

ALASKA LEGISLATURE COMMITTEE FILES 1983 - 1984 8672

2592 HLC HB 719 - HCR 52

ALASKA DEPARTMENT OF LABOR
LABOR STANDARDS & SAFETY DIVISION
WAGE & HOUR ADMINISTRATION

CERTIFIED PAYROLL



DEPOSITED
7920 Ladasa Pl 1983

NAME OF CONTRACTOR <input type="checkbox"/> OR SUBCONTRACTOR <input checked="" type="checkbox"/> Gary L. Sterba Ground Up Construction	ADDRESS 7920 Ladasa Pl 1983	PHONE NO. 349-9985
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PAYROLL NO. None	FOR WEEK ENDING 7 / 10 / 83	CONTRACTOR'S LICENSE NO. A12273	PROJECT START DATE 6 / 20 / 83	PROJECT AND LOCATION Service Manshew H.S.	PROJECT OR CONTRACT NO. Sport Complex Water & Sewer Outside
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Name, Mailing Address & Social Security Number of Employee	Permanent Domicile Address of Employee (No Post Office or Star Route Boxes)	Specific Work Classification	Day and Date							Total Hours Worked	Hourly Rate Paid	Gross Amount Earned	DEDUCTIONS					Net Amount Paid	Check Number		
			Benefits OT or ST	Hours Worked Each Day									FICA	Fed W/H Tax	E.S.D.	Union Dues	Other (Explain)			Total Deductions	
				11	12	13	14	15	16												17
Gary L Sterba 7920 Ladasa Pl Anch AK 99507 508-52-4251	SAME	Owner Oper	OT		5	3	3	3	2	16	43.94	1874.64									
			ST		8	8	8	8	8	40	29.29										
			FB																		
Dennis Thomas 3948 Boniface #3 Anch AK 99504	SAME	Oper/Laborer	OT		5	3	3	3	2	16	36.71	1566.16									
			ST		8	8	8	8	8	40	24.47										
			FB																		
Edward Gutowsky P O box 64 Dillard, AK 97432 157-14-5682	SAME	Operator	OT		5	3	3	3	2	16	43.94	1874.64									
			ST		8	8	8	8	8	40	29.29										
			FB																		
Andy Sterba 7920 Ladasa pl Anch AK 99507 537-82-8048	SAME	Truck Driver Laborer	OT									195.76									
			ST						8	8	24.47										
			FB																		
			OT																		
			ST																		
			FB																		
			OT																		
			ST																		
			FB																		
			OT																		
			ST																		
			FB																		

Municipal Project?

ALASKA DEPARTMENT OF LABOR
LABOR STANDARDS & SAFETY DIVISION
WAGE & HOUR ADMINISTRATION

CERTIFIED PAYROLL



NAME OF CONTRACTOR OR SUBCONTRACTOR Gary L Sterba
Ground Up Construction

ADDRESS
7920 Ladasa Pl

PHONE NO.
349-9985

PAYROLL NO.
None

FOR WEEK ENDING
7 / 24 / 83

CONTRACTOR'S LICENSE NO.
A12273

PROJECT START DATE
6 / 20 / 83

PROJECT AND LOCATION
Service Hanshaw H.S.

PROJECT OR CONTRACT NO.
Sport Complex
Water & Sewer Outside

Name Mailing Address & Social Security Number of Employee	Permanent Domicile Address of Employee (No Post Office or Star Route Boxes)	Specific Work Classification	Benefits C L I A S T	Day and Date							Total Hours Worked	Hourly Rate Paid	Gross Amount Earned	DEDUCTIONS					Net Amount Paid	Check Number	
				18	19	20	21	22	23	24				FICA	Fed W/H Tax	ESD.	Union Dues	Other (Explain)			Total Deductions
				Hours Worked Each Day																	
Gary L Sterba 7920 Ladasa Pl Anch AK 99507 508-52-4251	SAME	Owner Oper	OT	2	3	2	2	3			12	43.94	1698.88								
				ST	3	8	8	8	8		40	29.29									
				FB																	
Dennis Thor s 3048 Boni e #3 Anch AK 99504	SAME	Oper/Laborer	OT	2	3	2	2	3			12	36.71	1419.32								
				ST	8	8	8	8	8		40	24.47									
				FB																	
Edward Gutowsky P O BOX 64 Dillard, AK 97432 157-14-5682	SAME	Operator	OT	2	3	2	2	3			12	43.94	1698.88								
				ST	8	8	8	8	8		40	29.29									
				FB																	
Andy Sterba 7920 Ladasa Pl Anch AK 99507 537-82-8048	SAME	Truck Driver	OT										854.08								
				ST	8	8			8	8		32		26.69							
				FB																	
			OT																		
			ST																		
			FB																		
			OT																		
			ST																		
			FB																		
			OT																		
			ST																		
			FB																		

ALASKA DEPARTMENT OF LABOR
LABOR STANDARDS & SAFETY DIVISION
WAGE & HOUR ADMINISTRATION

CERTIFIED PAYROLL



NAME OF CONTRACTOR <input type="checkbox"/> OR SUBCONTRACTOR <input checked="" type="checkbox"/> GARY STERBA			ADDRESS 17821 SANDY PLACE			PHONE NO. 344-5114			
PAYROLL NO. None	1 CR WEEK ENDING 7/2/83	CONTRACTOR'S LICENSE NO. A12273	PROJECT START DATE 6/20/83	PROJECT AND LOCATION Service HANSHAW H.S.			PROJECT OR CONTRACT NO. Sport Complex - Water & Sewer outside		

Name, Mailing Address & Social Security Number of Employee	Permanent Domicile Address of Employee (No Post Office or Star Route Boxes)	Specific Work Classification	Day and Date							Total Hours Worked	Hourly Rate Paid	Gross Amount Earned	DEDUCTIONS					Net Amount Paid	Check Number		
			Benefit	Hours Worked Each Day									FICA	Fed W/H Tax	ESD	Union Dues	Other (Explain)			Total Deductions	
				27	28	29	30	1	2												3
STERBA Sandy Pl AK 99507 52-4251	SAME	OPERATOR LABORER	OT								60	29.29	1757.40							Not paid	
is THOMAS License # 3 AK 99504	SAME	LABORER	OT								47	24.47	1150.09							Not paid	
GRANKOWSKY	Refer to Dennis Thomas, Oregon	OPERATOR	OT								47	29.29	1376.63							Not paid	
STERBA LADASA PL AK 99507	SAME 537-82-8048	TRUCK DRIVER	OT								4	26.69	103.52							Not paid	
			ST																		
			FB																		
			OT																		
			ST																		
			FB																		
			OT																		
			ST																		
			FB																		

ALASKA DEPARTMENT OF LABOR
LABOR STANDARDS & SAFETY DIVISION
WAGE & HOUR ADMINISTRATION

CERTIFIED PAYROLL

Let 3-11-83
PO Box 111593
Anch. 99511



NAME OF CONTRACTOR OR SUBCONTRACTOR **GARY STERBA** ADDRESS **17821 Sindy Place** PHONE NO. **344-5114**
Round Up Const
 PAYROLL NO. **NONE** FOR WEEK ENDING **6/26/83** CONTRACTOR'S LICENSE NO. **A 12273** PROJECT START DATE **6/20/83** PROJECT AND LOCATION **Service HANSHEW H.S.** PROJECT OR CONTRACT NO. **SPORT Complex - WATER + SEWER 700's**

Name, Mailing Address & Social Security Number of Employee	Permanent Domicile Address of Employee (No Post Office or Star Route Boxes)	Specific Work Classification	Benefits OT ST FB	Day and Date							Total Hours Worked	Hourly Rate Paid	Gross Amount Earned	DEDUCTIONS					Net Amount Paid	Check Number	
				20	21	22	23	24	25	26				FICA	Fed W/H Tax	ESD	Union Dues	Other (Explain)			Total Deductions
STERBA Sandy P1 AK 99507 52-4251	SAME	Operator OWNER Backhoe	OT ST FB			8	8	8	8	8	64	29.79	\$1874.56								married 3d Not paid
is THOMAS Boniface #3 AK 99504	SAME	LABORER	OT ST FB				5				5	24.47	\$122.35								married 3d Not PAID
BANKOWSKY	Refer to Dennis THOMAS, OREGON	Operator Backhoe	OT ST FB			8	8	8			24	29.29	\$702.96								married 2d Not paid
STERBA LADISA Alice AK 99507	SAME 537-82-8048	TRUCK DRIVER 10yd Dump	OT ST FB		8	8	8				24	26.69	\$640.56								married 2d Not paid
			OT ST FB																		
			OT ST FB																		
			OT ST FB																		

MEMORANDUM

TO: File

FROM: SSD *sd*

DATE: 12/19/83

Re: L & H Enterprises v. Ground Up Construction

On this date I spoke at length with Bruce Silverthorn regarding the status of the matter. He is expecting to meet with Gary Sterba on the morning of December 20, 1983. He indicated that he had not told Sterba that he would be ordering the School District to pay the wages. He will, however, be instructing the School District to withhold a sufficient sum to cover wages that he thinks from his preliminary inquiry may be due.

I informed him of the affidavit prepared by Junior Russell from the L & H job logs, and agreed to deliver a copy of the affidavits to him as soon as possible. I sent it with Sharon on the afternoon of 12/19/83. I also read from it the conflicting information from the certified payroll records.

He indicates that a couple of the employees have even filed conflicting claims indicating that there is more owing them than is shown on the certified payroll submitted by Sterba.

Once again he reiterated his belief that owners were entitled to payment under the Act as well as regular employees. I pointed out to him that, before he made a major mistake in enforcement, he should inquire for an opinion of the assistant attorney general that advises the Department of Labor. He also indicated that his research had shown that Gary Sterba was the only owner shown on the contractor's bond and business license. I pointed out to him that was irrelevant, for purposes of this job, since Denny Thomas had held himself out and signed the contract as a co-owner. Hence Thomas should also be dealt with as an owner with regard to this claim. I further urged him to obtain an opinion on this from the attorney general's office.

Silverthorn admitted that he was not attorney, but was simply following enforcement practices that are apparently well established in the department. They have apparently routinely been enforcing payment of wages to owners, as well as to employees, where the situation has arisen.

I also insisted that he take any further information from Sterba, Thomas or the employees under oath, since we wanted the sanction of perjury over their heads if they lied. He sounded as if he really did not intend to do that since his only purpose was to determine whether wages were due, and not to make a case for anybody. I pointed out to him that, obviously, his function was to get to the truth and the best way to get to the truth was to take testimony under oath

particularly where there were major conflicts. I pointed out that, if he required all of the evidence to come in under oath, he was much more likely to get to the real truth earlier.

I also pointed out that some of this work had been done by Ground Up directly for the account of the School District, and that we were being charged as if it was done for us. He indicated that he would check with Hanscomb Herry to find out about this aspect.

cc: Len Hannaman

State of Alaska)
) ss.
Third Judicial District)

To Whom it May Concern:

I am no longer an employee of L & H Enterprises, Inc. Therefore, not having the employee to company loyalty I have also had a past acquaintance and friendship with Ground-Up Construction, as well as a working relationship with them. I believe I am a neutral party in this matter of L & H Enterprises, Inc. vs. Ground-Up Construction.

I remember the contract very well, as I negotiated it with Denny Thomas per instructions from Gary Sterba. Denny Thomas informed me that he was co-owner. I did not question if that meant, all past work, all future work or just this particular job.

On August 3, 1983 and August 4, 1983, Denny Thomas called Bob Kirkman (L & H Office per phone record,) to get L & H Enterprises' record of days worked on this job by Ground-Up personnel. These I supplied after our office notified Ground-Up to send copies of Certified Payroll. I have noted several discrepancies from our job log and time sheets turned in by Gary Sterba.

The record shows 2 loads of pipe hauled in, 2 loads of asphalt and broken concrete hauled off. The last load going with trailer and backhoe, therefore, the work was not in excess of four each $\frac{1}{2}$ days for the truck driver, or a total of 2 full days. Note: Total job they show the time for truck driver as 8 days. There was not any fill or bedding hauled to the job. This man was not on the job 8 days.

A copy of the Certified Payroll time sheets turned in by Ground-Up Construction no way matches the job log. Time sheets for the week ended July 3, 1983 and for the day of June 27 show Gary Sterba working 16 hours. The job log shows him arriving on the job at 10:00am. As he indicated working 16 hours, this would mean he would not have gotten off until 2:00am the next morning. Also his certified payroll show his men working the same day, only got 11 hours. Something is amiss in their records. On July 11, 1983 the log book shows Ground-Up (Gary Sterba and Denny Thomas) arriving on the job at 3:00pm then showing on the time sheet only Gary Sterba working 12 hours. No one else from Ground-Up was working. On July 14, 1983 shown by log book, Gary Sterba left the job at 11:30am yet claimed 8 hours.

We have to assume the time sheet of week ending June 26, 1983 is really week ending July 17, 1983. Week ending June 26, 1983 is a week before their job even started. It looks as if after L & H Enterprises, Inc. gave dates of work on job, that Ground-Up went back 6 weeks and guessed on hours worked, and not very accurately I might add.

On July 17, 1983, Ground-Up Construction worked on contract between Anchorage School District and Ground-Up, a separate contract to that of ours, yet Sterba is claiming 8 hours of time to the L & H job. On July 15, 1983 they were working on the afore mentioned contract and charged L & H Enterprises 12 man hours. This is confirmed by our job log. Perhaps Certified

Payroll on the other contract with the School District will show this discrepancy. Maybe an oversight on their part. It is impossible from the Ground-Up time sheets to match our job log.

Andy Sterba was never an operator on this job yet time sheets show him as such. It is real confusing as to what they are trying to do. It looks as if they are guessing on their hours rather than being accurate.

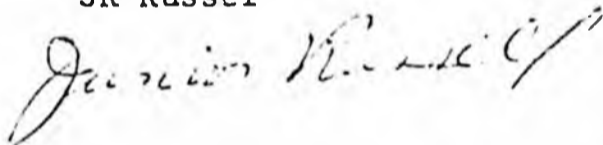
I have no argument on hours for Denny Thomas. Though accurate hours on him were not properly kept, as he would leave the job during work hours and did so on many occasions and would also show up late. He was looking and bidding other work and charging hours to L & H job as it appears and was told to me.

The most accurate hours would be on Ed Growkoski. However, both Ed Growkoski and Gary Sterba are listed as operators on the same days. It is very hard in an 8 hour day to get in 16 hours of operators time on one piece of equipment. They only had one backhoe.

As a former employee of L & H Enterprises, Inc. I am under no obligation, connection, or ties with L & H Enterprises, Inc. at this time.

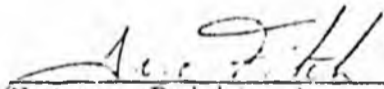
If I may be of further assistance please be advised that I will be glad to help. Log books, time sheets and personal knowledge of the above is true to the best of my knowledge.

Best Regards,
JR Russel



Subscribed and sworn to before me
this 16 day of December, 1983.

(Seal)



Notary Public in and for
State of Alaska
My commission expires; My Commission Expires

Alaska State Legislature



Speaker of the House of Representatives

Pouch V
State Capitol
Juneau AK 99811
(907)465-3720

Official Business

April 24, 1984

Mr. Len Hannaman
President, L & H Enterprises, Inc.
P.O. Box 111593
Anchorage, Alaska 99511

Dear Mr. Hannaman:

Thank you for the letter and information regarding the investigation you have requested of a recent Wage and Hour Administration probe. I appreciate the amount of time and effort you spent compiling this information.

Investigations of this nature often prove to be difficult and time consuming. However, errors are often made during this process. Therefore, I am forwarding your letter and information to Representative John Cowdery, Chairman of the House Labor and Commerce Committee, for further review. This Committee is best equipped to conduct such an investigation and determine whether new legislation would be required to rectify the situation.

Thanks again for your input. If I can be of additional assistance, please feel free to contact me at my Juneau office.

Very truly yours,

Joe L. Hayes
SPEAKER OF THE HOUSE

JLH:smh

ENTERPRISES INC.

March 28, 1984

Joe L. Hayes
Speaker of the House of Representatives
Pouch WO (Mail Stop 3100)
Juneau, AK 99811

Dear Speaker Hayes:

Enclosed is a copy of a request for investigation I have sent to Mr. Chenoweth, the State Ombudsman, pertaining to an investigation being performed by the Wage & Hour Administration, Labor Standards & Safety Division of the Department of Labor.

After you have had a chance to read the contents of my letter to Mr. Chenoweth, which sets forth the issues involved, perhaps it would be useful for you and other members of the legislature to address the impact of the interpretation that is being placed on the regulations and the enabling statute as to who the beneficiaries of the law are. Mr. Silverthorn, the investigator assigned, takes the position that the statute in question pertains to payment of wages to all personnel who provide work on a construction project for the State of Alaska or one of its political subdivisions, even if some of those people are the owners of the contractor who undertook to perform the services by contract. In the instant case, the subcontract between L & H Enterprises, Inc. and Ground Up Construction, a partnership owned by Gary Sterba and Dennis Thomas, was for \$14,550. Due to the failure of Ground Up to properly perform the work, and the requirement that L & H had to make good that portion of the work, as part of its duties as general contractor, L & H had back charges for almost the full amount of the contract.

Nevertheless, Mr. Sterba and Mr. Thomas have made wage claims of approximately \$11,000, in addition to wage claims by two other men they claim worked for them on the project amounting to a little over \$6,000. Based on Mr. Silverthorn's "investigation," the school district has been ordered to withhold the full \$17,639.54, including almost \$11,000 for Sterba and Thomas, from

General Contractors/Design Build Services
P.O. Box 111593/Anchorage, Alaska 99511/Phone: (907) 349-2559

authorized builder **atlantic**
building systems, inc.

