

SECTION 80

PROSECUTION AND PROGRESS

Delete Subsection 80-01 in its entirety and replace with the following:

80-01 SUBCONTRACTING OF CONTRACT. The Contractor shall submit a Contractor Self Certification for Subcontractors and Lower Tier Subcontractors, Form 25D-042, before the Contractor or any subcontractor subcontracts, sells, transfers, assigns, or otherwise disposes of the Contract or any portion of the Contract. The Department has authority to review subcontracts and to deny permission to subcontract work. The Department may penalize the Contractor for false statements or omissions made in connection with Form 25D-042.

The Contractor shall perform, with the Contractor's own organization, work amounting to at least 30 percent of the difference between the original Contract price and the price of designated Specialty Items. For the purpose of this Subsection, work is defined as the dollar value of the services, equipment, materials, and manufactured products furnished under the Contract. The Engineer will determine the value of the subcontracts based on Contract unit prices or upon reasonable value, if entire items are not subcontracted.

The Department's consent to the subcontracting, sale, transfer, assignment, or disposal of all or a part of the Contract shall not relieve the Contractor and the Surety of responsibility for fulfillment of the Contract or for liability under the bonds regardless of the terms of the transfer or sublet approvals.

- a. The Contractor shall ensure that for all subcontracts (agreements):
 - (1) The Department is furnished with one completed Contractor Self Certification, Form 25D-042, for each subcontract;
 - (2) The subcontractors have submitted a Bidder Registration, Form 25D-6;
 - (3) The required prompt payment provisions of AS 36.90.210 are included in all subcontracts;
 - (4) A clause is included requiring the Contractor to pay the subcontractor for satisfactory performance according to AS 36.90.210 and within eight (8) working days after receiving payment from the Department from which the subcontractor is to be paid;
 - (5) A clause is included requiring the Contractor to pay the subcontractor interest, according to AS 45.45.010(a), for the period beginning the day after the required payment date and ending on the day payment of the amount due is made;
 - (6) A clause is included requiring the Contractor to pay the subcontractor all retainage due under the subcontract, within eight (8) working days after final payment is received from the Department, or after the notice period under AS 36.25.020(b) expires, whichever is later;
 - (7) A clause is included requiring the Contractor to pay interest on retainage, according to AS 36.90.250 and AS 45.45.101(a);
 - (8) Other required items listed in Form 25D-042 are included in the subcontracts;
 - (9) The subcontractors pay current prevailing rate of wages as per Subsection 60-04 and file certified payrolls with the Engineer and DOLWD for all work performed on the project; and
 - (10) Upon receipt of a request for more information regarding subcontracts, the requested information is provided to the Department within 5 calendar days.
- b. The Contractor shall ensure that for all lower tier subcontracts (agreements between subcontractors and lower tier subcontractors):
 - (1) The required prompt payment provisions of AS 36.90.210 are included in all lower tier subcontracts;

- (2) A clause is included requiring the subcontractor to pay the lower tier subcontractor for satisfactory performance according to AS 36.90.210, and within eight (8) working days after receiving payment from the Department from which the subcontractor is to be paid;
- (3) A clause is included requiring the subcontractor to pay the lower tier subcontractor interest, according to AS 45.45.010(a), for the period beginning the day after the required payment date and ending on the day payment of the amount due is made;
- (4) A clause is included requiring the subcontractor to pay the lower tier subcontractor all retainage due under the subcontract, within eight (8) working days after final payment is received from the Department, or after the notice period under AS 36.25.020(b) expires, whichever is later;
- (5) A clause is included requiring the subcontractor to pay the lower tier subcontractor interest on retainage, according to AS 36.90.250 and AS 45.45.101(a);
- (6) Other required items listed in Form 25D-042 are included in the lower tier subcontracts;
- (7) The lower tier subcontractors pay current prevailing rate of wages as per Subsection 60-04 and file certified payrolls with the Engineer and DOLWD for all work performed on the project; and
- (8) Upon receipt of a request for more information regarding subcontracts, the requested information is provided to the Department within 5 calendar days.

