



RURAL SERVICES

A Division of
FNSB Public Works



WHAT IS THE DIFFERENCE BETWEEN MAINTENANCE, CONSTRUCTION AND CAPITAL PROJECTS?

I have received several questions about what work for a service area is maintenance, construction or a capital project. I will try to explain these as they apply to your service area.

Construction, for our purpose, is public construction work for which state law requires the payment of prevailing wages. Public construction is defined in state law as “the on-site field surveying, erection, rehabilitation, alteration, extension or repair, including painting or redecoration of buildings, highways, or other improvements to real property under contract for the state, a political subdivision of the state, or a regional school board.” Repair, in the above definition, includes fixing sinkholes and potholes, placing additional material in the road, grading the new material, or the correction or replacement of damaged culverts or guardrail. Generally, if material is being added, the work is construction and requires the payment of prevailing wages.

One could consider any work done on an existing road as maintenance. However, for our purpose here, **Maintenance** is work that does not require payment of prevailing wages under state law. Maintenance includes grading an existing surface, the shaping of shoulders, cleaning of ditches and culverts, or brushing the roadsides.

Capital projects are defined by the Borough as projects of \$20,000 or more, which have a useful life of five or more years.

Any road construction work in a service area with a project cost greater than \$20,000 will be a capital project because the materials added and the work performed will have a useful life of five or more years. As a capital project, the Assembly must appropriate the funds from the service area to the capital project. The work cannot be performed by the service area directly from the service area’s operating funds. Maintenance work alone would not be a capital project no matter what the cost.

A more detailed description of capital project requirements, with citations from FNSB code and ordinances, can be found on the Rural Services website as “Capital Projects and Assembly Appropriation” under the heading of “Road Information”. (<http://co.fairbanks.ak.us/RuralServices/>)

I wish this were all simple but it is not. We will be revising the service area contracts for next year to make the distinction between maintenance and construction work clear for you and your contractors. If you have questions about work you are planning and capital projects, please contact me. You will need to plan ahead for your larger construction items which might be capital projects. If you see significant construction needs for your roads next year, now is the time to contact Rural Services to get your work set up as a capital project for construction next summer.

Bill Gryder

**REMINDER THAT CALENDAR QUARTER SERVICE AREA MEETINGS
ARE MANDATORY. YOUR 1st QUARTER 2010 MEETING WILL NEED**

SPECIAL PLANNING

SERVICE AREA BUDGETS WILL BE GOING OUT TO COMMISSION CHAIRPERSONS THE FIRST OF FEBRUARY, 2010, AND WILL HAVE A VERY SHORT TURNAROUND TIME. THE DEADLINE TO RETURN YOUR BUDGETS WILL BE FRIDAY, FEBRUARY 26, 2009. EVERY SERVICE AREA WILL NEED TO HOLD THEIR 1st QUARTER MEETING IN FEBRUARY SO THAT COMMISSIONS CAN DISCUSS AND VOTE ON THEIR BUDGET, AND RETURN BY THE DEADLINE.

MORE INFORMATION WILL FOLLOW IN NEXT MONTH'S NEWSLETTER.

Mark your calendars now and plan to attend the

**ROAD SERVICE AREA COMMISSIONERS
ANNUAL MEETING**

Held by the Assembly Presiding Officer, the Mayor, and the Chair of
the Assembly Road Service Area Committee

Saturday, October 10, 2009

8:30 AM—12:30 PM

Borough Assembly Chambers