition Assessment (FCA), you can develop a system that links all parts of your on-demand and deferred maintenance problem. This allows you to pull items from your FCA into your CMMS, estimate them and execute them as a DOC delivery order, track the progress and costs, and then flow these costs back to your FCA database to update your deferred maintenance backlog. Incidentally, if you do not have a system that can do this and you have the funding to award a large enough DOC contract, you can get the contractor to pay for the software and hardware for such a system.

Finally, you need to determine what criteria are important to you and will be used to evaluate the qualifications of your prospective contractor. A good source of information on this topic is Arizona State University's Performance Based Studies Research Group. Their website is www.eas.asu.edu/pbsrg.

With the upfront issues out of the way, let's discuss the Invitation for Bid, or bid approach, first. If you use an IFB, it is critical that you clearly state the qualifications and capabilities that you require. If possible, use a two-step method where you first take all solicitation submittals, create a short-list, and then ask for a "bid" from those that are qualified. You then award based on the "lowest" bid. The qualifications you need to consider are discussed in the RFP selection process, but it is essential that you spell out what experience and capability the contractor needs to have to perform a DOC.

Also, it will be necessary to have a mandatory pre-bid conference where you explain in detail the concept of DOC and the types of work the contractor will be required to perform. All questions and responses should be provided to all bidders. Also, when developing the "short-list" or making selection, make sure that you rigidly stick to your qualification

requirements. The IFB approach is more difficult and not the best way to procure a DOC, but it can be successful.

If your contracting regulations allow the use of an RFP, then you should definitely do so. Your goal is to get a contractor who will perform and provide you with the best value. If you use an RFP, you must decide what stages you wish to use. The usual stages are a technical proposal submission (containing information on the contractors technical and performance capability), followed by a short-list and then a cost proposal submission (containing the required cost coefficients that will be applied to the UPB pricing). The technical and cost proposals can be requested at the same time, but the costs proposals should be sealed and should not be reviewed until after the technical review and ranking is complete. Also, you can ask for best and final costs from the top contractors. If you do, you should not make costs from vendors public until after best and final is complete and a final selection is made.

As you can imagine, it is best to set up an evaluation committee, composed of interested parties. The committee should jointly establish the scoring criteria for use in evaluation of the technical proposals. It is also valuable to establish weighting for your criteria, including cost. After you have completed the technical evaluation, all you have to do is "plug" the costs into the equation and you have your top vendors.

The criteria used often include the number and dollar volume of DOC or similar contracts, past performance, ability to manage multiple contracts and multiple subcontractors, financial capability, plus other issues you may consider critical. Using the RFP methodology helps ensure you truly get the "best value and performance," including both technical ability as well as price; not just lowest price, which, as you know, is "not always the best deal in town" and often brings lots of headaches.

How Do I Make a DOC Succeed?

Once you have your DOC contractor on board, how do you make it a success? Use best practices in the operation of your contract. First, within the limits of your contracting constraints, try to make a "best value, performance-based" selection. This will ensure that you select a contractor who can handle a large number of diverse projects in a quality manner.

Next, you need to develop a "team" environment. DOC works best in an open partnered environment. This means you need not only have a contractor that knows what DOC is supposed to be, but you also need to teach your staff what DOC is, what it can do for them, and how it should work.

Once you start to give the contractor delivery orders, i.e., orders against the base DOC contract, get the contractor involved up front. Walk the job site and involve the contractor in scope development. That provides an opportunity for the contractor to perform "value engineering"—looking at approaches and construction methods and making suggestions that will reduce costs and improve delivery.

Finally, and probably the most important, communicate! Communicate with the contractor, communicate with your staff, and communicate with your customer. Let the DOC contractor know what jobs you have coming and the timeframes they will need to be performed in. If asked, most DOC contractors are more than willing to provide cost estimates in advance for potential end-of-budget-year funding. Take advantage of this; it will really improve contract execution. Make sure the DOC contractor really knows what your goals are and that he is matching up to them. Have regular status meetings and review all delivery order statuses: those under construction, those being estimated, and those coming down the pike. Equally important to your relationship with the contractor is your communication with your customer. DOC contractors are superb at doing this. The results of the 1998 survey of DOC contracts performed by the Center for Job Order Contracting Excellence (CJE) at Arizona State University, www.eas.asu.edu/joc, found that on a scale of 1-10, DOC contractors customer service and public relations rated an 8.54!