Joe L. Hayes
March 28, 1984
Page Two

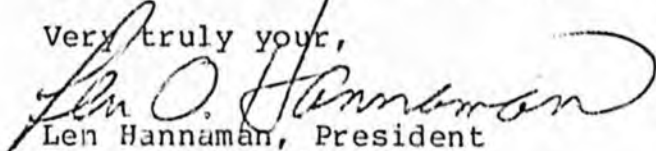
L & H Enterprises, Inc., since Ground Up Construction did not pay any wages to any of the personnel involved in the project.

You will note from our report to Mr. Chenoweth the criticisms we have of the methods of investigation that are being employed by this division of the State of Alaska. However, even more distressing, and the subject that I would appreciate the legislature addressing itself to, is the impact of this kind of enforcement practice on contracting on public works projects in the State of Alaska.

If Mr. Silverthorn is right in his interpretation, anytime a subcontractor fails to perform on a public works projects, the owners of the subcontractor can essentially get back all or even more than what they expected to make from the project through wage claims, breach their contract and fail to perform, cause their upstream contractor to expend substantial sums of money to complete the work that subcontractor has undertaken to perform, and, in addition, have to pay out of its pocket so-called "wages" of the owners of the subcontractor that defaulted. If that in fact is the law of the State of Alaska, I suspect the state and its political subdivisions are going to find it increasingly difficult to obtain reasonable bids from contractors to perform their projects.

Your inquiry into this matter would be very much appreciated. If Mr. Silverthorn is incorrectly interpreting the law, perhaps he should be set straight. If he is correctly interpreting it, obviously the legislature needs to take some corrective action. Thank you for your assistance.

Very truly yours,


Len Hannaman, President
L & H Enterprises, Inc.

cc: All Legislative Members
Governor William Sheffield
Encl.

ENTERPRISES INC.

March 28, 1984

Jack Chenoweth
Ombudsman
State of Alaska
Pouch WO (Mail Stop: 3000)
Juneau, AK 99811

Re: Department of Labor Wage & Hours v. L & H Enterprises

Dear Mr. Chenoweth:

Bruce Silverthorn, investigator for the Wage & Hour Administration, Labor Standards and Safety Division of the Department of Labor in Anchorage has initiated a proceeding which has resulted in the Anchorage School District withholding the sum of \$17,639.54 from my company, L & H Enterprises, Inc., in connection with work we are performing on the Anchorage Service-Hanshaw Sports Complex, PWA 1183-025.

Because of the process that Mr. Silverthorn is employing, and some of the rationale he is proceeding under, I hereby request that you investigate this matter. On or about November 18, 1982, L & H Enterprises, Inc., as general contractor, contracted with the Municipality of Anchorage School District for the turnkey construction of the Service-Hanshaw Sports Complex. On May 24, 1983, L & H subcontracted with Ground Up Construction for certain excavation work, installation of water lines, backfilling, compacting, testing and inspection, for a total subcontract price of \$14,550. The subcontract was signed by Dennis Thomas, reflecting that he was "co-owner" of Ground Up Construction. This subcontract was signed on June 3, 1983.

In the course of performance by Ground Up Construction, Ground Up damaged underground utility lines and existing concrete curbing, improperly compacted and filled in trenches, and otherwise failed properly to perform under its subcontract. As a result, L & H back charged Ground Up Construction the sum of \$12,290.20 to correct and complete Ground Up's work.

General Contractors/Design Build Services
P.O. Box 111593/Anchorage, Alaska 99511/Phone: (907) 349-2559

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building systems, inc.

Jack Chenoweth
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At the time that Mr. Silverthorn began investigating the matter, and notified L & H of his investigation, due to the size of the back charge, and the fact that L & H had not yet been paid by the municipality for a portion of the work covered by the Ground Up subcontract, L & H had not disbursed any payment to Ground Up under the subcontract.

In late November, Mr. Silverthorn was in touch with L & H to advise that he was conducting an investigation into a claim for unpaid wages being asserted by Mr. Thomas, Gary Sterba, the other owner of Ground Up Construction, Ed Grakowsky and Andy Sterba, a relative of Gary Sterba.

Although required by law to provide timely certified payrolls sworn under oath in connection with the project in question, Ground Up Construction failed to do so. However, at some point about the commencement of Mr. Silverthorn's investigation, Ground Up did submit a breakdown indicating when each of the four men in question worked on the project in question, the amount they were entitled to per hour and the amount of hours they put in, including overtime.

Mr. Silverthorn sent this document to L & H Enterprises, and requested that we evaluate it. Our superintendent on the project, Junior Russell, did compare the "payroll" documents submitted by Ground Up, and provided an affidavit dated December 16, 1983, a copy of which was sent to Mr. Silverthorn. In the affidavit, Mr. Russell points out that there were many glaring errors in the job log and time sheets submitted to the department by Ground Up. For example, those records claimed eight days of employment for a truck driver, when in fact a truck was only used on a maximum of four different days, for not more than one-half day each, for a total of two full days. Furthermore, the time sheets turned in by Ground Up in no way matched L & H's job log.

Mr. Russell also pointed out that Ground Up entered a separate contract with the school district to perform some repairs to a broken pipe, which was not part of the subcontract with L & H, and which might have accounted for a portion of the time claimed by Ground Up employees in connection with the Service-Hanshaw project. Of course, that was not the responsibility of L & H.

Finally, he pointed out that Andy Sterba was never on the job, notwithstanding the indication of the time sheets provided by

Jack Chenoweth
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Ground Up. Futhermore, he pointed out that Ed Grakowsky and Gary Sterba both were listed as operators of equipment on the same day, and were claiming eight hours a piece, or a combination of 16 hours as operators on the same piece of equipment on the same day. They only had one backhoe, and between them, during a straight time day, could not have gotten in more than an aggregate of eight hours.

These and other substantial discrepancies were promptly made known to Mr. Silverthorn.

Nevertheless, based upon the time sheets submitted by Ground Up Construction, on December 22, 1983, Jeane Morgan, Mr. Silverthorn's supervising investigator, sent a letter to the school district instructing the school district, pursuant to A.S. 36.05.070(c) to withhold \$13,129 from L & H Enterprises' contract. Thereafter, in February 1984, Mr. Silverthorn received a new "certified payroll" provided by Gary Sterba of Ground Up Construction. Mr. Sterba apparently informed him that the first report was erroneous, but the second report, after considering Mr. Russell's affidavit, was more accurate. A copy of that was sent to L & H Enterprises. That so-called "certified payroll" was not certified, was not presented under oath, nor was it signed by Mr. Sterba or anyone else. It radically departed from the earlier "certified payroll" that Ground Up had submitted to the Department of Labor, and as a result of it, Ms. Morgan sent a new letter to the school district on January 31, 1984 instructing the school district to withhold an even larger sum, \$17,639.54, from L & H's contract.

My attorney, Stephen S. DeLisio, on February 21, 1984, spoke with Mr. Silverthorn about the document we had now been provided as the latest "certified payroll" of Ground Up Construction. Mr. Silverthorn advised Mr. DeLisio that it was neither signed nor sworn to by Mr. Sterba or anyone else, since, by signing it, they would be representing that the wages had been paid, when the wages had not been paid. Apparently no wages whatever were paid to any of the four men in question, including the two owners, Gary Sterba and Dennis Thomas. Mr. DeLisio then requested Mr. Silverthorn to obtain an affidavit from someone at Ground Up Construction to the effect that the information contained in the most recent documents submitted by Ground Up was accurate. Mr. Silverthorn indicated that he should be able easily to do so.

Jack Chenoweth
March 28, 1984
Page Four

However, a month elapsed after that conversation, before we were provided such affidavit or further documentation from Mr. Silverthorn or anyone else. It finally arrived March 22, 1984, and a copy is enclosed.

Mr. Silverthorn asked L & H to make an analysis of the second payroll document from Ground Up, but we advised him that Junior Russell, the superintendent who would have to do the analysis, was traveling in the Lower 48 States, and was not expected back until approximately May. We do not have contact with Mr. Russell during the winter months, when he is off duty, and, although we have made attempts to locate him, we have not yet done so. Accordingly we have not been able to further analyze Ground Up's most recent reconstruction of the time its personnel allegedly worked on the project except as previously done by Junior Russell. Of course, Mr. Russell's critique was then into account by Ground Up in reworking its analysis.

Although the regulations under which Mr. Silverthorn is operating entitle L & H Enterprises to a full hearing, and an opportunity to examine the evidence supporting the Wage & Hour's instructions to the school district to withhold funds from L & H, and although L & H has requested an opportunity for such a hearing, none has yet been made available, although the matter has been under investigation now for more than four months, and a substantial sum of money has been withheld from L & H by the school district for more than three months.

Furthermore, and even more incredibly, Mr. Silverthorn takes the position that the two owners of the company, Gary Sterba and Dennis Thomas, are entitled to be paid their wages by L & H Enterprises, due to the failure of Ground Up Construction to do so, just as any of the employees of that company might be entitled under the law. Of the \$17,639.54 being withheld from L & H Enterprises by the school district, on instructions of the Department of Labor, \$10,618.16 is withheld on behalf of Gary Sterba and Dennis Thomas.

Under this arrangement, although Mr. Thomas and Mr. Sterba, as owners of the Ground Up Construction Company proprietorship, breached their contract with L & H Enterprises, entitling L & H to back charge almost the full amount of the contract price originally negotiated between the parties, these men will be able to take a sum of money representing almost three-quarters of

Jack Chenoweth
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Page Five

their contract price in the form of wage claims from L & H Enterprises, if Mr. Silverthorn has his way. This notwithstanding Ground Up's breach of contract and the back charge that almost equals the full amount of the contract price, due to that breach. Mr. Silverthorn is operating on the premise that his Division's function is to recover wages for owners of subcontractors who perform work on the job themselves, notwithstanding their failure to perform the project correctly, timely or economically.

He also makes the rather unusual argument that, because Dennis Thomas now claims he was not an owner of Ground Up Construction for the purpose of this project, Thomas should not be treated as an owner, in any event, but just as another employee. This notwithstanding the fact that he has verified that Mr. Thomas signed the subcontract in question and identified himself on that contract, when he signed it, as well as otherwise during the course of the project to L & H Enterprises personnel, as a co-owner of Ground Up Construction.

I am deeply alarmed at the rather bizarre direction that this wage claim investigation has taken by Mr. Silverthorn and the Department of Labor. I do not feel that L & H has been dealt with fairly or reasonably in the matter. Mr. Silverthorn has compelled the school district to withhold very substantial sums of money from my company, based upon information which was suspect to say the least in the first instance and has been even more suspect when the first presentation was so substantially impeached by Mr. Russell's analysis, that a second presentation had to be made by Ground Up. Until March 20, 1984, none of these documents from Ground Up have ever been signed or submitted under oath, so that there could be recourse against the persons responsible for preparing them if one could eventually prove that the documents were false, and that the authors were misrepresenting the facts. Nonetheless, Mr. Silverthorn has proceeded on this documentation as if the information was Holy Writ.

Furthermore, Mr. Silverthorn's attempt to collect wages for owners of the company is grossly inappropriate. Our attorney has urged him to consult with the Attorney General's office in this regard, and although he says he has, he has never shown anything to our attorney that would indicate that such a consultation has been had or that the Department of Law was fully apprised of the

Jack Chenoweth
March 28, 1984
Page Six

issues in question. If the Department of Labor is going to pursue a policy to pay wages to owners of subcontractors who failed to fulfill their contract obligations on public projects, the whole underpinning of the free enterprise system in Alaska will be jeopardized, particularly as they regard public works. How can any responsible contractor afford to involve himself with a public contract in Alaska, governed by these Alaska statutes, where he may be compelled to pay the bulk if not all of the contract price to a defaulting subcontractor through that subcontractor's personal wage claims?

As I understand the law that Mr. Silverthorn is attempting to enforce, it is aimed at seeing to it that wages of hired employees on public works' projects are paid by someone - if not by the employer, then by one of the upper tier contractors from the public funds on the project. However, Mr. Silverthorn attempts to carry the matter one step further and withhold funds from us of which approximately two-third are for the benefit of the owners of the defaulting contractor.

Furthermore, although our attorney has inquired of Mr. Silverthorn regarding his intent to prosecute Ground Up for its obvious violations of the law requiring it to file certified payrolls on a timely basis and to pay its employees as required by law, Mr. Silverthorn has indicated that his only purpose in the investigation is to extract funds with which to pay the four men involved, including the two owners. This seems to me a severe lapse on the part of the Department of Labor in pursuing and prosecuting obvious wrongdoers under the law. Essentially what the department is attempting to do is to shift to L & H Enterprises, Inc., a blameless general contractor, the financial burden of a defaulting subcontractor for payment not only of wages, but also loss profits, etc.

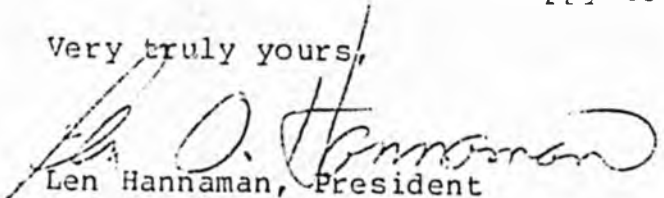
I would very much appreciate it if you would look into the matter, and advise me of your conclusions. I am enclosing herewith copies of documents that may be of help to you in your investigation, including the two sets of time records received from Ground Up Construction by the Department of Labor, a copy of Junior Russell's affidavit regarding the first set, Ms. Morgan's letters to the school district of December 22, 1983 and January 31, 1984, and my attorney's letters to Mr. Silverthorn dated December 22, 1983, February 6, 1984 and March 20, 1984.

Jack Chenoweth
March 28, 1984
Page Seven

Also enclosed is a copy of Mr. Silverthorn's letter to L & H Enterprises of January 31, 1984.

If we can provide you with any further information in regard to this matter, we will be happy to do so.

Very truly yours,


Len Hannaman, President
L & H Enterprises, Inc.



July 22, 1983

Ground Up Construction
7821 Sandy Place
Anchorage, AK 99507

Gentlemen,

This letter is to inform you that as of this date, L & H Enterprises has not received a copy of your certified payroll records for the Service Hanshaw Sports Complex project.

Furthermore, our accounting office has checked with the Alaska Department of Labor and they too, have not received the required reports.

Unless this information is forwarded in its entirety to L & H Enterprises' accounting department by the completion of your scope of this project, we will be forced to withhold all payments for this work, pending to audit by the Department of Labor.

You immediate cooperation on this matter is necessary.

Sincerely,

L & H ENTERPRISES, INC.

A handwritten signature in cursive script, appearing to read 'Robert E. Kirkman'.

Robert E. Kirkman
Project Manager

cc: Len Hannaman
Jim Stonebraker
JR Russell
Carol Skinner
Judy Zundel

REK/ys

I, Kevin Rensen, hand delivered the original document at 3:06 p.m. on July 22nd, 1983

(Gary)

A handwritten signature in cursive script, appearing to read 'Kevin Rensen', with an 'X' mark to its left.

General Contractors/Design Build Services
P.O. Box 111593/Anchorage, Alaska 99511/Phone: (907) 349-2559

authorized buikler atlantic

ENTERPRISES INC.

November 18, 1983

Ground Up Construction
707 N Bunn
Anchorage, AK 99508

Gentlemen:

In response to your recent phone calls, we at L & H Enterprises have enclosed a summary of all backcharges against your company herein.

Since our last meeting, there has been a significant increase in the charges due to corrective measures taken, to repair the problems created by your original work.

Your performance on this job was entirely inadequate, and caused us time and monetary losses far in excess of that documented herein. Furthermore the legal jeopardy that you placed L & H Enterprises in with your non - OSHA approved trenching practices is unexcusable.

In addition we at L & H Enterprises have had a lien placed on your contract by Tope Equipment for a sum of \$22,423.84 and any left over funds from your contract with us must be turned over to Tope Equipment immediately. Please note copy of lien enclosed.

Furthermore, our bookkeeper, Judy Zundel, has had a conversation with the Alaska Department of Labor regarding your claim against L & H Enterprises, Inc. for employee wages. She was told that your claim was invalid since the claimants were both co-owners of Ground Up Construction. That includes Mr. Denny Thomas who represented himself as a co-owner at the time he signed the contract.

In summation I will comment that in my entire construction career I have never had a subcontractor perform as badly, and with as little concern for the overall project as your firm so did.

General Contractors/Design Build Services
P.O. Box 111593/Anchorage, Alaska 99511/Phone: (907) 349-2559

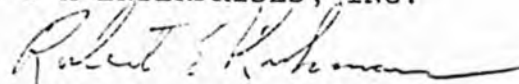
authorized builder **atlantic**

Letter to Ground Construction
November 18, 1983
Page two

Please direct any future communication in the form of type-written letter to the attention of Mr. Len Hannaman.

Sincerely,

L & H ENTERPRISES, INC.



Robert E. Kirkman
Project Manager

Enclosure

REK/ys

ENTERPRISES INC.