c. The following will be considered as subcontracting, unless performed by the Contractor:

- (1) **Roadside Production.** Roadside production of crushed stone, gravel, and other materials with portable or semi-portable crushing, screening, or washing plants set up or reopened in the vicinity of the project to supply materials for the project, including borrow pits used exclusively or nearly exclusively for the project.
- (2) **Temporary Plants.** Production of aggregate mix, concrete mix, asphalt mix, other materials, or fabricated items from temporary batching plants, temporary mixing plants, or temporary factories that are set up or reopened in the vicinity of the project to supply materials exclusively or nearly exclusively for the project.
- (3) **Hauling.** Hauling from the project to roadside production, temporary plants, or commercial plants, from roadside production or temporary plants to the project, from roadside production or temporary plants to commercial plants, and all other hauling not specifically excluded in this subsection.
- (4) **Other Contractors.** All other contractors working on the project site under contract with the Contractor are considered subcontractors unless specifically excluded in this subsection.

d. The following will not be considered as subcontracting, but the Contractor shall comply with the prompt payment provisions of AS 36.90:

- (1) **Commercial Plants.** The purchase of sand, gravel, crushed stone, crushed slag, batched concrete aggregates, ready-mixed concrete, asphalt paving mix, and any other material or fabrication produced at and furnished from established and recognized commercial plants that sell to both public and private purchasers.
- (2) **Hauling.** Delivery of materials from a commercial plant to a different commercial plant, and delivery from a commercial plant to the project site by vehicles owned and operated by the commercial plants or by commercial freight companies that have a contract with the commercial plant. Commercial freight companies are trucking or hauling companies that deliver multiple types of materials to multiple clients, both public and private, on an established route and on a recurrent basis.
- (3) **Contractors' General Business.** Work within permanent home offices, branch plants, fabrication plants, tool yards, and other establishments that are part of a contractor's or subcontractor's general business operations.

e. **Owner-Operators.** Hauling of materials for the project by bona fide truck owner-operators who are listed as such on the certified payroll of the Contractor or approved subcontractor is not considered subcontracting for purposes of AS 36.30.115.

The Contractor shall ensure that the required prompt payment provisions of AS 36.90.210 are included in contracts with owner-operators.

The Contractor shall collect and maintain at the project site current and valid copies of the following to prove that each trucker listed is a bona fide owner-operator:

- (1) Alaska Driver's License with appropriate CDL class and endorsements;
- (2) Business license for trucking with supporting documents that list the driver as the business owner or corporate officer;
- (3) Documents showing the driver's ownership interest in the truck, including copies of:
 - (a) Truck registration; and
 - (b) Lease (if truck is not registered in driver's name or in the name of the driver's company).

The Contractor shall maintain legible copies of these records for a period of at least three years after final acceptance of the project.

Owner-operators must qualify as independent contractors under the current Alaska Department of Labor's criteria. Owner-operators may be required to show:

- (1) The owner-operator's right to control the manner in which the work is to be performed;
- (2) The owner-operator's opportunity for profit or loss depending upon their managerial skill;
- (3) The owner-operator's investment in equipment or materials required for their task, or the employment of helpers;
- (4) Whether the service rendered requires a special skill;
- (5) The degree of permanence of the working relationship; and
- (6) Whether the service rendered is an integral part of the owner-operator's business.

The status of owner-operators is subject to evaluation throughout the project period. If the criteria for an independent contractor are not met, the Contractor shall submit amended payrolls listing the driver as an employee subject to all labor provisions of the Contract.

The Contractor shall issue each owner-operator a placard in a form approved by the Engineer that identifies both the truck driver and the vehicle. The placard shall be prominently displayed on the vehicle so that it is visible to scale operators and inspectors.

Notwithstanding the Department's definitions of contracting and subcontracting, the Contractor shall be responsible for determining and complying with all federal and state laws and regulations regarding contracting, subcontracting, and payment of wages. The Contractor shall promptly pay any fines or penalties assessed for violations of those laws and regulations, and shall promptly comply with the directives of any government agency having jurisdiction over those matters.