The Bottom Line

The bottom line is that DOC is a superb tool in today's facility manager's toolkit. It has been used successfully in the government, Department of Defense, U.S. Postal Service, National Institutes of Health, and others. Its use is growing in education; currently DOC is being used at over a dozen K-12 and university sites and is under procurement at several others. It is a contracting method that can increase your ability to meet rising maintenance backlogs, respond to critical customer needs and wants, improve quality and responsiveness, reduce change orders, and put more dollars into "hard construction" instead of soft upfront costs.

In case you are not sure about DOC yet, consider this final example from the 1998 CJE survey:

How would you rate the efficiency of your JOC/DOC contract compared to other methods of project delivery?

- Better than 82%
- Same as 16%
- Worse than 2%

With results like this, can you be without Delivery Order

Contracting?

APPA - Your Global Partner in Learning
1643 Prince Street, Alexandria, VA, 22314-2818, Phone: 703-684-1446, Fax: 703-549-2772



AIR FORCE CONTRACTING
SAF / AQC

AIR FORCE GUIDE

SIMPLIFIED ACQUISITION OF BASE ENGINEER
REQUIREMENTS (SABER)

JUNE 2002

VERSION 1.0

provided by Sen. Cowdery

SUMMARY OF CHANGES

Date	Description
June 2002	First edition published.

TABLE OF CONTENTS

	Page
Summary of Changes	ii

PART 1 — GENERAL

Scope	1
Definitions	1
Purpose of the SABER Program	2
Limitations	2

PART 2 — ACQUISITION PLANNING

SABER Working Group	4
SABER Specifications and the UPG	4
Request for Proposal (RFP)	4

PART 3 — SABER EXECUTION AND CONTRACT ADMINISTRATION

Processing Civil Engineer Project Orders After Contract Award	6
Adding Prices for NPIs to the Contract	7
Funding	7

PART 4 — OPTIONS

Option Price Adjustments	8
--------------------------------	---

APPENDICIES

Appendix A -- Sample Clause for SABER Economic Price Adjustment (EPA)	A-1
Appendix B -- Delivery Order File Checklist	B-1

PART 1 — GENERAL**1.1 Scope**

This guide provides suggestions and procedures designed to assist contracting officers and civil engineers in the award and contract administration of Simplified Acquisition of Base Engineer Requirements (SABER) contracts. The intent is not to describe the entire acquisition process from requirements definition to contract award, but rather to focus on those features specific to SABER acquisitions. The guidance contained herein is not mandatory. Contracting officers and civil engineers are encouraged to adapt their SABER-like acquisitions and processes to meet their local needs and the local environment.

1.2 Definitions

(a) "SABER contract" generally means a fixed-price, indefinite-delivery/indefinite-quantity (IDIQ) contract. A SABER contract includes a collection of detailed task specifications that encompass most types of real property maintenance, repair, and construction work. SABER contracts normally include options for work in years beyond the initial performance period. The significant features of a SABER contract are:

(1) "Unit Price Guides (UPG)." UPGs include commercial pricing tools such as computer cost databases and libraries of hard copy books. Although rare, they might also include government-developed unit price books. UPGs consist of detailed task specifications along with a standard unit of measure and a unit price for each. Because the task specifications and prices apply to a general area or industry, it is necessary to tailor the UPG to the costs and practices of a specific location. This step, which is called "localization," is critical to the success of a SABER Program. Government and commercial software alternatives are available for the localization process and for compiling the basic task listings and standard unit prices. Examples of commercially available UPGs are those published by WinEstimator Inc., Timberline Software, and R.S. MEANS, Inc.

(2) "Coefficients." Coefficients are factors that are multiplied against the standard unit prices in the UPG to calculate delivery order (DO) prices. Offerors propose coefficients to cover cost elements such as overhead, profit, minimum design costs, G&A expenses, bond premiums, and gross receipts taxes. The number of coefficients in a SABER contract depends on the installation's requirements. Coefficients may include bands or ranges based on dollar levels, standard and non-standard hours, range or isolated site work, or work in secured areas. Coefficients also reflect the offeror's perception of the accuracy of the UPG. UPGs that are consistently lower than prices found in the local economy will cause the contractor to offer higher coefficients. Inconsistent or unbalanced UPGs increase the uncertainty in preparing proposals. This can lead to high coefficients or inequitable pricing of SABER contracts.