November 15, 1983
SERVICE HANSHEW SPORTS COMPLEX PROJECT

BACKCHARGES - Ground Up Construction

8/29	Alagco	97113	\$ 215.51
7/15	Kenai Supply	233064	148.60
	- JR Russell	9781	[82.34]
7/18	Central Plumbing	1377	103.75
6/30	Central Plumbing	1256	100.00
7/07	Central Plumbing	44144	1,895.10
7/07	Central Plumbing	150148	1,245.05
6/30	Kenai Supply	233056	329.86
6/28	Kenai Supply	232812	92.84
8/27	Alagco	97094	404.64
6/14	Central Plumbing	43614	164.05
9/19	Summit Paving	513	1,288.00
9/30	Shelton Electric	1148	3,336.50
9/07	Stephans Tool Rental	65301	30.00
8/26	Alagco	97079	<u>65.57</u>
	Total Invoice Charges		\$9,337.13

LABOR

Man Hours:

7/21	Christianson	2
7/22	Christianson	2
7/20	Christianson	2
7/19	Christianson	2
8/27	Christianson	6½ (Overtime)
6/30	Brown	1
8/29	Remsen	5

General Contractors/Design Build Services
P.O. Box 111593/Anchorage, Alaska 99511/Phone: (907) 349-2559

authorized builder **atlantic**

Backcharges to Gro. & Up Construction

November 15, 1983

Page two

8/31	Remsen	2½	
8/29	Christianson	5	
8/31	Christianson	4	
8/30	Christianson	<u>4</u>	
		36 hours @	
		37.50/hr =	\$ 1,350.00

Subtotal 10,687.13

15% Overhead 1,603.07

Total Due \$12,290.20
to L & H Enterprises



November 8, 1983

Mr. Bruce Silverthorn
State of Alaska
Department of Labor
3301 Eagle
Anchorage, AK 99502

Re: Ground Up Construction
Service Hanshaw Sports Complex

Gentlemen:

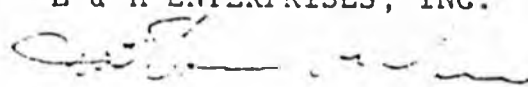
Attached you will find a copy of our subcontract with Ground-Up Construction, where you will see that Denny Thomas represented himself to us a Co-owner of his company.

Secondly, I have enclosed a memorandum from Bob Kirkman, our project manager for the job, showing some of the problems which were caused by Ground-Up Construction.

If you need further information, do not hesitate to contact me.

Sincerely,

L & H ENTERPRISES, INC.


Jim Stonebraker
General Manager

264-2400
Enclosure

JS/ys

General Contractors/Design Build Services
P.O. Box 111593/Anchorage, Alaska 99511/Phone: (907) 349-2559

authorized builder Atlantic

INTER OFFICE MEMO

Date: September 30, 1983

To: Jim Stonebraker

From: Bob Kirkman

Re: Service Hanshew Sports Complex Ground Up Construction

I advise that all payments to Ground Up Construction be withheld pending back-charges incurred in the following areas:

1. Damage to underground utility lines
2. Damage to existing concrete curbing
3. Improper compaction and non-spec fill material in trenches
4. Charges for plumbing equipment and accessories purchased on L & H Enterprises account
5. Additional supervision, labor and management charges

The above mentioned items, along with any additional back charges, are currently being itemized for an accurate accounting.

In addition, serious consideration should be given to the project delays incurred through Ground Up's mismanagement of their scope of the work, and the resulting dollar impact suffered by L & H Enterprises therein.



Robert E. Kirkman
Project Manager



SUBCONTRACT

THIS SUBCONTRACT, made and entered into as of this 24
day of May, 1983, by and between

L & H Enterprises, Inc.

whose mail address is

P.O. Box 111593
Anchorage, AK 99511

hereinafter called "Contractor", and

Ground Up Construction

hereinafter called "Subcontractor", whose mail address is

630 Western Drive
Anchorage, AK 99501

WITNESSETH

WHEREAS, Contractor entered, or is about to enter into a
contract, Numbered C-20397,
and dated November 18, 1983, with

Municipalit of Anchorage

hereinafter called "Owner", for the performance of certain work
according to the terms and conditions of said contract and the
general specifications and supplements to the specifications,
addenda, general and special provisions and conditions, plans,
drawings, bid schedule, maps and other documents made a part
thereof, and all change orders or amendments thereto, all of
which are herein collectively referred to as the "General
Contract", said work under the General Contract being generally
described as follows:

Turfkey construction of the Service Hanshaw Sports Complex.

General Contractors' Design Build Services
P.O. Box 111593 Anchorage, Alaska 99511/Phone: (907) 349-2559

and,

WHEREAS, the parties are desirous of entering into a subcontract whereby Subcontractor shall undertake the performance of a part of the work to be done under the General Contract, on the terms and conditions herein stated;

NOW, THEREFORE, the parties hereto, in consideration of the mutual promises and conditions herein contained, do hereby agree, one with the other, as follow:

I WORK TO BE PERFORMED

The subcontractor agrees to furnish all materials, labor, tools, equipment, supervision, supplies, and other things, unless otherwise provided herein, necessary or required to perform, and to perform fully and completely, at the price or prices set out herein, all that portion of the work required to be done by Contractor under the General Contract described as follows:

Item No.	Estimated Quantity	Item Description	Unit Price	Total
1	As General Spec-	Cut asphalt, remove from job		
2	ifications and	Excavate		
3	prints for Ser-	Install 12" water line		
4	vice Hanshaw	Install 4" water line		
5	Sports Complex	Backfill		
6		Compaction		
7		All testing as required		
8		All inspections as required		\$14,300.00

9- TAP SEWER LINE _____ 2.50⁰⁰
D. Thomas

It is understood and agreed that quantities shown above are quantities estimated to be required under the General Contract and that the actual quantities shall be in such amounts as may eventually be required and determined under the General Contract or under the General Conditions of this Subcontract.

II PAYMENTS

In consideration of the promises, covenants and agreements of Subcontractor herein contained, and the full, faithful and prompt performance of this Subcontract by Subcontractor, Contractor agrees to pay and Subcontractor agrees to receive and accept as full compensation for doing all work and furnishing all materials, supplies and equipment contemplated and embraced herein and for well and faithfully completing the work aforesaid and the whole thereof in the manner and according to the requirements of this Subcontract, the General Contract, the Owner and the Contractor, the sum of Fourteen thousand three hundred and no/100, (\$14,300.00) subject to additions and deductions, if any, by reason of variance from estimated quantities, change orders, deletions or extra work orders pertaining to the Subcontract items.

III SPECIAL CONDITIONS

The Special Conditions, consisting of Paragraphs through attached hereto are a part of this Subcontract and by this reference are incorporated herein and made a part hereof as fully as though set forth herein.

IV GENERAL CONDITIONS

The General Conditions, consisting of Paragraphs 1 through 27, attached hereto are a part of this Subcontract and by this reference are incorporated in this Subcontract and made a part hereof as fully as though set forth herein.

V SUPPLEMENTS

The Supplements, consisting of Numbers, attached hereto are a part of this Subcontract and by this reference are incorporated in this Subcontract and made a part hereof as fully as though set forth herein.

IN WITNESS WHEREOF, the parties have executed this Subcontract the day and year first hereinabove written.

Subcontractor

Contractor

By Henry Thomas

Title CO-owner

Date Executed 4-2-87

[Signature]
By [Signature]
Title Supt.

Date Executed 1 - 1 - 87

L & H Enterprises, Inc.

, Contractor

Ground Up Construction

, Subcontractor

dated May 24, 1983

Subcontractor scope of work includes:

- Cut asphalt, remove from job
- Excavate
- Install 2" water line
- Install 4" sewer line
- All testing as required
- Backfill
- Compaction
- All inspections as required

Subcontractors work excluded:

- Vacating electrical and gas lines
- Hookup to existing water, main

STATE OF ALASKA

L & H G Ground Up Const

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF LABOR

3301 EAGLE STREET

December 22, 1983

RECEIVED — ANCHORAGE

Anchorage School District
Pouch 6-614
Anchorage, AK 99502

DEC 29 1983

SCHAIBLE, STALEY,
DeLISIO AND COOK, INC.

Attention Lowell T. Freeman

Dear Mr. Freeman:

RE: ASD-SERVICE HENSHEW SPORTS COMPLEX

As we explained to you in our phone conversation of December 21, we are currently investigating Ground Up Construction for alleged violations of Title 36 of the Alaska Statutes. Ground Up Construction is a subcontractor with L & H Enterprises on this public works project.

Ground Up Construction has failed to pay its employees on this project in accordance with the law. As a part of our investigation we are attempting to determine the exact hours worked by these employees and the total wages due. Our best available information currently show three employees are owed a total of \$13,129 in wages for work performed on the Service Henshaw Sports Complex. These wages are broken down as follows:

<u>Ed Gutosky</u>			
112 hours s.t. @ \$23.84 per hour	=	\$2670.08	
61 hours o.t. @ \$35.76 per hour	=	2181.36	
173 hours fringe benefit @ \$5.45	=	<u>942.85</u>	
Total			\$5794.29
 <u>Dennis Thomas</u>			
133 hours s.t. @ \$22.45 per hour	=	\$2985.85	
43.5 hours o.t. @ \$33.675 per hour	=	1464.86	
176.5 hours fringe benefit @ \$5.45	=	<u>961.93</u>	
Total			\$5412.64
 <u>Andy Sterba</u>			
72 hours s.t. @ \$26.69 per hour	=	<u>\$1921.68</u>	
Total wages due			\$13,129.00

AS 36.05.070(c) states, in part:

"A contract for public works in the state or a political subdivision shall contain provisions that

(4) the state or political subdivision shall withhold so much of the accrued payments as is necessary to pay to laborers, mechanics, or field surveyors employed by the contractor or subcontractors the difference between

Anchorage School District
December 22, 1983
Page 2

(A) the rates of wages required by the contract to be paid laborers, mechanics, or field surveyors on the work, and

(B) the rates of wages in fact received by laborers, mechanics, or field surveyors."

In accordance with the above, I am directing the Anchorage School District to withhold from this public construction contract the amount of thirteen thousand one hundred twenty-nine dollars (\$13,129) pending the conclusion our investigation into this matter.

Any questions you may have regarding this may be directed to me or Bruce Silverthorn, the investigator on the case.

In closing, I would like to ask that you confirm to us in writing that these funds have been withheld. We feel it our responsibility to advise you that failure to comply with this demand for retention of funds may result in further action in accordance AS 36.05.030(b).

Very truly yours,



Jean Morgan
Supervising Investigator
Wage & Hour Administration
Labor Standards & Safety Division

certified # P483768426
cc: Ground Up Construction
cc: L & H Enterprises, Inc.
cc: Steve DeLisio

The Law Firm of
Schaible, Staley, DeLisio & Cook, Inc.

December 22, 1983

Anchorage Office	Fairbanks Office
Stephen S. DeLisio	Grace Berg Schaible
Alan Sherry	Howard Staley
Joseph M. Moran	Dennis E. Cook
Michael C. Geraghty	Barbara L. Schulmann
Patricia L. Zobel	Robert B. Groseclose
Walter J. Szudlo	Charles D. Silvey, Jr.
Allan J. Olson	
	Of Counsel:
	William V. Bogges

Mr. Bruce Silverthorn
Dept. of Labor
Division of Wage and Hours
3301 Eagle St., Suite 310
Anchorage, AK 99503

Re: Ground Up Construction Certified Payroll -
Service Hansnew Sports Complex

Dear Mr. Silverthorn:

This is to follow up on telephone conversations we have had concerning wage claims of the owners and employees of Ground Up Construction with regard to work performed on the Service Hansnew High School Sport Complex project. As I have advised you, I am counsel for L & H Enterprises, the contractor to whom Ground Up subcontracted for certain work in connection with that project.

By now you will have received the affidavit of Junior Russell which demonstrates, under oath, that a substantial amount of the information contained in the certified payrolls received from Ground Up Construction is at least erroneous, and at worst false. Accordingly, it becomes incumbent upon you, in the course of your investigation, to require all evidence from Ground Up and its employees to be received in a sworn form. Whether or not that is your usual procedure is irrelevant in this case. Here we have sworn testimony in hand reflecting that the information you are being provided by Ground Up is incorrect. Obviously, a search for the truth in making a determination by you is the bottom line.

In furtherance of the search for truth, I would strongly recommend that Sterba, Thomas and anyone else who provides information concerning these matters be informed, upon

FILE COPY

943 West 6th Avenue
(907) 279-9574

Post Office Box 102810
Cable Address - MERANCH

Anchorage, Alaska 99510-2810
Telex No. 25-257

Fairbanks Office: 300 Barnette Street

Post Office Box 910

Mr. Bruce Silverthorn
December 22, 1983
Page Two

giving sworn testimony, the penalties of perjury. With that sombering information, the chance of you receiving truthful information should be enhanced.

Based on Mr. Russell's affidavit, the information contained in Ground Up's payroll pertaining to this project is incorrect. Moreover, from the face of the document, the certified payroll was not filed timely pursuant to A.S. 36.05.040. A.S. 36.05.060 sets forth the penalty for violation of the Chapter, including violation of A.S. 36.05.040. In your "even handed" approach to such a matter, one would assume that appropriate criminal prosecution of a contractor would follow from false and untimely filing of certified payroll, as provided by law. However, when I discussed this possibility with you, you seemed to take the view that your department was not interested in prosecution violators of the statute in question.

The fact that the Groun Up payroll was prepared and submitted so long after the fact should raise some serious questions in your and everyone else's minds as to the legitimacy of what is happening here. Considering the close similarity between the amount being claimed as wages and the amount of the contract price that has not been paid to Ground Up by L & H, one should ask whether the procedure which was instituted by Mr. Thomas and is being pursued by Gary Sterba- the co-owners of Ground Up Construction, is merely a back door effort to obtain payment under the contract to which they are not otherwise entitled due to their breach of contract.

As I advised you by telephone on December 19, 1983, some of the time set forth in the certified payroll charged against L & H's contract was actually performed directly by Ground Up Construction under a separate contract directly with the School District. Accordingly, those services had nothing to do with the relationship between L & H and Ground Up Construction.

On the question of whether the owners of the company would be entitled to payment of wages through the process you are pursuing in your agency, and whether Dennis Thomas is or

Mr. Bruce Silverthorn
December 22, 1983
Page Three

should be considered for such purposes as an owner of Ground Up Construction in regard to the work in question are matters which we have discussed at length. I have strenuously urged you to seek the advice of a qualified attorney assigned to the Dept. of Labor from the Attorney General's office on these issues. Since you are not an attorney, you are in no position to make a legal evaluation of those issues, although you seem fully prepared to take that on yourself without legal advice. That is an issue that L & H intends to pursue legally to the full limits of the law, should an adverse ruling be made by your division. I am confident that a qualified, experienced attorney will come to the same conclusion that I have: that neither Gary Sterba nor Dennis Thomas are entitled to payment of any wages through Division of Wage and Hour procedures under the Act, for the reason that they are owners of the company.

On the face of the subcontract between L & H and Ground Up, Dennis Thomas signed his name as a co-owner. He made the same representation to L & H's representative in negotiating the contract. Gary Sterba made the same representation to L & H's representatives. Regardless of the fact that Sterba's name may appear to be the only one on the contractor's bond filed with the state or on the state business license, that does not mean that Dennis Thomas was not, at least for the purposes of this one project, a co-owner of Ground Up Construction. He was apparently added as a partner after the contractor's license and business license were obtained. Whether or not he and Sterba would have applied for an amended or new business license or contractor's bond, or even would be required to do so under the law, is wholly irrelevant. Moreover, even if it were to develop unequivocally that Dennis Thomas was in fact not a genuine owner of Ground Up at any time, by having signed the contract with L & H as an owner, he is estopped legally from denying that he was an owner of the company for purposes of enforcement of this contract. He is civilly liable to L & H for breach of contract under the law, just as co-owner Gary Sterba is.

You indicated that the normal enforcement policy of your division is to require payment of wages to owners. I am

Mr. Bruce Silverthorn
December 22, 1983
Page Four

curious to know how frequently the issue has come up. I would be surprised if it came up more than on a rare occasion. However, regardless of whether there is in fact a policy or if that is simply the way that some enforcement officer for Wage and Hour Division handled an individual situation in the past, there is no authority under the enabling legislation to permit such a result.

You have indicated that the regulations permit that approach, but I would remind you that the regulations can do no more than what the enabling statutes authorize. Any effort on the part of the regulations to go beyond the authority granted by the statutes is null and void as a matter of law. You also seem to think that the regulations and this so-called "policy" is justified under the provisions of the Act that require owners to include on certified payrolls their hours and rates of pay for doing the same sort of work as their employees. However, it is quite obvious from the statute that there is essentially one reason for doing this: to make sure that, for determining the appropriate average wage applicable to the given type of work for enforcement purposes, the Division receives all data germane to making that calculation. The amount that owners pay themselves for doing the identical type work in question is obviously important data for that determination.

You indicated that there is a second use for this information: in reviewing contracts and public works, you are able to make certain that the contractor submits a valid competitive bid with sufficient funds to in fact pay wages to employees who are actually performing the work in question. If such review of contracts is a legitimate exercise of your division, still the purpose of requiring the owner to submit his hours and rates of pay on certified payroll is for data collection purposes. In short, nothing in the statute authorizes your division to enforce payment of wages to owners.

Finally, I am somewhat concerned about the approach that is being taken in this entire matter. Under the Act, the contractor who is in violation of the Act for nonpayment of wages is Dennis Thomas and Gary Sterba d/b/a Ground Up Construction. Quite apart from your investigation in determining validity of wage claims, etc., what effort is being made to compel Ground Up Construction to pay its

Mr. Bruce Silverthorn
December 22, 1983
Page Five

employees? Again, violation of the Act carries criminal penalties. Have Sterba and Thomas been informed of those penalties and is any prosecution under consideration should they fail to meet their obligations as employer under the Act with regard to payment of the employees?