(b) "SABER minimum design" means a design effort that is incidental to accomplishing the required task. The extent of the design will depend upon the complexity of each task. Generally, however, if the contractor needs to hire the services of a registered architect or engineer to

AIR FORCE GUIDE

SIMPLIFIED ACQUISITION OF BASE ENGINEER REQUIREMENTS (SABER)

accomplish the design effort, it is outside the parameters of minimum design. The contractor will have to provide sufficient design documentation to substantiate the proposed approach for the task. This documentation may include any or all of the following:

- Statement of Work (technical description of the task)
- Work flow chart similar to a PERT diagram
- Detailed cost estimate
- Justification for any non-prepriced items
- Material Approval Submittals
- Verified As-Built Drawings
- Shop drawings showing basic layout and planning of the work
- Manufacturer's or technical drawings/schematics for fabrication and assembly of structural elements
- Form, fit, and attachment details for installation of materials/equipment
- Design calculations to substantiate proposed layout and sizing of utilities and structural elements (i.e., HVAC loads, lighting, platform supports, etc.)

(c) "SABER delivery order." Prices for individual SABER delivery orders are a result of applying the contractor's coefficients to items covered by the UPG and negotiating prices for items that are not included in the UPG. These non-prepriced items (NPI) must be within the basic intent and general scope of the contract and be negotiated separately from UPG items prior to issuance of the delivery order.

1.3 Purpose of the SABER Program

(a) The purpose of the Air Force SABER program is to expedite contract award of civil engineer requirements by reducing civil engineer design work and acquisition lead-time. SABER is best suited for non-complex, minor construction and maintenance and repair projects that require minimum design.

(b) Benefits of a successful SABER program include:

- (1) Improved customer service and responsiveness. After contract award, the time required to estimate, propose, negotiate, and issue delivery orders for individual projects is usually three to four weeks, or less; and
- (2) An incentive for a highly motivated contractor to produce high quality work in a timely manner. While an IDIQ contract must guarantee a minimum dollar value of work, award of additional work is dependent on the quality and timeliness of the contractor's prior performance under the contract.

1.4 Limitations

AIR FORCE GUIDE

SIMPLIFIED ACQUISITION OF BASE ENGINEER REQUIREMENTS (SABER)

(a) General. SABER is not appropriate for large, complex construction projects that require extensive design effort or for predominately single skill/material projects for which competitively awarded contracts or single trade IDIQ contracts would be more cost effective.

(b) Architect-engineer (A-E) services.

(1) SABER is not an appropriate acquisition approach for A-E services as defined in FAR 36.601-4(a). The Brooks Act (40 U.S.C. 541-544) requires use of specific procedures (see FAR Subpart 36.6) to acquire engineer services.

(2) Task specifications in SABER UPGs and corresponding coefficients include: minor design efforts needed to complete a project, such as basic layout and planning of work; fabrication and assembly of structural elements; form fit and attachment details for installation of materials and/or equipment; production of shop and/or record drawings; and other similar activities which do not require the services of a registered architect or engineer.

(3) A SABER contract is not the proper vehicle to execute a project that was designed using A-E services except when:

(i) an A-E designed project requires validation/updating due to age of the design; or

(ii) the A-E design did not proceed beyond 35 percent completion and the remaining design effort will not require a significant amount of A-E services.

(c) Non-personal services. Non-personal services subject to the provisions of the Service Contract Act (e.g., a delivery order solely to install carpet when the labor involved exceeds \$2,500) are not SABER requirements. The Department of Labor (DOL) has jurisdiction over whether a particular requirement is classified as construction work subject to Davis Bacon Act or services to which the Service Contract Act applies. DOL guidance provides that services such as carpet installation, landscaping, asbestos removal, and building demolition may be performed as construction when the work is incidental to a larger construction project. If the preponderance of the work is non-personal services, even though there may be some incidental related construction work, the project falls under the Services Contract Act and is not a candidate for SABER.

PART 2 — ACQUISITION PLANNING

2.1 SABER Working Group

(a) Successful SABER programs require a team effort. A working group of all SABER players from CE and Contracting should convene at the beginning of the planning process. The BCE or SABER Chief should chair the group, assisted by the contracting officer, and meet regularly until issuance of the solicitation.

(b) The SABER working group should concentrate on:

- (1) Estimating the expected scope of the SABER Program for the installation or civil engineer organization and determining the guaranteed minimum amount to be included in the contract.
- (2) Investigating the feasibility of establishing a joint effort with other nearby bases (including Army, Navy, Air Force Reserve, and National Guard installations) as possible sources for funding the initial and any subsequent contract minimums.
- (3) Determining the most efficient organizational structure for the SABER unit, identifying the types of personnel needed.

2.2 SABER Specifications and the UPG

Based on the SABER requirements and budget as established, the BCE prepares the SABER program specifications. These include the master specification and the technical or guide specifications. The master specification describes the overall scope of the SABER Program and is part of Section C in the RFP. The technical specifications define specific construction standards for tasks to be ordered under the contract and form the basis for developing line item work tasks in the UPG. After developing the specifications, the BCE chooses the UPG.

2.3 Request for Proposal (RFP)

The SABER RFP should closely mirror the format and content of a large construction solicitation. Unique features of a SABER RFP generally include the following:

- (1) A description of the coefficient(s) that the offeror must propose;
 - (i) The factors that generally make up the coefficient(s);
 - (ii) Individual coefficients for standard hours, non-standard hours, geographically separated ranges or sites, secured areas, and/or varying project magnitudes, as appropriate;
- (2) The applicable UPG and any related software, hard copies, and computer support requirements;

AIR FORCE GUIDE
SIMPLIFIED ACQUISITION OF BASE ENGINEER REQUIREMENTS (SABER)

- (3) A sample SABER project (using a project that will actually be awarded later under the resulting SABER contract);
- (4) The level of architectural/drafting support to be performed by the contractor; and
- (5) A mechanism for (and frequency of) adding non-prepriced items (NPIs) to the contract.

PART 3 — SABER PROGRAM EXECUTION AND CONTRACT ADMINISTRATION

3.1 Processing Civil Engineer Project Orders After Contract Award

(a) Issuance of project order. The SABER project manager:

- (1) provides the statement of work, including concepts, sketches, and drawings;
- (2) identifies any statutory cost limitations;
- (3) furnishes any special instructions or requirements; and
- (4) includes required cost comparisons, justifications, and approvals.

(b) Site visit. The SABER project manager/inspector, contracting officer representative, using organization, and contractor should conduct a scope validation/site visit for each project order to discuss:

- (1) site access;
- (2) methods and alternatives for accomplishing work;
- (3) definition and refinement of requirements;
- (4) requirements for plans, sketches, drawings, etc;
- (5) detailed scope of work; and
- (6) time requirements for completion, phasing requirements, and liquidated damages.

(c) Contractor's proposal. The contractor develops a detailed price proposal by identifying necessary tasks in the UPG, verifying as-built drawings, refining quantities, pricing NPIs, preparing working drawings, and developing performance times. The SABER program manager may need to answer questions from the contractor and clarify technical aspects of the project.

(d) Delivery order negotiation.

(1) The contract administrator and contracting officer review the contractor's proposal for scope, compliance, completeness, and reasonableness. The contract administrator then forwards the technical proposal to the SABER program manager for a technical review. The contracting officer evaluates the proposed method of construction, tasks, quantities, performance schedules, and any contractor drawings.

(2) After receiving the technical evaluation from the SABER program, the contracting officer reviews the proposal with the contractor. The contracting officer, with assistance from the SABER program manager, establishes the government's negotiation objective, including any variations involving tasks, methodology, quantities, NPIs, and timelines.

AIR FORCE GUIDE
SIMPLIFIED ACQUISITION OF BASE ENGINEER REQUIREMENTS (SABER)

(3) After completing negotiations, the contracting officer prepares a price negotiation memorandum (PNM) in accordance with FAR Subpart 15.406-3.

3.2 Adding non-prepriced items (NPIs) to the Contract

(a) Negotiating prices for NPIs and incorporating them in a DO does not incorporate the items in the contract for subsequent use as a priced item. To permit subsequent use, the contracting officer must incorporate prices for NPIs by supplemental agreement into the SABER contract itself, in which case they become pre-priced items under the contract. This may occur with an annual update to the UPG or separately at another time during the year.