From my conversations with you, it seems as if your primary thrust is to satisfy yourself, primarily based on unsworn information received from Sterba, Thomas and their employees, as to how much wages are involved, and then seek to force L & B, the general contractor on the project, or the school district to pay those wages. Obviously the entity responsible for payment of the wages is Ground Up Construction, and every effort available to the Division should be exhausted in seeking to compel Ground Up to pay its employees, before the Division even considers pursuing other sources of payment. I trust that is exactly what you will do, and that my uneasy feeling in this regard is unfounded.

As I had indicated before, if we can be of any further assistance in developing data or factual information that will assist you in getting at the truth in this matter, we will be happy to cooperate. However, my client has a right to be treated fairly under the law and according to due process of law, just as anyone else does. The Wage and Hour Division function should not be prostituted to become a method of subcontractors getting their money out of an upstream contractor, when the subcontractor has breached his contract and failed to fulfill his obligations to the upstream contractor. Such a process would constitute at best a gross abuse of the enabling legislation, as well as a major miscarriage of justice.

With best regards,

SCHAIBLE, STALEY, DeLISIO
& COOK, INC.

By:


Stephen S. DeLisio

SSD/slb

cc: Len Hannaman

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF LABOR
WAGE & HOUR ADMINISTRATION
LABOR STANDARDS & SAFETY DIVISION

3301 EAGLE STREET
POUCH 7-021
ANCHORAGE, ALASKA 99510
PHONE: (907) 264-2425

RECEIVED — ANCHORAGE

FEB 1 - 1984

SCHAIBLE, STALEY,
DeLISIO AND COOK, INC.

January 31, 1984

L & H Enterprises, Inc.
P.O. Box 111593
Anchorage, Alaska 99511

Attention: Len Hannaman

Dear Mr. Hannaman:

RE: ANCHORAGE SERVICE-HANSHAW SPORTS COMPLEX
PWA 1183-025

Enclosed is a copy of our letter to the Anchorage School District requiring the withholding of funds on the project referenced above. The total to be withheld has been increased to \$17,640.00. This new figure is based upon the following:

1. Ground Up Construction has submitted revised certified payrolls to our office, along with its payroll records.
2. The Attorney General's Office has informed us that wages earned by owner/operators must be paid at prevailing wage rates; specifically, 29 CFR 5.2(1) states,
"Every person paid by a contractor or subcontractor in any manner for his labor in the construction prosecution; completion or repair of a public building or public work...is 'employed' and receiving 'wages' regardless of any contractual relationship alleged to exist."

Therefore, we have adjusted the amount of funds being retained.

As you will see from the payroll copies enclosed, the hours of work shown vary from the original payrolls submitted by Ground Up Construction. If you have any dispute with the hours shown, please submit any documentation or other evidence you may have that supports your contention(s) to me at the address shown above.

L & H Enterprises
January 31, 1984
Page 2

If you agree with the time shown, please inform our office of the action you wish to take to have these wages paid. Whatever the case, please respond to this letter by February 10, 1984.

If you have any questions, please feel free to contact me.

Yours,



Bruce Silverthorn
Investigator
Wage & Hour Administration
Labor Standards & Safety Division

Enclosure

cc: Steve Delisio
cc: Ground Up Construction
cc: Anchorage School District

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF LABOR
WAGE & HOUR ADMINISTRATION
LABOR STANDARDS & SAFETY DIVISION

3301 EAGLE STREET
POUCH 7-021
ANCHORAGE, ALASKA 99510
PHONE: (907) 264-2435

January 31, 1984

Anchorage School District
Pouch 6-614
Anchorage, Alaska 99502

Attention: Lowell T. Freeman

Dear Mr. Freeman:

RE: ASD-SERVICE HANSEW SPORTS COMPLEX
FWA 1183-025

On December 22, 1983, we wrote to the Anchorage School District to explain that we were investigating the wages paid to the employees of Ground Up Construction. Ground Up Construction is a subcontractor of L & H Enterprises, Inc. on this project. Our letter directed you to withhold a total of \$13,129.00.

Since that time, we have been provided with additional information on the total hours worked by the Ground Up Construction employees, as follows:

Gary Sterba

Laborer

157 s.t. hrs. @ \$ 18.82	=	\$ 2,954.74
59 o.t. hrs. @ 28.23	=	1,665.57
216 f.b. hrs. @ 5.65	=	1,220.40
		<u>\$ 5,840.71</u>

\$ 5,840.71

Denny Thomas

(117 s.t. hours, 51 o.t. hours)

Laborer (80%)

93 1/2 s.t. hrs. @ \$ 18.82	=	\$ 1,759.67
41 o.t. hrs. @ 28.23	=	1,157.43
134 1/2 f.b. hrs. @ 5.65	=	759.93
		<u>\$ 3,677.03</u>

Operator (20%)

23 1/2 s.t. hrs. @ \$ 23.84	=	\$ 560.24
10 o.t. hrs. @ 35.76	=	357.60
33 1/2 f.b. hrs. @ 5.45	=	182.58
		<u>\$ 1,100.42</u>

\$ 4,777.45

Ed Gutosky
(117 s.t. hours, 51 o.t. hours)

Operator (80%)
93 1/2 s.t. hrs. @ \$ 23.84 = \$ 2,229.04
41 o.t. hrs. @ 35.76 = 1,466.16
134 1/2 f.b. hrs. @ 5.45 = 733.03
\$ 4,428.23

Laborer (20%)
23 1/2 s.t. hrs. @ \$ 18.82 = \$ 442.27
10 o.t. hrs. @ 28.23 = 282.30
33 1/2 f.b. hrs. @ 5.65 = 189.28
\$ 913.85

\$ 5,342.08

Andy Sterba
(64 s.t. hours)

Truckdriver (80%)
51 s.t. hrs. @ \$ 19.80 = \$ 1,009.80
51 f.b. hrs. @ 6.89 = 351.39
\$ 1,361.19

Laborer (20%)
13 s.t. hrs. @ \$ 18.82 = \$ 244.66
13 f.b. hrs. @ 5.65 = 73.45
\$ 318.11

\$ 1,679.30

TOTAL WAGES EARNED = \$ 17,639.54

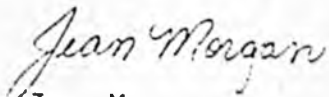
In accordance with the provisions of Title 36 of the Alaska Statutes quoted in our previous letter, we are hereby directing the Anchorage School District to adjust the amount of funds withheld from the L & H Enterprises, Inc. contract to \$17,640.00.

In closing, I would like to ask once again that you confirm to us in writing that you have complied with this demand for withholding. As mentioned in our first letter, failure to comply may result in further action by the Department of Labor in accordance with A.S. 36.05.030(b).

Anchorage School District
January 31, 1984
Page 3

If you have any questions, please contact Bruce Silverthorn or myself, and we will assist you.

Very truly yours,



Jean Morgan
Supervising Investigator
Wage & Hour Administration
Labor Standards & Safety Division

cc: L & H Enterprises, Inc.
Steve Dalisio
Ground Up Construction

The Law Firm of
Schaible, Staley, DeLisio & Cook, Inc.

February 6, 1984

Anchorage Office	Fairbanks Office
Stephen S. DeLisio	Grace Berg Schaible
Alan Sherry	Howard Staley
Joseph M. Moran	Dennis E. Cook
Michael C. Geraghty	Barbara L. Schuhmann
Patricia L. Zobel	Robert B. Groseclose
Walter J. Sczuflo	Charles D. Silvey, Jr.
Allan J. Olson	

Of Counsel:
William V. Boggess

Bruce Silverthorn, Investigator
Alaska Department of Labor
Wage & Hour Administration
Labor Standards & Safety Division
Pouch 7-021
Anchorage, AK 99510

Re: Anchorage Service-Hanshew Sports Complex
PWA 1183-025

Dear Mr. Silverthorn:

Your letter to L & H Enterprises of January 31, 1984, with regard to the above matter has been referred to me for response on behalf of L & H. I have ceased to be amazed at the lack of due process which your department appears to favor in these matters, at least as it has been demonstrated in this case.

To begin with, the thrust of your letter is directed at my client, the general contractor, not at the employer of the employees who have not been paid as required by the law you seek to enforce. What action is being taken with regard to Ground Up Construction and its co-owners, Gary Sterba and Dennis Thomas, in this regard? What do they propose to do about paying the wage claims of their employees, is the more appropriate question that should be asked at this time. Furthermore, what action does your department intend to take with regard to the statutes that set forth sanctions for failure of an employer to file timely certified payroll records and fail to properly pay prevailing wage rates to its employees?

Under any reasonable procedure, one would have every reason to expect that the administrative procedures available to your agency would be exhausted in dealing with the party who is directly responsible for the problem - the employer. Yet your letter does not even address that subject matter, but addresses the subject to L & H Enterprises as if L & H was the actual employer of the workmen in question.

FILE COPY

Bruce Silverthorn
February 6, 1984
Page Two

As you very well know, we do dispute the hours shown by Ground Up Construction. For whatever reason, your letter completely fails to address the fact that, without any obligation to do so, we submitted to you a sworn affidavit of Junior Russell dated December 16, 1983, setting forth the basis for our challenging the payroll record of Ground Up Construction, as then known. We realize that you have received more recent information, but that more recent information has resulted in a substantial increase in the amount of hours allegedly worked, whereas Mr. Russell's affidavit demonstrated that the earlier smaller alleged payroll record was grossly excessive.

Furthermore, the form in which you have provided us the alleged hours worked is utterly useless in our being able to make a response with regard to disputing those hours. No attempt is made in your attached letter of January 31, 1984 to the school district, wherein the hours are set forth, to show on what days each increment of hours was put in. Obviously that is the only way that we would have to challenge the hours shown.

Third, whatever happened to the right to a hearing on a dispute of this type. From the tone of your letter, our entitlement to be heard is apparently going to be limited to submission of documentation or other evidence that we have that supports our contentions. This is very disturbing inasmuch as your letter failed to note that we had already submitted a substantial sworn document which very extensively challenged the claims being asserted by Ground Up Construction and its employees.

In addition, we had previously advised you that a portion of the work provided by Ground Up Construction at Anchorage Service-Hanshew Sports Complex was performed directly to the account of the Anchorage School District, and not under the subcontract with L & H Enterprises. Nevertheless, neither your letter to L & H Enterprises or your letter to the school district, both of which are dated January 31, 1984, deal with this question. A hundred percent of what you are asking the school district to withhold is being asked to be withheld from L & H Enterprises contract. Obviously, no matter how the statute and regulations you are attempting to enforce are interpreted in the final analysis, there would be absolutely no right for anybody to have the school district withhold monies from L & H Enterprises for wages owed by Ground Up Construction to its employees for performing services to the direct account of the Anchorage School District.

Concerning your advise with regard to the entitlement of owner/operators, as you well know, we intend to challenge that, if necessary, to the highest court. The interpretation is being made

Bruce Silverthorn
February 6, 1984
Page Three

of a regulation which does not expressly say what you say it says. In other words you are interpreting what the words mean. The regulation only has such scope, force and effect as the enabling statute gives it, and there is nothing under the statute that gives the Department of Labor the right to establish a regulation which would require an upstream contractor to pay a defaulting subcontractor owner/operator prevailing wage rates.

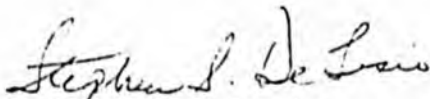
We hereby demand our rights as established by law to the benefit of the administrative procedures pertaining to such matters. Furthermore, we request an answer to the inquiries we have made above.

Should you see fit to provide us with a breakdown of the hours claimed by Ground Up's employees and owners, on a day-by-day basis so that we can evaluate them, we will be happy to make a further evaluation. However, we question whether such an analysis would be a waste of time, since you have obviously disregarded Mr. Russell's previous sworn analysis.

Very truly yours,

SCHAIBLE, STALEY, DeLISIO
& COOK, INC.

By:


Stephen S. DeLisio

SSD/slb

cc: Len Hannaman

The Law Firm of
Schaible, Staley, DeLisio & Cook, Inc.

March 20, 1984

Bruce Silverthorn, Investigator
Alaska Department of Labor
Wage & Hour Administration
Labor Standards & Safety Division
Pouch 7-021
Anchorage, AK 99510

Anchorage Office	Fairbanks Office
Stephen S. DeLisio	Grace Berg Schaible
Alan Sherry	Howard Staley
Joseph M. Moran	Dennis E. Cook
Michael G. Geraghty	Barbara L. Schuhmann
Patricia L. Zobe	Robert B. Groseclose
Walter J. Szuda	Charles D. Silvey, Jr.
Allan J. Olson	
Gregory L. Youngman	

Of Counsel:
William A. Rogges

Re: Anchorage Service-Hanshew Sports Complex
PWA 1183-025

Dear Mr. Silverthorn:

You will recall on February 21, 1984 our telephone conversations regarding the fact that, even the most recent revised purported payroll records produced to you by Ground Up Constructions were not presented under oath. You stated that Mr. Sterba was unwilling to provide a "certified payroll", on the ground that he felt such certification constituted a representation that the payroll had been paid, when it had not.

Accordingly, I requested that you obtain from Ground Up Construction a sworn affidavit to the accuracy of the information contained in whatever payroll record Ground Up intends now to rely upon. You advise that that would be an easy thing to accomplish, and that you would do so and send me a copy of the affidavit immediately.

We are now approximately one full month since that discussion, and I have not received any such affidavit. Has Mr. Sterba declined to provide one? When may we expect to see some sworn support for this oft changed and perhaps in the future often changing payroll "record?"

I attempted to call your office on March 19, only to be advised that you were gone on personal leave until April 1. I trust you will respond to this promptly after your return.

Very truly yours,

SCHAIBLE, STALEY, DeLISIO & COOK, INC.

By:

Stephen S. DeLisio
Stephen S. DeLisio

SSD/slb

cc: Len Hannaman
943 West 6th Avenue
(907) 279-9571

Post Office Box 102810
Cable Address - MIRANCH

Anchorage, Alaska 99510-2810
Telex No. 25-257

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF LABOR
WAGE & HOUR ADMINISTRATION
LABOR STANDARDS & SAFETY DIVISION

301 EAGLE STREET
POUCH 7-021
ANCHORAGE, ALASKA 99510
PHONE: (907) 264-2435

RECEIVED — ANCHORAGE

MAR 22 1984

SCHAIBLE, STALEY,
DELISIO AND COOK, INC.

March 21, 1984

Schaible, Staley, Delisio & Cook, Inc.
PO Box 102340
Anchorage, AK 99510

Attention Stephen S. Delisio

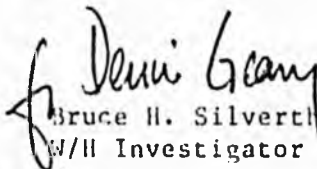
RE: ASD-SERVICE HANSHEW SPORTS COMPLEX
PW1183-025

Enclosed are the amended certified payrolls submitted by Gary Sterba, on behalf of Ground Up Construction, for work performed on the above referenced project. Mr. Sterba's certification is attached for your review.

Please compare these payrolls for consistency with your own records and provide this office with any comments you might have by April 6, 1984.

If you have any questions, please don't hesitate to contact our office at 264-2435.

Yours,


Bruce H. Silverthorn
W/H Investigator
Wage & Hour Administration
Labor Standards & Safety Division

Enclosures

MEMORANDUM

TO: File
FROM: SSD
DATE: 12/19/83

Re: L & H Enterprises v. Ground Up Construction

On this date I spoke at length with Bruce Silverthorn regarding the status of the matter. He is expecting to meet with Gary Sterba on the morning of December 20, 1983. He indicated that he had not told Sterba that he would be ordering the School District to pay the wages. He will, however, be instructing the School District to withhold a sufficient sum to cover wages that he thinks from his preliminary inquiry may be due.

I informed him of the affidavit prepared by Junior Russell from the L & H job logs, and agreed to deliver a copy of the affidavits to him as soon as possible. I sent it with Sharon on the afternoon of 12/19/83. I also read from it the conflicting information from the certified payroll records.

He indicates that a couple of the employees have even filed conflicting claims indicating that there is more owing them than is shown on the certified payroll submitted by Sterba.

Once again he reiterated his belief that owners were entitled to payment under the Act as well as regular employees. I pointed out to him that, before he made a major mistake in enforcement, he should inquire for an opinion of the assistant attorney general that advises the Department of Labor. He also indicated that his research had shown that Gary Sterba was the only owner shown on the contractor's bond and business license. I pointed out to him that was irrelevant, for purposes of this job, since Denny Thomas had held himself out and signed the contract as a co-owner. Hence Thomas should also be dealt with as an owner with regard to this claim. I further urged him to obtain an opinion on this from the attorney general's office.

Silverthorn admitted that he was not attorney, but was simply following enforcement practices that are apparently well established in the department. They have apparently routinely been enforcing payment of wages to owners, as well as to employees, where the situation has arisen.

I also insisted that he take any further information from Sterba, Thomas or the employees under oath, since we wanted the sanction of perjury over their heads if they lied. He sounded as if he really did not intend to do that since his only purpose was to determine whether wages were due, and not to make a case for anybody. I pointed out to him that, obviously, his function was to get to the truth and the best way to get to the truth was to take testimony under oath

particularly where there were major conflicts. I pointed out that, if he required all of the evidence to come in under oath, he was much more likely to get to the real truth earlier.

I also pointed out that some of this work had been done by Ground Up directly for the account of the School District, and that we were being charged as if it was done for us. He indicated that he would check with Hanscomb Herry to find out about this aspect.

cc: Len Hannaman

Payroll on the other contract with the School District will show this discrepancy. Maybe an oversight on their part. It is impossible from the Ground-Up time sheets to match our job log.

Andy Sterba was never an operator on this job yet time sheets show him as such. It is real confusing as to what they are trying to do. It looks as if they are guessing on their hours rather than being accurate.

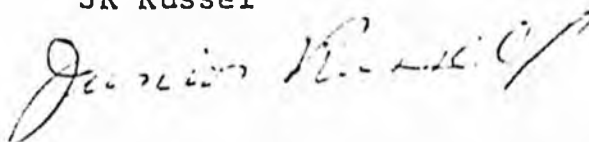
I have no argument on hours for Denny Thomas. Though accurate hours on him were not properly kept, as he would leave the job during work hours and did so on many occasions and would also show up late. He was looking and bidding other work and charging hours to L & H job as it appears and was told to me.

The most accurate hours would be on Ed Growkoski. However, both Ed Growkoski and Gary Sterba are listed as operators on the same days. It is very hard in an 8 hour day to get in 16 hours of operators time on one piece of equipment. They only had one backhoe.

As a former employee of L & H Enterprises, Inc. I am under no obligation, connection, or ties with L & H Enterprises, Inc. at this time.

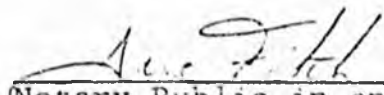
If I may be of further assistance please be advised that I will be glad to help. Log books, time sheets and personal knowledge of the above is true to the best of my knowledge.

Best Regards,
JR Russel



Subscribed and sworn to before me
this 16 day of December, 1983.

(Seal)



Notary Public in and for
State of Alaska
My commission expires; My Commission Expires

H B

720

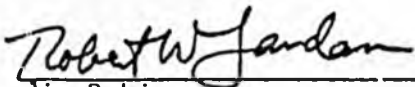
House Bill 720
Bill No.
Title "An Act relating to electrical codes."

Eileen Plate
465-2750
Date Bob Bacolas
465-4870
Contact:

The National Electrical Code is updated every three years, and the 1984 code is the most recent effort in this regard. The 1981 code presently in effect for the state of Alaska is, therefore, outdated and will not be reprinted. Adoption of the 1984 code would bring Alaska's minimum standards into conformity with those commonly accepted and used by industry across the nation. The latest edition of the National Electrical Code is also commonly adopted by political subdivisions in the state as the minimum standards enforced under their building inspection programs.

The Department supports adoption of the 1984 code. It will not have a fiscal impact on the Department.

APPROVED


for Jim Robison
Commissioner

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: HB 720
Title: "An Act relating to Electrical Codes"
Sponsor: House Labor and Commerce
Requestor: House Labor and Commerce
Date of Request: 5/14/84

FISCAL DETAIL

Agency Affected: Labor
Program Category Affected: Public Protection
BRU, Program or Subprogram(s) Affected: Labor Standards and Safety BRU, Mechanical Inspection

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Robert J. Bacolus Phone: 465-4870

Division: Labor Standards and Safety Date: _____

Approved by Commissioner Robert W. Jordan Date: 5/14/84
for Jim Robison

Agency: Labor

LEG:A:69

Distribution (by Agency preparing fiscal note):

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

12/1/83

HCR

21

3/29/83

Rep. Walt Furnace

Re: HER-21

The Sponsor has requested that the following changes be made to the resolution:

① In the Title - Page 1 - Line 6
change [March 13-19, 1983] to March 11-16, 1984

② Page 2 - Line 7
change [March 13-19, 1983] to March 11-16, 1984

They will not have anyone to testify and have requested LHC staff be prepared to answer any questions which may arise.

JLB

HCR

52

SEAFOOD'S FUTURE

SALES STILL FLAT

As economists talk healthy retail sales, surprising unemployment drops, and steady economic recovery, seafood dealers are becoming weary of the good news. The recovery has not yet touched seafood sales, which remain depressingly flat.

Holiday sales of specialty and shellfish items did not materialize as expected. Confusion in the shrimp and scallop markets has kept buying at a hand-to-mouth level. Fish inventories are running 13 percent higher and shellfish inventories 16 percent higher than one year ago, mostly due to cod and shrimp.

The strong U.S. dollar has attracted imports from all over the world, intensifying competition for traditional suppliers. In the shrimp and scallop markets, prices have hit resistance levels. The U.S. dollar continues at record-high levels and is expected to remain strong, dampening exports.

With Lent starting almost one month later this year than last (March 7 as opposed to February 16), more time is available for planning promotions and for suppliers and buyers to establish programs.

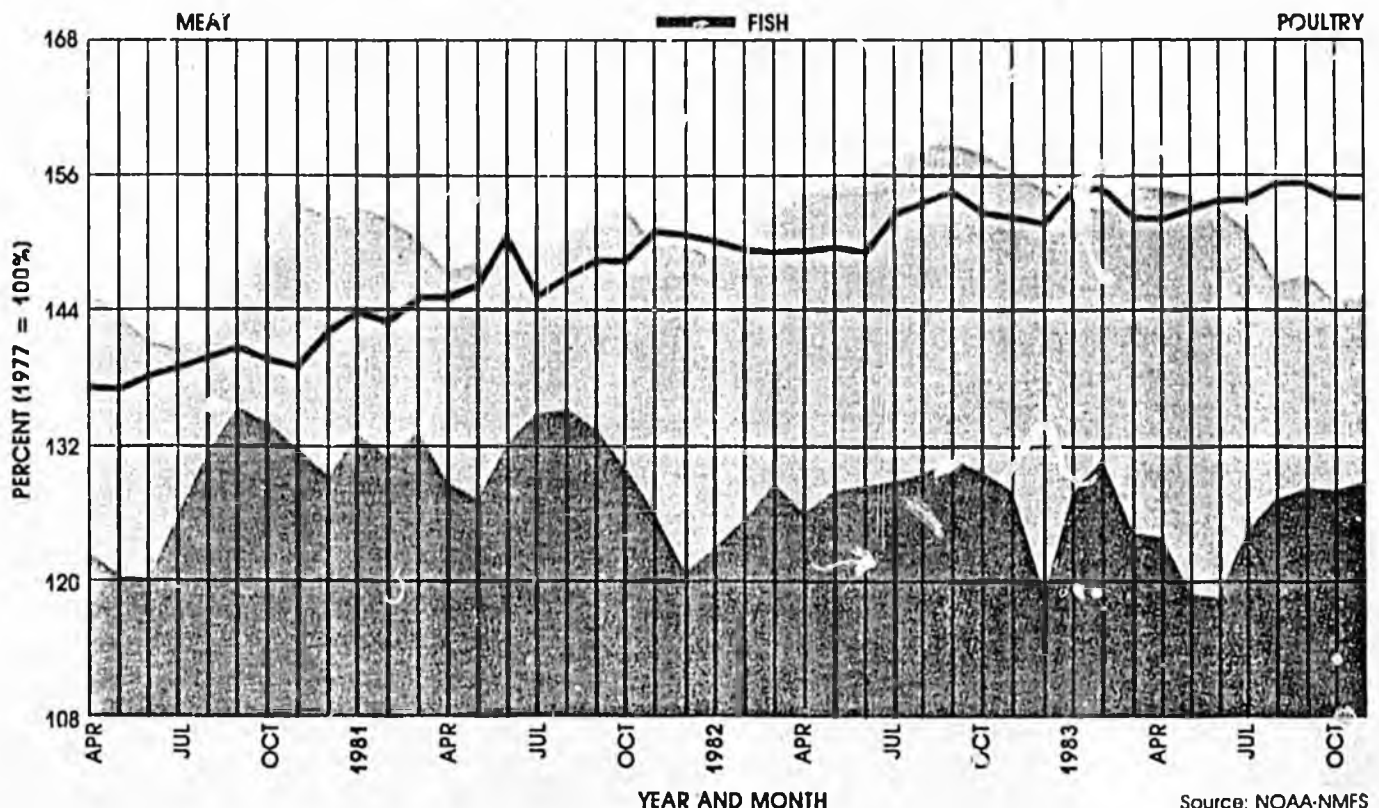
Despite the doldrums, there is good news on the horizon for seafood consumption. Beef, pork,

and broiler prices are expected to rise in the spring, as supplies dwindle. An explanation by David Stroud follows on page 11.

The relationship between higher prices in competing protein sources and increased seafood consumption is made clear by a recent USDA report tying changing incomes and prices to consumption. Data on per capita consumption and prices of red meats, poultry, and fish in the U.S. from 1950 to 1978 showed that for every 1 percent rise in the price of red meats, red meat consumption is reduced 0.68 percent. At the same time, poultry consumption increases 0.56 percent, and fish consumption increases 0.16 percent. Thus, if beef prices rise the 2 percent predicted in the first half of the year, fish consumption should increase a minimum of 0.32 percent. Since the price of broilers is also expected to rise, more consumers should turn to seafood.

As incomes rise, as they are expected to, shellfish consumption should benefit. According to the USDA study, a 1 percent rise in consumer incomes prompts a 0.68 percent increase in dollars spent on shellfish, the category among all meats and poultry with the highest positive reaction. Finfish expenditures increase 0.14 percent with a 1 percent rise in income.

Retail Price Index for Meat, Fish, Poultry



Source: NOAA-NMFS

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Amendments made to limited entry regulations

Plenty of changes have been made to limited entry regulations, and copies of the new regulations are available from: Commercial Fisheries Entry Commission, Pouch KB, Juneau, AK 99811, or call (907) 586-3456.

Some of the changes include the broadening of the definition of sablefish; rewording of gear codes to include power jigging equipment; changes in the boundaries of king crab administrative areas in the Bering Sea and Norton Sound; increasing the annual fee for Class VI permits from \$15 to \$30 for Alaska residents, and from \$45 to \$90 for non-residents; requiring applicants in limited entry fisheries to notify the Commission if they have not received confirmation that the Commission has received their application. □

Whitney processing plant closes

The *Whitney*, a processing barge owned by Whitney-Fidalgo Seafoods, is closing its doors following precipitous declines in shrimp and crab stocks. Plant supervisor Mike Thompson said the Dutch Harbor plant will probably remain closed in the near future.

Twenty people will be laid off by the closure and only one person will remain behind to maintain the barge. □

Naknek demo to chair new fish committee

Representative-elect Adelheid Herrmann (D-Naknek) has been selected by the majority coalition of the Alaska State House of Representatives to chair the Special Committee on Fisheries.

Herrmann is one of six rural legislators who have joined with other House members to form a coalition of twenty-seven members.

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GILLNE

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VES

**"THIS ALUCRAFT PACKS A
BIGGER LOAD
AND STILL STAYS STEADY IN
THE WATER."**

Bill Brasler, Marysville, Wash



HOUGH
Marine AND
Machine

A Cold Winter Coming for salmon buyers

by Brent Evans

*'Salmon in the ice-box,
Salmon in the sink.
Salmon on consignment,
Floating in red ink.'*

Step inside the corridors of any major processor or broker of frozen salmon and feel the chill. It's the cold draft of millions and millions of unsold frozen salmon; it's the despair of playing Japanese Roulette and losing.

"I've been in the fish business all my life. My father was a canner in Alaska . . . I've never seen it as bad as it is this year," says a manager of one seafood company. "Somebody's going to get hurt."

This year's Bristol Bay record run is a classic case of how volatile and dangerous the salmon market can be. By all accounts, both American processors and Japanese importers (trading companies and fishing companies) stand to "lose big" in 1983. Some companies, like Vanguard Fisheries, which filed for bankruptcy under Chapter 7 in Seattle, August 12, don't have the capital resources necessary to withstand initial losses. Other companies, already weakened financially by high interest rates and poor cash flows, could be forced into selling product at a loss in order to make their first quarterly payments to, as yet, friendly bankers.

Japanese buyers, too, are suffering from the plunge in the price of salmon. "We're absorbing most of the loss this year, not American processors," says a spokesman for one Japanese trading company. "We had the pre-season contracts based on the projected run and we lost. We had to take the salmon at the agreed upon price no matter what wholesalers in Japan will pay us for it. Unfortunately, most American fishermen and processors never, ever believe we lose money."

By all accounts, the knife cut both ways this year. Some American companies have reportedly done well by wisely sticking to pre-season arrangements and avoiding the temptation of bidding for fish without a guaranteed buyer. Most, however, took the fish. The excitement of the enormous run must have infected buyers as much as fishermen. How else to explain the enthusiastic buying of salmon that went on and on, days, even weeks after it was common knowledge that the Japanese weren't buying, that the Japanese were desperately trying to back away from previous commitments?

Frozen storage facilities in Seattle and Tokyo are bulging with salmon. The question is: whose is it? Reportedly, many American brokers and packers either didn't believe their Japanese counterparts that the market was bad, feeling they could hold out for higher prices, or they found transportation routes south overloaded and shipped salmon to Japan without a buyer. No one knows how many million pounds of sockeye left on trampers from Bristol Bay with no place to call home, but everyone knows there is a tremendous plug of fish in Japanese and American cold storage which inevitably has to be offered to the

market at a price the market will accept. This year, for many, the price won't be enough.

How did matters get so bad, you ask. Well, fishermen aren't the only ones who know the price goes up sometimes, and sometimes it goes down. Despite the enormous financial and economic leverage of Japanese trading companies, the price of salmon in Japan depends to a great extent on the confidence of those closest to the market, the primary wholesaler. The Japanese wholesaler, or niuke (nee-oo-kay), is currently buying very little salmon, even though the price is low. He knows it will go lower. The danger for both American and Japanese

"Imported salmon fits neatly into an allotted time frame in the minds of most Japanese buyers," says one American processor who sells a great deal to Japan, "right behind deliveries of Japan's mothership fleet and coastal fishermen, and right before the large Hokkaido chum runs in September and October. If the wholesalers lack the confidence to buy and distribute imported salmon aggressively during that interim, imported salmon could be largely ignored by the market."

That is the current dilemma. Though prices are low, wholesalers are only buying what they need on a daily basis. Why buy on speculation when any day now, some American packer is going to break, sell off his product at a loss and pay his banker? Under normal conditions; the salmon market in Japan develops slowly each year. Buyers and sellers

of the number and quality of fish available, of overall consumption, of last year's inventories, of weather and any number of other factors. Their profit margins are close, the volumes involved are large, and mistakes can be costly. They've all been burned before.

As a result, salmon consumption builds slowly. As projections and estimates match with actual harvests, as price expectations match actual prices, enthusiasm among wholesalers and retailers builds. Salmon gets sold . . . and eaten.

This year that scenario quickly fell apart. Even before the season began, the market was depressed by large inventories of frozen salmon from last year. Some estimates pegged the holdover as high as 70,000 metric tons, the highest level seen since the disastrous year, 1980. Still, Japanese buyers projected a

see SALMON BUYERS page 48

Thinking about repowering? Think Cummins

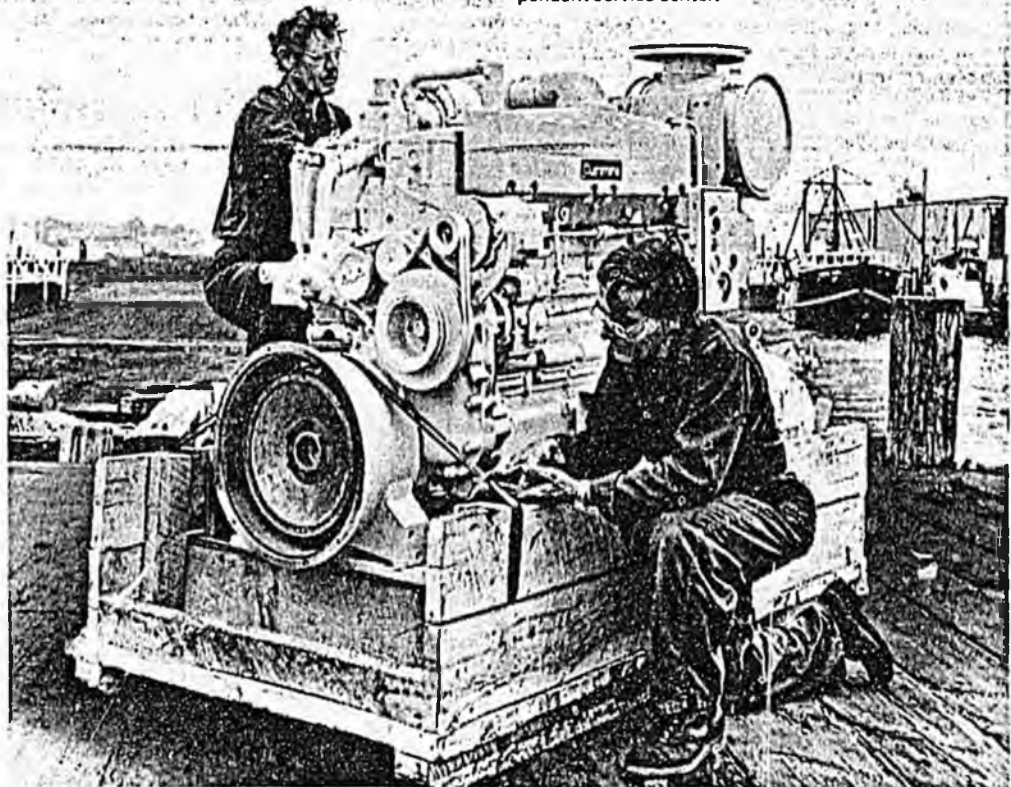
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Fall 1983 Journal

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continued from page 7

starting price for Japanese mothership salmon (semi-dressed, 3 fish/10 kilo box) at 1,750 yen/kilo, down from 2,000 yen the year before, but not all that bad either.

Every year, American and Canadian salmon get linked to this price, usually starting 200-300 yen lower for False Pass sockeye, and so on, for other areas. This year, working back from these prices and using projected runs in Alaska to estimate the overall harvest, Japanese importers made pre-season contracts with some American packers for a reported \$1.65-1.75/pound. These prices in turn influenced processor-fishermen negotiations for ex-vessel prices. By July, the market, the importers, the processors, the fishermen—all were expecting an estimated 21 million salmon to be taken in Bristol Bay. Instead, 36 million were taken from the largest run in history. Wholesale prices plummeted. Mothership prices slid to 1,250 yen/kilo and purchasing of imported salmon ground to a halt.

Conditions were made worse, however, by a number of other factors. Russia closed its north Pacific waters to Japanese fishing ahead of schedule this year. Japan's mothership fleet returned home and its catch went on the market all at once, forcing down prices. In Bristol Bay, the salmon tended to be small, 2-4 pounds instead of 4-6 pounds and the enormous run coincided with sultry weather and warmer water. Combined with long holding times, these factors resulted in poorer quality, lower grade fish. The small sizes impinged upon both the pink and chum markets, and price fell.

For those who think having fish is the same as having money, the buying continued. Wiser heads got out fast. Japanese wholesalers were for a while "in an absolute panic." The buying stopped in Japan in the second week of July but went on for another two weeks in Alaska. For some who had turned down Japanese offers to buy at \$1.50 the week before, there was only the bitterness of knowing no one would now buy their fish at any price.

Vanguard Fisheries is perhaps just the first to fall out. Owned and operated by Vince Goddard, a talented young entrepreneur with lots of Japanese expertise, Vanguard Fisheries aggressively sought fishermen and fish deals this spring. An agreement to market fish from the Copper River Fishermen's Co-op was one such arrangement. The company also took the plunge and set up processing operations and hired floaters, moving from brokering to buying-their-own, a calculated risk that didn't pay off. When the company filed for bankruptcy in early August, it listed assets of \$300,000 and liabilities of \$1,000,000.

The problem, then, is salmon: too much bought from fishermen at too high a price. Rumors in Seattle say that anyone that relied heavily on the frozen market this year could be in trouble. Most readers will know who they are.

The market right now is like the great earthen dam at the base of Mount St. Helens holding back what once was Spirit Lake. Everyone knows it's going to go, the only question is when. In the case of the salmon market in Japan, everyone knows the plug of salmon will have to go and that the price will fall with it. For some, there may be an axe on the way down, too. □

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n of which extends into the
ern District. The stocks
r to be 200 fathoms and
f.

Northern District opened for
king crab fishing May 1. The
nit is 5½ inches. □

Brown king crab

Four boats check out Shelikof

Success of the Adak brown
crab fishery has created
interest in exploring Kodiak's
Strait for brown king crab

Permit-only season opened in
May 1. Four vessels applied
permits and headed out to
sea. Small numbers of brown
crab have occasionally shown
up in the red king crab deliveries,
whether Kodiak has any concen-
of stocks is unknown. □

Tanner crab Still scratching in Aleutians

There was little effort on the
Aleutian tanner crab stocks after
the April 15 closure of the Adak
brown king crab fishery.

In the Western Aleutian District
there was no fishing the last part of
April and the season's catch stands
at 463,000 pounds.

In the Eastern Aleutians a few
local boats continued to scratch into
May delivering about 10,000 pounds
a week. As of May 4, the total
harvest for the season was 516,000
pounds. □

Small fleet still on Bering Sea

In the Bering Sea the tanner crab
fishery continued to be a shadow of
days gone by. Estimated 30 to 40

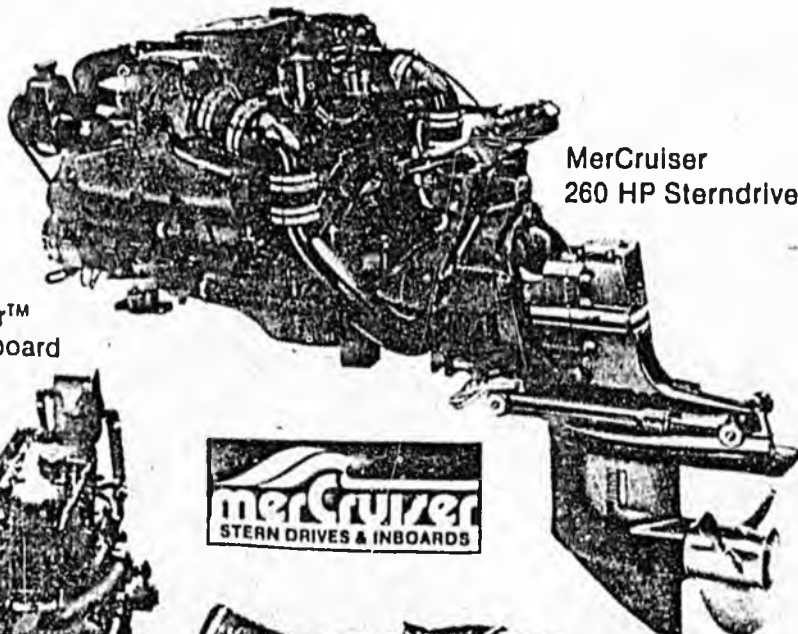
vessels continued to fish into the
spring and, by May 4, had delivered
4.3 million pounds of bairdi and 11.7
million pounds of opilio tanner crab.

In 1982 the bairdi deliveries had
reached 8.4 million pounds by the
first of May and the opilio deliveries
had reached 17.7 million pounds.
There were more than 100 boats on
the grounds during the 1982 fishery,
about double the number of boats
which fished the 1983 season. □

Shrimp No joy at all in Kodiak

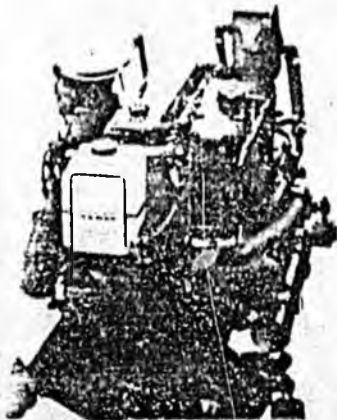
Kodiak fishermen have pretty
much written off a spring shrimp
fishery and are looking for whitefish
markets. On April 25 the 86-foot
stern trawler *Dawn's* owners
removed the vessel's outriggers as
part of the conversion of the vessel
from a double-rigged shrimp trawler
See **GROUNDS** page 42

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170 HP Inboard



June 1983 Fish Journal

From the Grounds

continued from page 37

to a single-rigged dragger capable of mid-water trawling.

"It's the end of an era," commented part owner Al Burch. The *Dawn* was the first double-rigged trawler with a stern ramp to fish shrimp in Alaskan waters. It sailed into Kodiak in 1971, the year of the record 180 million pound shrimp harvest.

Robert J. Browning described the *Dawn* as "a pioneer vessel" which "quickly became a highliner," in his book "Fisheries of the North Pacific."

"We hope this will be the beginning of a new era—the era of whitefish," said Burch.

The Fish and Game research vessel *Resolution* left Kodiak May 9 to begin the annual shrimp survey, though biologists doubted there were any concentrations of shrimp left.

Recent work by Fish and Game biometrician Steve Thompson indicates there is a strong correlation between the decline of the Kodiak shrimp stocks and increasing water temperatures.

The recent warming trend, which began about 1975, was enough to cause stock reduction, Thompson's analysis of historic data showed. His work also indicated that shrimp stock declines are also correlated with the presence of pollock on the shrimp grounds. The presence of cod on the grounds is followed by a decline in the shrimp stocks a year later.

All three elements—warm temperatures, increased pollock stocks and increased cod stocks—are present in the Kodiak area. □

Shrimp Cook Inlet looks bad

Cook Inlet's shrimp stocks appear to be collapsing and whether there will be a 1983-84 season depends on the results of the May 18-24 shrimp survey. "Even the areas not fished, the Outer and Eastern Districts, are affected the same way as the areas fished," reported the Homer shrimp management biologist.

The disappearance of Cook Inlet's shrimp stocks coincided with the appearance of an unusually large biomass of young pollock. The pollock do not appear to stay in the inlet for more than a year.

Last year biologists saw the first evidence of a decline in the Cook Inlet shrimp stocks and slashed the quota from 6 million to 3 million pounds. Humpy shrimp populations were the first to disappear, followed by pink shrimp populations.

Despite one of the most conservative management strategies in the state, the shrimp population continued to spiral downward during the 1982-83 season. □

Whitefish New pollock school found

A second major school of spawning pollock was discovered about April 20 by Mel Wick while enroute to Prince William Sound

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Preparation
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by nationally prominent chefs.

Award
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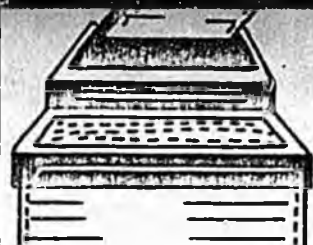


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FROM THE GROUNDS



Summer 1983 Fish Journal

Herring PWS a bust with 2,600 tons

Bad weather and reluctant herring plagued this year's Prince William Sound herring fishery. During the only opening for seiners 2,600 tons of the projected 5,000 ton harvest was taken in the Naked

Island area. The fleet then settled in to wait for the Montague run, but the Montague run never showed.

By the first week in April, marine mammals and birds were congregating in Prince William Sound right along with the seiners and tenders. Biologists estimated that the 20 companies buying herring had fielded "a tender for every seiner."

As 70 knot winds whipped the sound April 3, most of the fleet huddled in Cordova Bay. "It's like a floating city out there," commented

one resident.

On April 11 snow fell in Prince William Sound and some boats reported three inches of the stuff on their decks. Snow and fog kept the spotter planes out of the air and fishermen worried that the herring might spawn before anyone knew the fish were ripe.

On April 14, despite blowing snow and rain, the Naked Island run boiled up. Spotter planes were forced to fly at 200 feet in order to see the fish. In one hour the estimated 70 seiners on the Naked

Island grounds took nearly 2,600 tons of herring.

In Montague Island's Rocky Bay the weather was so bad and the water so stirred up no one could see fish and the boats had to set blind.

"Even so six or seven boats managed to set on herring," said the Cordova Fish and Game management biologist. Total catch from Rocky Bay was 146 tons.

The big surprise was the size of the herring in the Naked Island area. "They're the biggest herring we've ever seen—very comparable

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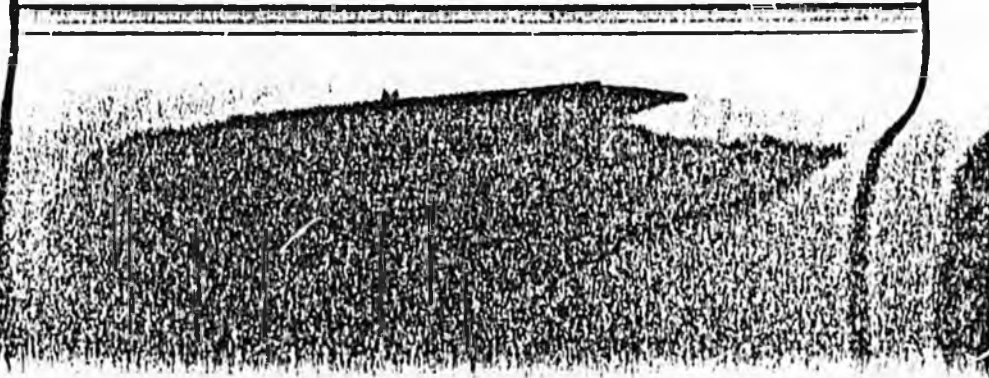
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Spring 1983 Fish Journal

station in Cordova for five-day periods, and will bring with it a double crew to insure 24-hour operation. □

Processing Wrangell plant closed for 1983 season

Harbor Seafoods, Wrangell's only seafood processing plant, closed its doors in early May and says it will not operate for the remainder of the 1983 season. A spokesman for Harbor Seafoods said the company has suffered significant operating losses during the past several years and would have again lost money had the plant remained open.

Harbor Seafoods is owned by the Alaska Lumber and Pulp Company, a subsidiary of a Japanese-owned corporation. The timber company acquired Harbor Seafoods in 1974. The Wrangell plant employed about 20 people, but during the peak of the salmon runs the work force swelled to over 100. Harbor canned and froze all species of salmon from seiners, gillnetters and trollers delivering there and to the company's tenders. □

Canadian seized for poaching

The U.S. Coast Guard seized the Canadian halibut longliner *Cassiar 67* in Dixon Entrance for illegally fishing in U.S. waters. The cutter *Cape Hatteras* intercepted the Canadian fisherman 40 miles south of Ketchikan shortly after midnight on May 24.

...is strongly opposed to any renegotiation of the U.S.-Canada salmon treaty which has been stalled by vehement opposition from Alaska's fishermen. The British Columbia position was conveyed to Canada's Minister of Fisheries, Pierre De Bane, in Ottawa on May 11. De Bane is expected to issue a statement on his country's position on the treaty by the end of May.

The Canadians have threatened a fish war in the event the U.S. refused to begin managing along treaty guidelines this season. In such a "war" Canada would cut enhancement efforts on rivers shared with the U.S., increase catches on those rivers, and allow their troll fishery to take king salmon in much larger numbers

Hoax brings false lead in 'Investor' murder case

A former mental patient in Indiana claiming to know the whereabouts of a surviving crewman from the fishing vessel *Investor* led Alaska detectives on a chase to that midwestern state in April, according to a story in the *Bellingham Herald*. The *Investor* burned off Craig during the 1982 season after its skipper, his family and crew were murdered.

The tip from Indiana proved to be a hoax. It began on April 11 when a man telephoned long distance to Alaska State Troopers in Ketchikan and asked where he could contact the parents of one of the *Investor*



Mike Douville

impossible.

The man who called Ketchikan described the crewman "down to the last hair," according to the Troopers. He also knew the answers to questions about the case that investigators believed were known only to them and the killer or killers.

Investigators learned that the long distance call was made from a home in Goshen, Indiana, and they contacted the Goshen police. Two Alaska detectives then flew to Indiana and, with the Goshen police, took the caller into custody April 24.

Under questioning, the man's story held up for about two hours, according to the investigators, but eventually it broke down and deteriorated into a wild tale laced with paranoid conspiracy theory and inaccuracies about the murders.

Investigators then learned the man's real name from a mental hospital to which he had

Alaska and the U.S. responded to the Canadian threats by categorically refusing to consider a fish war as a viable response. Alaska Commissioner of Fish and Game Don Collinsworth said, "Alaska will not fire the first fish," when asked about participation in a dispute. Alaska Governor Bill Sheffield is personally overseeing the feelers from Alaska, through the State Department to Canada and has thus far assumed a conciliatory stance. However, Sheffield has outlined his objections to the current version of the treaty and clearly will not accede unless some changes are made. The consensus among U.S. fishing interests and politicians remains in favor of a treaty, but against the present version. □

Sealaska timber fined \$9,500

Sealaska Timber Corp. has been fined \$9,500 for timber into a salmo steelhead spawning creek. Prince of Wales Island violation occurred in 1981, when a large number of trees were found in St. Creek.

Sealaska Timber is owned by the Sealaska Corporation, Juneau-based Alaska corporation which also owns Ocean Beauty Seafoods, the State's two largest processing companies. Sealaska pleaded no contest to the violation charges in Ketchikan District Court. □

New director for Fish Board

Beth Stewart has been appointed executive director of the Alaska Boards of Fisheries and Game, replacing Mil Zahn. She left the job in January 1982, serving for less than one year. Stewart was formerly the executive assistant to the Commissioner of the Alaska Commercial Fisheries Entry Commission. She has worked in Alaska since 1958 and served in government positions for several years.

Stewart said her first task as the administrative director of the two Boards would be to coordinate the State's six Regional Fisheries Councils up to full

Hard times Sealaska backs out of NEFCO deal

After flirting with the idea for over two years, Sealaska has backed out of buying the Alaska processing plants of the bankrupt New England Fish Company (NEFCO).

The December 16 announcement is a blow to the settlement of the NEFCO estate, which is still trying to pay off a reported \$35 million in unsettled claims.

Shortly after NEFCO went broke in May 1980, Sealaska agreed to pay the NEFCO estate \$11.1 million for properties at Sand Point, Uganik, Chatham, Noyes Island, the Ketchikan Cold Storage, and the Totem Packing Company (formerly Nefco-Fidalgo Packing Company).

Sealaska lowered their original offer to \$8 million in November because of the severe recession in the salmon industry. The purchase was also hampered by a still-pending class-action lawsuit called the Domingo case, in which a federal court found NEFCO liable for racial discrimination.

Sealaska spokespeople on numerous occasions said the deal would only be consummated if the lawsuit is settled.

Sealaska Corporation is Alaska's largest privately-owned business corporation and is the Alaska native regional corporation for Southeast Alaska.

Labor

Dutch Harbor workers OK union

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U.S**

The salmon ir between the U.S. about to yield a t to the chief n announced compl treaty in Sea December.

After going h two weeks, Lee Canadian nego Shepard were con final version of th be ready to pre respective gove December's end.

Under the draf sides will reduce sport harvest of Chinook runs in ord them. Although the of endangered C relies on lower cal large part of the tre to agreement on con enhancement mea treaty calls for U.S./Canadian mana designed to prev declines in spawning.

The draft treaty al that the U.S. federal will fund the expan Little Port Walte

Crabber capsized and sank 22 miles north of Dutch Harbor on Aug. 14, bound for St. Matthews Island with fuel tanks full and loaded down with crab pots.

Lost are skipper Harold Pederson of Seattle; Randy Ficks of Seattle; Jim Converse of Engadine, Mich.; and Annette Fletcher of Port Townsend, Wash.

Surviving the sinking was a fifth crewman, Jeff Anderson of Everett, Wash., who escaped in a liferaft. He was picked up about 24 hours later by a Panamanian fishing vessel and taken to Dutch Harbor in good condition.

Anderson reported to Coast Guard authorities in Dutch Harbor that the crabber capsized so quickly that there wasn't time to send a May Day or put on survival suits. Other crewmen had escaped the capsizing vessel, he said, but they were limp in the water, and he was unable to paddle to them in the heavy seas.

The vessel had left Dutch Harbor after some temporary repairs had been made to her rudder system. Anderson reported to investigating Alaska State Trooper John Leonard that the vessel departed Dutch Harbor with "a slight list to port" and that the boat had been responding "sluggishly" during the trip. The search for the missing crewmen was hampered by heavy fog, said the Coast Guard. □

which sank after being hit by two giant waves, watched as a shark bit off the leg of crewman Dennis Murphy who then swam off to lure sharks away from him and a female crewmate. Crying, Boundy told the story to reporters from a hospital bed in Townsville, Australia. Murphy was killed, he said, and the sharks returned a few hours later and killed the woman. Six planes and a fleet of local trawlers searched for survivors for two days before finally spotting Boundy on Lodestone Reef, part of the Great Barrier Reef. □

How to cook 65-pound salmon?

Troller Jim Barker of Wrangell lifts a 65-pound king salmon which he caught on July 4, near Lazaria Island, on the F/V *Ar. Barker* entered the giant king in the Alaska Seafood Marketing Institute's contest for the biggest and best-handled salmon the 1983 season. So far, Barker's entry is the front-runner. Plans are to present the salmon as a "centerpiece" at the Fish Expo seafood reception, Oct. 1 at the Westin Hotel in Seattle. Barker wins, he will be flown to Seattle where he can be on hand toasting of his winning fish. According to ASMI, this will be the largest salmon ever cooked whole; and no one knows exactly how to go about it. Poach it? That's a possibility if a poaching pan big enough can be found. Chefainer Greubel of the Westin Hotel surveys his challenge (upper right) along with Jon Lowley, banquet coordinator. □

Old NEFCO cannery to become a resort

The Chatham salmon cannery, located on the southeast corner of Chichagof Island, is slated to become a recreational community. The 55-acre property was purchased by three Juneau residents, including former Attorney General Av Gross. Built in 1905, the Chatham Cannery was purchased from the holdings of the former New England Fish Co. for an undisclosed amount. NEFCO closed the cannery in 1974 when it failed to meet E.P.A. standards; the following year a fire burned the main building. Plans call for a fuel dock, marina and general store. Other partners in the venture are Lee Coffman, president of Alaska Savings and Loan, and Bill Goertzen, a contractor. □

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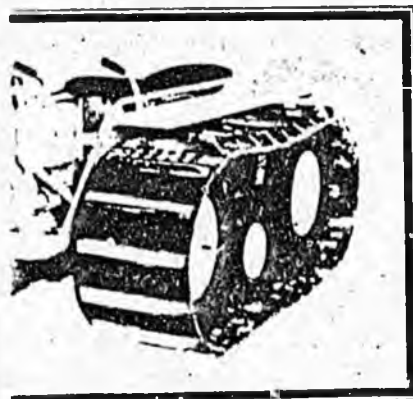
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San Michel

Low Prices and Short Season Squeezes Trollers to the Limit

by Karl Ohls

In the year when management had apparently stabilized, the Southeast troll fleet suffered an unexpected shock when salmon prices, all species, hit the lowest level in years.

"I hear it over and over again," said Jacqui LaRue, the Elfin Cove fish buyer for Pelican Cold Storage. "A guy bringing in a load of fish will say this is half of what he got last year."

Trollers have gotten used to premium prices for their fish, caught while feeding in saltwater, dressed on board the vessel and destined for the top quality market. From the fishermen's vantage point, the reasons for the price drop weren't clear.

Cal Boord, manager of Pelican Cold Storage, would only say that the prices "are reflective of the market situation worldwide." This means they were driven down by a combination of events, such as a devalued franc, high inventories, and, almost certainly, competition from Norwegian pen-raised salmon.

Whatever the exact cause, fishermen had the same answer when they were asked how their seasons were: "lots of fish, lousy price."

(At the dock in Pelican, the prices were \$1.90 a pound for large red kings, \$1.10 for medium kings, 73¢ for coho, and 35¢ for pinks. The buying stations, because of

transportation costs, paid 5¢ less for each species.)

"I'd be sitting on top of a real nice season, except for the price," said Loren Carter of Tenakee Springs, skipper of the *F/V Relief*. He added that he won't be hurt by the season "because I've got the old slab paid for," but some other guys might not be so lucky.

Juneau resident Rod Pruitt, owner of the *F/V Kipling*, said, "Fishwise, I'm okay. I don't know if I'm going to make ends meet or not."

Chuck Piedra (*F/V Mercedes*) of Port Protection described 1983 as, "Financially, the worst season I've had in eight years."

The price for fresh troll-caught, dressed cohos is the real shocker. Jim Wild, an Elfin Cove power troller and handtroller since 1973, said that in a normal year he gets \$10 for each 12 pound coho. "This year it's \$6."

Jacqui LaRue, interviewed shortly before the Aug. 4 coho closure, said some guys had already

Troller Jim Wild: "We need help with the markets." Wild has developed his own markets for winter fish, but in the summer there are too many fish and not enough time.

Heading out from Elfin Cove: For Alaskan trollers, seasons are getting shorter and prices lower.



hung up the season and left. Some get disgusted and come in for most of the day. "Some are out twice as long because they're getting half as much."

Hugh Rietze, who, along with his wife Mary, buys fish in Elfin Cove for the Excursion Inlet Packing Co., said, "Of course nobody is happy with the price. But the fishermen have to realize there are ups and downs. I think most of them are taking it pretty well."

Alternate markets aren't really feasible for the trollers of the isolated north end. Jim Wild has his own markets for winter kings, but said that in the summer he handles too many fish. "It would take too much time to box them up and ship them out."

Wild is a recently elected member of the Alaska Trollers Association board of directors. He said he brought up at a recent meeting the idea of ATA somehow getting involved in the market situation. But the other board members felt there were too many issues upon us—the treaty, the single species fishery—to spend energy on it now. Others felt market problems should be left to the Seafood Producers Cooperative. Wild said there may be more interest in pursuing the matter at the end of the season.

"We need help with the markets," Wild said as he maneuvered his boat, the *Euphoria*, in the waters off Three Hill Island. Occasionally the conversation would be interrupted as he raised the line to bring in a coho or pink. "We can't dump off cohos at 68¢/lb. and expect to make any money."

With the troll seasons unlikely to improve, people in Elfin Cove and Pelican are starting to explore other ways of making a living, such as tourism. But there is uncertainty that people used to the rough and tumble commercial fishery would be able to comfortably cater to the needs of tourists and sportmen. Also, no one knows if it would really generate enough business.

As for the future of the troll fishery, the fleet is divided into optimists and pessimists.

Jim Wild is an optimist. He points to the chinook quota not taking any further cuts and the unratified Canada-U.S. salmon interception treaty. "The governor is giving us support," he said, as he cleaned a humpy on one particularly slow day of fishing. "The state is starting to stand up for us and admit we exist. There's a heck of a lot more optimism than there was at this time last year."

He admits that there still may be some tough times ahead. "We've still got the treaty threat hanging over our heads."

Alaska trollers were outspoken in their opposition to the draft treaty because they felt the chinook cuts they would have to take were inequitable compared to what the Canadians would do in return.

Fred Howard, on the *Jolene M.*, is also hopeful of better times ahead. He said there may be a light at the end of the tunnel in the governor standing up for the fishermen.

"Washington and Oregon are trying to get Alaska to sign the treaty," he said. "They ought to put their goddamn pressure on Canada and forget about Alaska because Alaska has things under control."

Rod Darnell of Elfin Cove is a pessimist. "As long as they keep a quota, there's no hope," he said. The managers aren't managing on the strength of the run, he added, and if there's a poor run it could be wiped out. Darnell's attitude toward management is that he's fighting a foreign government.

Darnell had spent the last couple

days before the Aug. 4 closure rigging up a new trolling pole for his boat, the *F/V Pinto*. "I've only got one day of fishing left," he said. "Why should I rush out for 60¢ a pound?"

Darnell was optimistic about the fishery until he saw the price reduction. He caught 23 more king salmon than last year, but still isn't ahead. "I don't see how I'm going to make boat payments now," he said. "The state or the bank is going to repossess half the boats. The fishermen will become shoe clerks in town." He added that the only solution is to diversify into rockfish, cod and halibut.

Most of the fishermen on the north end commented on the high availability of king salmon in recent years. This was attributed to foreign trawlers being regulated a couple years ago to the west side of a longitudinal line running south of Yakutat.

The outcry over the presence of

mysterious net-marks on troll-caught salmon also seems to have tapered off. Teresa Moen, the quality control supervisor for Pelican Cold Storage, said she does see quite a lot of them, possibly "more than one out of every hundred" fish. Rarely, though, are the marks bad enough that a troll salmon would be graded number two instead of number one.

Fish buyer Hugh Reitz in Elfin Cove said he's not seeing as many marks as in past years.

Still, almost everyone seems to have samples of nets, floats and other foreign fishing gear that they either found washed up on beaches or caught on their lines and stabilizers. The lack of marine organisms on much of the debris is evidence that it hasn't been in the water very long. This leads to the suspicion that some illegal foreign fishing is taking place close to Southeast.

All of these things add up to the

conclusion that the troll fishery's problems aren't likely to be solved anytime soon.

Despite the preoccupation with the market problems, trollers still have plenty of complaints about the Alaska Department of Fish and Game's management of the fishery. For the last four to five years, trollers have been engaged in an ongoing battle with the state and federal fisheries managers over the optimum yield (OY) figure, or quota for king salmon. Each year, until this year, the trollers saw their allocation and seasons reduced so more chinooks could get back to the fisheries and spawning grounds of British Columbia, Washington and Oregon.

One common complaint was that when this year's quota was figured out, no one realized the prices would be so low.

"We could live with those prices if we could (continue to) fish," said Ernst Rasmussen, skipper of the

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Even though all kinds of boats are used in the troll fishery, Rasmussen's vessel was one of the more unique sights in the Pelican boat harbor. It looks like a 53-foot pleasure craft. Rasmussen said he saw the trend in the troll fishery when he had it built in 1977. Just remove the trolling polls "and I can sell it as a yacht." No one would be able to buy it as a troller.

Myrl Hancock of Port Townsend, Wash., said his boat, the *F/V Murrelett*, and permit are now up for sale "for the simple reason that they've got me shut-down. I'm not allowed to fish." Hancock expects that his boat will stay tied up next year because no one will want to buy the package.

While Fish and Game catch statistics show that trollers are going to do the same or better than last year, no one in Pelican or Elfin Cove was very pleased with all the closures (Apr. 15 to May 15, most of June, and Aug. 4 to 14; also all federal waters from three to 200 miles shut down July 20).

Cal Boord at Pelican Cold Storage said the closure of the fisheries conservation zone certainly reduced his plant's ability to attract landings.

Rasmussen said that except for

"There's going to be more people winter fishing than anybody has seen before."

July, the closures came just when the fishing was getting good each month. Pulling out a tidebook and pointing to the series of building tides in early August, he said he would "trade all the rest of the year for the days from August 7th to the 17th."

The seasons and the prices are going to "force people to winter fish," said Fred Howard, from Whidbey Island, Wash. "There's going to be more goddamn people winter fishing than anybody has seen before. Half the goddamn quota will be filled" (by spring).

The closures and the prices also have a major impact on the troll fishing communities and on the businesses that service the fleet.

"I have a feeling a lot of people are just making do with what they have to have," Walton said. "If it's not

essential, they're getting it fixed. He added that between prices and the pressure of the season, a lot of fishermen don't want to lose fishing time driving into the cove to get something repaired.

Leslie Dudley manages Swanson's General Store in Elfin Cove. She has noticed that fishermen are very cautious with their money; they just buy the basics, "milk, eggs, bread."

Vivian Max, a lifelong Pelican resident and the owner for the last ten years of Vivi's Cafe, said she used to be able to get up in the morning, look at the boat harbor, and tell how busy her day was going to be. Now, they "all come in at once and leave at once."

Sitting at a table in her cafe, Max said, "Today (Aug. 5) probably is one of my busiest days all season. You can see the difference between yesterday and today." This

unevenness causes problems in ordering food and hiring employees. Nonetheless, "I'll still keep going as long as it doesn't get worse."

Still, some people have tried to think up solutions. Juneau troller Rod Pruitt on the *F/V Kipling* has a simple solution to the whole dilemma. First, he said, adjust the Fraser River section of the proposed treaty so that the Canadians get 60% of the sockeye run and the Americans 40%. In return for this, he believes, the Canadians will allow the Alaska trollers the 20 year average of their king catch, 300,000. The last thing that needs to be done is reopen the traditional trolling grounds west of Cape Suckling to relieve pressure on Southeast.

"With those three simple things, we could do it," Pruitt said. "We could survive under a number and the troll fleet could return to a state of health."

Management and market problems often have a way of resisting simple solutions. Unforeseen things crop up.

Asked about the future of trolling, 23-year-old Dwight Riederer, skipper of the *Wendy A*, said his hope was that "20 years from now, I don't want to be down in Ketchikan, huddled around my stove, waiting for a 10-day opening in July." □

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King crab demise hastens switch to groundfish

ADN 129-84

By ANDREW MacLEOD
United Press International

KODIAK — Collapse of Alaska's red king crab stocks — once the jewel of the Bering Sea — has spurred American fishermen to enter the foreign-dominated deep water fishery, officials say.

"The decline in the king crab fishery is largely responsible for the development of the bottom fishery as we know it today," said Jeff Stephan, manager of the United Fishermen's Marketing Association.

While some in the crab fleet are

shifting to such species as cod and halibut, owners of many of the larger boats are concentrating on the ground fishery.

The ground fishery includes pollock and other high-volume, low-price species. It traditionally has been bypassed by American fishermen who concentrated on catches of lower volume and higher prices.

Until the passage of the 200-mile limit in 1976, Americans had little opportunity to claim the 1.5 million metric-ton harvest of ground fish off Alaska.

"It is hard to say, but I would say you're looking in the next two years at 40 to 60 percent of the crab fleet seriously looking into, if not making, the necessary (mechanical) conversions," Stephan said.

The collapse of the red king crab industry came only three years after a record harvest of 190-million tons worth \$160 million. The collapse has been particularly hard felt because recovery of the stocks is expected to be a slow process.

Cancellation of the season in September, the first time since state-

hood it had been closed, was prompted by decimated stocks. The exact cause, or causes, of the sharp drop in crab population is not known.

Disease, increased predation, a warming of water temperatures and just a natural change in the life cycle of the crab have been offered as answers.

What is known is that for several years biologists noted a drop in the number of young males entering the population and an alarming increase in the number of barren females.

"I don't think there is any one factor that is more responsible than others," said Martin Eaton, a state shellfish biologist who has studied the problem.

Biologists believe it will be at least eight years before the stocks recover. During that period, no commercial harvest is expected.

"The whole thing makes us pretty uncomfortable," said fisherman Vern Hall. "We've got a resource that is going down hill in several

See Page J-3. FISHERMEN

Fishermen gear up for ground fishery

Continued from Page J-1

ways."

With the prospect of a long wait before the red kings' return, fishermen have an added incentive for considering the \$300,000 to \$750,000 cost involved in converting their boats for the ground fishery.

Along the misty docks of Kodiak, which bills itself as the "King Crab Capitol of the World," not all are happy about the looming changes.

Control of the multimillion-dollar ground fishery off Alaska will not occur fast enough for some fishermen.

"Overall, I would say the vast majority of the people don't have the money to convert," said Ron Jolin, who operates a 90-foot schooner and 44-foot seiner.

In addition, there is little onshore processing capacity and the Alaskan fleet, for the most part, is diversified. To enter the ground fishery, some fishermen will have to forego other lucrative catches.

Jack Hill, operator of a 90-foot boat, said he would have to give up tendering salmon and fishing for tanner crabs and halibut to enter the ground fishery.

"Why should I convert?" he asked. "So I can give up (a good income) to get into a high-volume, low-price fishery."

However, some of the key historic obstructions to American fishermen entering the ground fishery, which is concentrated in the Bering Sea and dominated by the Japanese, are crumbling.

Japanese officials, faced with the prospect of being forced out of the 200-mile limit, agreed in November to nearly double their purchase from U.S. fishermen of the annual ground fish catch.

"The U.S. harvest has increased 10 fold since 1980 and the new agreement will put us in the range of 500,000 to 600,000 metric tons."



Anchorage Daily News/Craig Barlett

Kodiak king crab fishermen deliver their prized catch in 1981 during better times.

said Bill Phillips, a fisheries expert on the staff of Sen. Ted Stevens, R-Alaska.

A lack of onshore processing facilities has been addressed by legislation backed by Stevens that would ease financing for converting onshore plants to handle ground fish.

"I think the transition that is now under way is off the ground and rolling," Phillips said. "The full integrated system is within reach in 10 years. The control of the harvesting is within reach in five years."

Counting onshore processing, Phillips estimates the

ground fishery off Alaska could develop into one of the largest in the nation.

"We've called it a billion-dollar fishery when you look at the processing and associated industries," he said.

The shift in product harvested also would bring a change in markets and put the U.S. into competition with large-scale fishing nations, according to industry officials.

"With a ground fishery, you're talking a different ballgame. You're looking at a world market," Stephan said.

Sept. 26, 1983

Strapped gillnetters blame politics

by Andy Ryan
Times Juneau Bureau

Juneau — Despite record runs of sockeye and pink salmon this year, gillnet fishermen in Southeastern Alaska say they are on the brink of financial ruin.

They blame their problems largely on past policies of the state Board of Fisheries, which they say have discriminated against them in favor of purse seine fishermen.

Two weeks ago, gillnetters presented Gov. Bill Sheffield and Fish and Game Commissioner Don Collingsworth with a set of statistics — culled from state records — showing that average Southeastern purse seine catches have jumped by 500 percent since 1975, while gillnet catches have stayed about the same.

The figures, compiled by Jeron Bruce, director of the United Southeast Alaska Gillnetters Association, also show that Alaskans hold about 63 percent of the state's 486 gillnet permits but just 45 percent of the 421 seine permits.

Seiners use a larger, different kind of net than gillnetters use. Also, seiners typically have a six or seven-person crew, compared to gillnetters, who tend to be soloists.

This year will bring the largest salmon harvest in the region since 1949, Bruce said.

But gillnetters' share of the take is expected to be about the same as in the past few years.

In fact, gillnetters' percentage of the total catch may be the lowest since 1900.

"Some people may be able to weather it better than others, but everybody is taking a beating this year," Bruce said.

The plight of the gillnetters, he said, has been caused by mismanagement in the Division of Commercial Fisheries and by "the political nature" of the Board of Fisheries.

Politics, he said, has kept gillnetters out of prime fishing areas, while purse seiners have filled their holds with salmon.

With Sheffield's election, however, and with his appointment of new members to the Board of Fisheries, gillnetters have begun to talk about a return to prosperity.

"We're real hopeful with the new administration," Bruce said. "There's a new commissioner of fish and game and an entire new board of fisheries. The time has finally come when the state is going to respond to the problems facing the gillnet fishery since 1977."

At their spring meeting, members of the Board of Fisheries voted that when they meet again in February they will take up how salmon should be allocated among fishermen using different type of

gear. Previous boards had refused to consider the issue of allocation.

Steve Pennoyer, commercial fishery director, said Sheffield and Collingsworth have agreed to try to bring seiners and gillnetters together before the board meeting to try to iron out their differences. But the state has been careful not to take sides in the matter, he said.

There is no doubt that seine catches have risen while gillnetters have been treading water, Pennoyer said.

But he noted that seine fishing on pink salmon stocks was cut back during the early 1970s for conservation reasons. It has been only recently, he said, that pink salmon — the mainstay of the seine industry — have made such a formidable comeback.

In the past, he said, the Board of Fisheries operated under the general axiom that fish stocks should not be reallocated — that is, dramatically shifted from one gear group to another.

"They thought that you shouldn't simply be able to waltz in and take the fish away from somebody else," Pennoyer said. If board members do decide to reallocate the fish, he said, they will be in for some tough choices.

Terry Gardiner, a former state representative from Ketchikan and a gillnet fisherman for 14 years, hung up his net this year and stayed home to work at his seafood packing business.

Before the number of salmon fishermen was restricted in the early 1970s, he said, there was a 35 percent annual turnover among gillnetters.

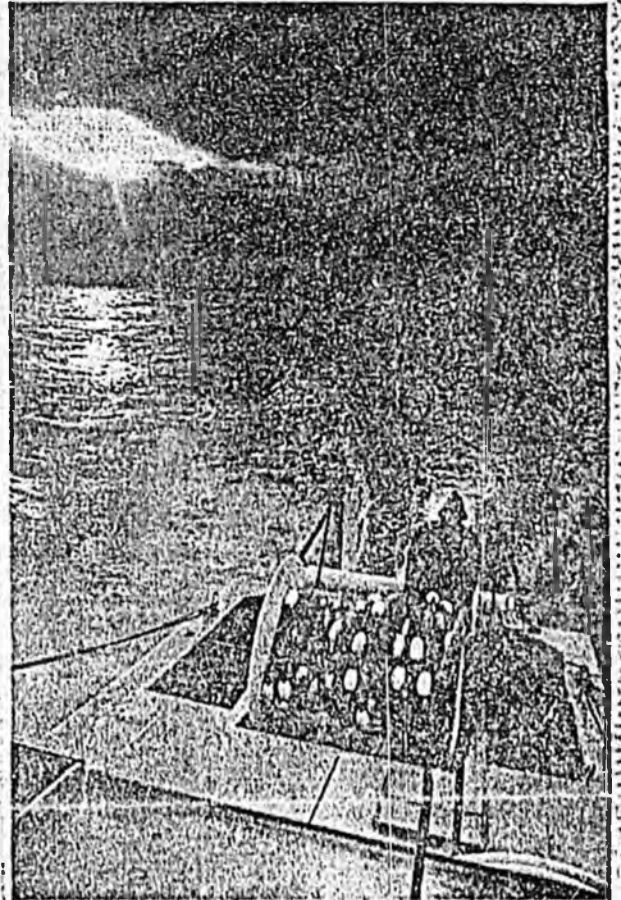
Gardiner said figures showing higher catches by seiners are a result of dramatic increases in pink salmon runs. And the areas where gillnetters fish aren't the areas where pinks are being caught.

As to the question of whether the Board of Fisheries has discriminated against gillnetters in assigning the areas in which they may fish, Gardiner said the board has simply maintained the status quo for the past 15 years.

"The board really hasn't done anything one way or the other. So they really haven't discriminated for or against someone, unless you initially make the moral judgement that the status quo was wrong," he said.

Gardiner was asked if, in light of changes in catch patterns in Southeastern Alaska, the salmon fishery needs to be reallocated between different gear groups.

"If I was a gillnetter I'd say it does, if I was a seiner I'd say no," Gardiner said. "If I was God, I'd say cut the baby in half."



Times file photo

Alaskan gillnetters feel they are being shorted in favor of purse seiners

Finance

\$3 million in fed. loans ok'd

Three million dollars in emergency, low-interest loans have been made available from the federal fisheries loan fund through the Department of Commerce. The funds are intended to help fishermen avoid default on fishing vessel mortgages.

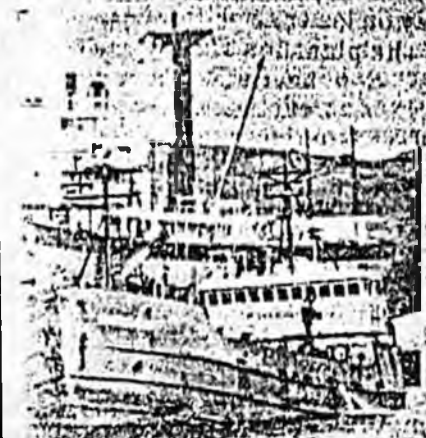
According to NMFS, the administrative agency in charge of the fund, mortgages must be on vessels of at least five net tons to be eligible for assistance. The money can be used to pay off mortgages incurred to finance the building, rebuilding, or reconditioning of those vessels.

One million dollars has been set aside for fishermen whose vessels are financed under the Federal Fisheries Obligation Guarantee Program. The deadline for application is June 1, 1984.

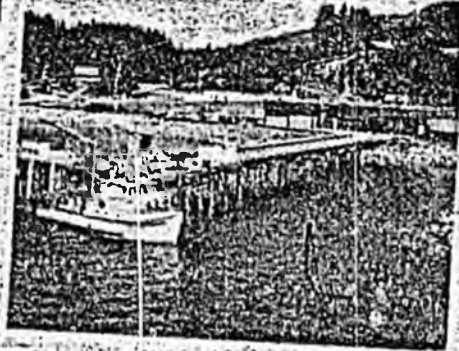
The remaining two million dollars is earmarked for fishermen whose vessels are not financed through the federal program. Application for this money is open from January 15 to March 31, 1984.

Contact the National Marine Fisheries Service for more information. □

3ering Sea oil survey done



Processors



Sea Galley wants out of Seldovia plant

Sea Galley Stores, Inc., which owns Sea Galley restaurants, is trying to sell the Seldovia seafood packing plant it has owned for two years. The company blames heavy losses partially on the decline in king crab production and other operating problems.

The Seldovia plant produced portion controlled packages of crab, halibut, and salmon, most of which was for the Sea Galley restaurants. The company is also selling its meat processing and packing plant near Seattle.

At press time, no buyer had been found for the Seldovia plant on the south side of Kachemak Bay on lower Cook Inlet. Opening of the plant for the 1984 season will depend upon a successful sale. Numerous local fishermen have been delivering to Sea Galley. □

Seward waits for opening of shipyard

An ill wi carries f gift to K

On Dec. 15 the ster fish blanketed down Residents buried th their coat collars lon find a phone and call demand olfactory relie The odor was waiti westerly air current Dry, the fish meal pl: of Kodiak is in the purchasing.

City Manager Sam asked that the fish been sitting in Bio-Dry for several months be c which is exactly what manager started doing can't believe they didn an offshore wind," said (Irate citizens calle Geko called Police. Martin and Martin sen officer out to Bio-Dry t manager to cease and de

Sheffield pick Admiral Knapp for cabinet

Coast Guard Rear A Richard Knapp has been by Alaska Governor Bill S to head the state Departn Transportation. Knapp, currently the commanding of all Coast Guard perso Alaska. He will retire fro Coast Guard with 32 years vice to accept the cabinet p March 1.

Knapp is filling a vacancy \$73,000 per year job that w when Sheffield fired fo Commissioner Tom Casey Department of Transportat the largest department in government. Knapp has living in Alaska for three year Sheffield said Kna experience

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Crab stocks decimated; seasons canceled

By CHUCK KLEESCHULTE
Daily News business reporter

For the first time since statehood, Alaska officials Thursday canceled king crab seasons this year off Kodiak and in Bristol Bay because surveys show crab populations at critically low levels.

The closures by the state Department of Fish and Game in the two areas that produce most of the state's

red king crab mean Alaska fishermen may harvest as little as 4 million pounds of red king crab this year, compared to 175 million pounds just three years ago.

Overall, the total harvest of all species of king crab — red, blue and brown — likely will be less than 25 million pounds in the 1983-84 season, officials say. That compares to 193.1 million pounds

hauled in at the peak of modern crab catches in 1980.

The economic impact of the closure could be devastating for many Kodiak fishermen, who already are reeling from poor salmon harvests off the Southcentral Island this summer.

"I've never seen a season this bad. It will just be disaster for a lot of fishermen. Hopefully, most will be

able to hang on until tanner crab season opens (in February), but it is going to be tough," said Hank Eaton, a Kodiak commercial fisherman for 44 years.

Marty Eaton, a state regional biologist in Kodiak, said preseason surveys in Bristol Bay estimate there are only 9.6 million female crabs in the bay, down 50 percent from last year. The state esti-

mates that 20 million females are needed to maintain healthy breeding stocks in the bay.

The number of male crabs in those waters was estimated at 1.5 million, the lowest ever recorded.

Last year Bristol Bay produced 3 million pounds of red king crab. The state estimates the bay could have produced only 1 million

pounds this year if the season had opened, but only at the risk of destroying future harvests.

Off Kodiak, where stocks are sampled by a different method, estimates are that there are only 5.5 million pounds of male crab, compared to 10 million pounds just two years ago. Many of

See Back Page, KING

King crab

Continued from Page A-1

the female crabs surveyed off Kodiak were barren of eggs, leaving less than 70 percent capable of reproduction, compared to more than 90 percent two years ago.

Biologist Eaton said that in Uganik Bay off Kodiak, every female crab tested was barren of eggs.

"If this isn't a disaster, I don't know what is. It is precedent setting for us to close entire grounds, but we've never seen such dismal stocks before," Eaton said.

He said the state closed the Kodiak season, which would have opened Sept. 25, and the Bristol Bay season, which would have opened Oct. 1, because stocks are still declining after last year's sharp decline.

Eaton said the main cause of the fall in stocks seems to be the increase in cod and halibut that feed on king crab larva and immature crabs. "Our surveys are sampling record cod and halibut stocks. And we are seeing a decrease in undersized crabs that points a finger at cod as the cause," the biologist said.

The state is still trying to determine the cause for the great increase in barren females over the past two years.

Last year, fishermen netted \$116 million off state crab stocks. With further increase in king crab prices likely to be triggered by the reduced harvest, state officials said it is too early to predict the final value of this year's catch.

The closure means that the total Alaska red king crab catch this year will consist of:

- 200,000 pounds caught off Southeast;
- 300,000 pounds caught in early August in Cook Inlet;
- 750,000 to 1 million pounds that are expected to be caught off the Alaska Peninsula; and,
- About 2.5 million pounds predicted for harvest off Adak.



UNITED FISHERMEN OF ALASKA

319 Seward Street, Suite #10
Juneau, Alaska 99801-1188
(907) 556-2320

Cass M. Parsons
Executive Director

RESOLUTION NO. 1

WHEREAS market value of Alaska salmon is depressed from the high levels achieved during the late 1970's and early 1980's by as much as 40% on some species; and

WHEREAS salmon fishermen from all areas of the state in response to the favorable economic conditions of the immediate past made substantial investments in up-grading their vessels and gear; and

WHEREAS many of these fishermen now in the areas of Kodiak and Cordova and tomorrow in other areas of the state are over-capitalized in relationship to the current market value of their products; and

WHEREAS many of these fishermen, who are professionals with years of productive experience, will soon be faced with the dismal prospect of defaulting on their vessel and permit loans.

NOW THEREFORE BE IT RESOLVED that the United Fishermen of Alaska requests Governor Sheffield to take immediate action in determining the magnitude of this problem; and

BE IT FURTHER RESOLVED that a program be created and funded to assist those fishermen who can demonstrate the potential to regain their economic viability in solving their immediate financial problems.

Date: _____

2/2/84

Robert H. Blake
President

Juneau fish processing plant to close Dec. 31

By CHUCK KLEESCHULTE
Daily News business reporter

12-6-83

The only fish processing plant in Juneau will shut down and be put up for sale at the end of the year, the victim of high Southeast operating costs.

Kodiak King Crab Inc., a subsidiary of Ocean Beauty Seafoods, said it will close Juneau Cold Storage and sell the downtown waterfront property Dec. 31.

Victor Horgan, president of Kodiak King Crab, said in a phone interview from Seattle that the Juneau plant has consistently recorded operating losses. In recent years, it has been processing and freezing 3 million to 4 million pounds of seafood — red, chum, pink

and coho salmon.

While declining to discuss the size of the losses, Horgan said the company had tried new measures during the past two years to stem the red ink.

"It's been a steady decline for the past three or four years. And we're convinced it just can't be turned around," Horgan said.

He said the plant was closing since its older equipment resulted in inefficiency and higher operating costs than newer ones in the state. And he said Juneau's location, a long distance from major Southeast fishing grounds, also hurt its chances for profitability.

The closing will idle seven full-time employees and nine hourly workers. During the

summer, an additional 16 hourly workers were hired. The plant is Juneau's largest non-governmental employer.

Horgan said this summer the plant bought fish from 101 fishermen. The company is trying to help the fishermen find new buyers.

Horgan said the closing likely will not have a major effect on the state's fish processing industry.

The Juneau plant is owned jointly by the Japanese trading company Marubeni Corp. and by Ocean Beauty, a wholly owned subsidiary of the Sealaska Native Regional Corp. based in Juneau.

The closing will not affect Kodiak King Crab's Kodiak processing plant, Horgan said.

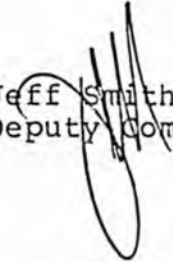
MEMORANDUM

State of Alaska
Community and Regional Affairs

TO: Lennie Boston, Special Assistant DATE: January 24, 1984
Office of the Governor

FILE NO:

TELEPHONE NO: 465-4700

FROM:  Jeff Smith
Deputy Commissioner

SUBJECT: Kodiak Near-Term
Assistance Project

Attached is an executive summary for the project effort, as well as individual reports produced by each of the Departments represented on the interdepartmental working group. The executive summary represents a distillation of the positive action steps proposed by each Department that would contribute towards near-term economic relief on Kodiak Island.

DRAFT

Kodiak Near-Term Assistance Working Group

Executive Summary

An interdepartmental working group was convened January 12, 1984 to address Kodiak Island's current economic difficulties. The working group consisted of members from the Departments of Commerce and Economic Development; Community and Regional Affairs; Health and Social Services; labor; and Transportation and Public Facilities. The object of this working group has been to produce a report regarding the options and prospects for near-term assistance which the State could provide to Kodiak Island residents who are coping with dramatic declines in the region's fisheries related economy. This report focuses on specific actions which the State could take in the near future to provide for some level of immediate economic relief to the region.

This executive summary presents the cumulative positive actions proposed by the separate agencies which participated in the project working group. The work plan for this project is attached as well as the separate reports as provided by the participating agencies.