(b) When negotiating prices for NPIs, ensure the prices include only direct costs. If the contract incorporates a static coefficient for the life of the contract, an economic price adjustment clause (see Attachment 1) will adjust the prices for these items in subsequent contract periods.

3.3 Funding

(a) In order to expedite year-end or emergency requirements, the contracting officer may process SABER projects up to the point of award in advance of full project funding. Prior to requesting the contractor's proposal, the contracting officer should either obtain from the contractor a no-cost agreement (in case the order does not materialize) with acknowledgment that funds are not available, or utilize a line item for project estimating. The latter compensates the contractor for the level of effort expended in estimating, designing, and negotiating the project order in advance of full funding. Any payment the contractor receives under this line item will be offset by a reduction from the negotiated price of the delivery order if the project results in an award.

(b) The contracting officer normally establishes milestones for actions in support of end-of-year actions to ensure sufficient lead time for SABER review, approval requirements, receipt of preliminary SABER project cost estimates, technical analyses, and negotiations.

PART 4 — OPTIONS

4.1 Option Price Adjustments

There are several ways to structure SABER contracts to allow for option price adjustments. One strategy is to incorporate a static UPG for the duration of the contract and allow offerors the opportunity to propose different coefficients for each of the contract periods. Another approach is to incorporate a static coefficient, or coefficients, and update the UPG each period. A third strategy, and probably the most cumbersome and least desirable, is to incorporate a static coefficient and a static UPG. This last approach requires use of an economic price adjustment (EPA) clause to adjust option prices. Attachment 1 contains a sample clause.

APPENDIX A

SAMPLE CLAUSE FOR SABER ECONOMIC PRICE ADJUSTMENT (EPA)

(a) Coefficient(s) for SABER options under this contract will be adjusted annually to recognize variations in labor, equipment, and material costs as stated below.

(b) The Market Trends Construction Cost Index (CCI) for the city of [insert where the work is to be performed] as published in the McGraw Hill publication "Engineering News Record (ENR)" will be used to determine adjustments to the contract coefficients for options under this contract. To determine the amount of adjustment, the contracting officer calculates the change in the index appearing in the issue of ENR published during the month prior to the effective date of the option from [the contracting officer enters the most recently published index at the time of initial contract award]. Eighty percent of this variation will be applied to [the contracting officer enters the coefficient for the initial period of the contract]. If the publication of the index should be discontinued, the parties to the contract will negotiate a replacement index or new contract provision. If a replacement index or contract provision cannot be agreed upon, the contracting officer may unilaterally determine the contract adjustment method, and the contractor may dispute the determination under the Disputes Clause. Adjustments to option year contract coefficients must be determined in accordance with the following formulae:

(1) To calculate the new coefficient use:

$$C = C_i * f$$

Where:

C = New Coefficient;

f = Adjustment Factor; and

C_i = Contract pricing coefficient at contract award.

(2) To calculate the Adjustment Factor use:

$$f = ((CCI_c - CCI_i) / CCI_i) * 80\% + 1$$

Where:

CCI_c = the ENR index for the option; and

CCI_i = the ENR index for the initial contract award.

(c) Adjustment calculations for second and subsequent option years will each be based on the contract coefficient for the initial contract period.

AIR FORCE GUIDE
SIMPLIFIED ACQUISITION OF BASE ENGINEER REQUIREMENTS (SABER)

EPA Coefficient-Index Matrix

<u>Action</u>	<u>ENR Index</u>	<u>Adjustment Factor</u>	<u>Coefficient</u>
Contract Award	110.0	NA	1.03
Option 1	115.4	1.039	1.07
Option 2	130.2	1.147	1.18
Option 3	125.1	1.110	1.14
Option 4	100.0	.927	.96

NOTE: Round calculation results as done in this example.

EPA Calculations

Column 2 - ENR Indices for the options are taken from the issue of the McGraw Hill publication ENR published during the month prior to the effective date of the option. The ENR Index for the Contract Award is the most recent ENR index published during the month prior to initial contract award.

COMPLIMENTS OF THE
ALASKA STATE LIBRARY

AIR FORCE GUIDE
SIMPLIFIED ACQUISITION OF BASE ENGINEER REQUIREMENTS (SABER)

APPENDIX B

DELIVERY ORDER FILE CHECKLIST

CONTRACT NO: _____ DELIVERY ORDER NO: _____

DATE ORDER AWARDED: _____

CONTRACTOR/SUBCONTRACTOR: _____

AMOUNT OF THIS ORDER: _____

Checklist Item	Yes	No
1. Does file contain properly approved and classified work request (AF Form 332)?		
2. Are sufficient funds available and documentation contained within the file?		
3. Is the memorandum for record of site visit adequate?		
4. Does the file contain statement of work revisions for changes as a result of the site visit or negotiations?		
5. Does the contractor's proposal contain:		
(a) Proposal for the scope as stated in the request for proposal?		
(b) Pricing by line item in accordance with the SABER UPG?		
(c) Non-prepriced items?		
(d) Method of construction?		
(e) Other items as stated in the request for proposal?		
6. Does the file contain an adequate technical evaluation?		
7. Does the Record of Negotiations provide sufficient detail of the negotiated variances in price, period of performance, quantities, statement of work changes, negotiated methodology, etc.?		
8. Is DD Form 1155 complete and does it contain:		
(a) Accounting and appropriation data?		
(b) Scope of work?		
(c) Period of performance?		
(d) Any mandatory methodologies?		
(e) Negotiated NPIs?		

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	Konglinalak 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 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	
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	Proj. #66740. Russian Mission AWOS Pad		X		47.2	
008	Proj. #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-Taiva 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	1,793.9
018	SE Wrangell Airport Control Reg. Shelter	X			11.9	
019	Nunapitcheuk 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

Provided by Sen Cowdery

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 \$ 380.0 million.

2001 FA work performed = 3.49 % 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 \$ 505.0 million.

2002 FA work performed = 2.23 % of the total surface transportation program

\$ 11,242.3

The average of all FA work performed (1998 - 2002) = 2.68 %

Subject: SB 40**Date:** Mon, 29 Mar 2004 19:50:43 -0900**From:** "Walton Smith" <waltonksm@yahoo.com>**To:** <Representative_Mary_Kapsner@legis.state.ak.us>,
<Senator_Georgianna_Lincoln@legis.state.ak.us>, <Senator_Donny_Olson@legis.state.ak.us>,
<Senator_Lyman_Hoffman@legis.state.ak.us>,
<Representative_Richard_Foster@legis.state.ak.us>

March 29, 2004

To our legislators:

I apologize for sending a "group email", rather than a personalized letter. I am due to travel in the morning, and will be unable personally to testify on SB 40. Most of you who know me realize I am very much opposed to this bill. However, I still want to make the following points:

1. The imposition of a \$250,000 limit on force account projects will dramatically increase the costs for small projects. Advertising, bidding, mobilization and demobilization all add to the costs of a project. At a time when the State is looking for maximum returns on minimal investments, such a requirement is totally out of line.
2. Local project management and construction lead to local pride and ownership of the project. This results in better long-term maintenance.
3. At a time when the Bush economy is in serious trouble, such a requirement will take money from the families that really do need "self-help." We have been encouraged to help ourselves in the Bush, but this is increasingly difficult when local projects only generate wealth for outside contractors.
4. The proposed legislation is a thinly veiled effort by the AGC and its contractor membership to further make DOT funds the exclusive province of their membership. Past reviews of DOT expenditures show that well over 95% of the Federal DOT funds coming into the state currently end up in contractor pockets. This measure is to insure that virtually 100% will end up in contractor pockets.
5. In spite of the public relations campaign by the AGC several years ago in their ALASKA CONTRACTOR magazine, the fact is that outside contractors have historically done very little for the Bush worker. As with all rules, there are a few exceptions, but the exceptions do not make the rule.
6. Also in spite of statements to the contrary, much Bush force account work is done to very high standards. Again, the exceptions do not make the rule. All of us can find examples of good and bad force account work, just as we can find examples of poorly constructed jobs by contractors.

I realize that money equates to power. We in the Bush certainly do not have the power of well organized "professional organizations". But sometimes it behooves us to do what is right, rather than how to the pressures of moneyed interests.

Thank you for your time and consideration.

Walton Smith
City Manager, St. Mary's.

> *Walton Smith*
> *City Manager, St. Mary's.*

For what it is worth, I completely endorse CM Walton Smith's comments.

I only hope that you can bring some levity to the situation. Big Business (AGC & the Unions) can live a while longer (a lot longer) without the few sheckles that trickle to the Bush. Need I point out some fantastic bush projects that were brought to completion ahead of schedule and on or under budget.

LEO B. RASMUSSEN, Mayor Emeritus 1985 & 2003 ACOM



SB 40 / An Act Relating to the Construction of Highways

Alaska Chapter

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.

**THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES**



**LEGISLATIVE AFFAIRS AGENCY
INFORMATION & TELECONFERENCING**

Nome Legislative Information Office

320 East Front Street, P. O. Box 1630

Nome, AK 99762

Phone: (907) 443-5555 Fax: (907) 443-2162

Email: Nome_LIO@legis.state.ak.us

WRITTEN TESTIMONY

Following this page is written testimony submitted by Jimmy Adams, Western District Manager, Maintenance & Operations, DOTPF in Nome for the Senate Finance Committee teleconference hearing, re: SB40, on Tuesday morning, March 30th at 9:00 am.

Please call our office if you have any questions.

Thank you,

A handwritten signature in cursive script that reads "Angelique Horton".

Angelique Horton,
Information Officer

cc: Representative Richard Foster
Senator Denny Olson

Comment for Senate Bill No. 40

Due to high mobilization costs for shipping construction equipment and project related supplies to Western Alaska the proposal under Senate Bill 40 to limit the costs to \$250,000 is not realistic.

Costs for mobilization of Department work (not to mention private bid construction projects) will shoot that boat right out of the water.

Passing that bill will only increase costs of road improvement projects out this way.

Thank you for the opportunity to comment.



**Jim Adams
Western District Manager
Maintenance and Operations**



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.



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

February 18, 2003

Senator Cowdery, Chair
Transportation Committee
State Capitol, Room 101
Juneau, AK 99801

Re: SB 40

Dear Senator Cowdery,

The AML Public Works and Infrastructure Subcommittee reviewed SB 40 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

A handwritten signature in black ink, appearing to read 'Kevin Ritchie', is written over the typed name.

Kevin Ritchie
Executive Director

**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:

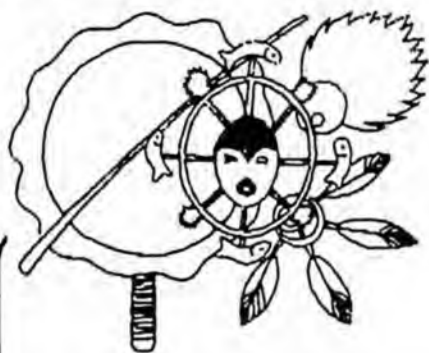
Once again the construction of capital projects by force account within the State of Alaska has been put into place in question.

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.



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

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


James Charlie, Sr., Director
Tribal Support Services

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 1/29/03

FURTHER: Finance

Date of 5-Day Notice: 1/29/03
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 3/18/03

Transportation Committee considered SENATE BILL NO. 40

SB 40 CONSTRUCTION OF HIGHWAYS BY DOTPF

"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#
DOTPF	2/18		<input checked="" type="checkbox"/>	1

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:

Olson
Therriault
Wagoner
Lincoln

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Donald Olson</i>		<input checked="" type="checkbox"/>		
<i>James Therriault</i>			<input checked="" type="checkbox"/>	
<i>Thomas Wagoner</i>			<input checked="" type="checkbox"/>	
<i>Lincoln</i>		<input checked="" type="checkbox"/>		
CHAIR: <i>John J. Cowden</i>	<input checked="" type="checkbox"/>			

Cowden

SENATE FINANCE COMMITTEE

SIGN-IN

SB 40-CONSTRUCTION OF HIGHWAYS BY DOTPF

✓ NAME: Frank Richards | Nana Wilson Subject/Bill No: SB40
Co./Dept./Title: DOT+PF Phone: 465-3900
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

SENATE FINANCE COMMITTEE

SIGN-IN

SB 40-CONSTRUCTION OF HIGHWAYS BY DOTPF

NAME: George Levasseur Subject/Bill No: SB40
Co./Dept./Title: DOT/PF - State Mtce. Engr. Phone: 465-3940
Address: 3132 Channel Drive Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions