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August 15, 2003

The Honorable Cal Kawamoto  
Chair, Senate Committee on Transportation,  
Military Affairs, and Government Operations  
Hawaii State Capitol, Room 230  
415 South Beretania Street  
Honolulu, Hawaii 96813

**Re: Request for Proposals, On-Call Painting Services; Barbers Point and  
Iroquois Point/Puuloa**

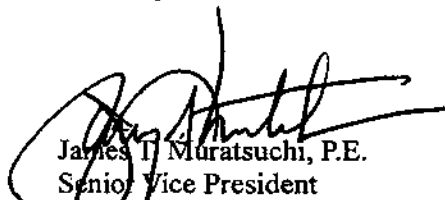
Dear Senator Kawamoto:

I am responding to your letter of August 1, 2003, in which you asked why wage rates required under the Davis Bacon Act were not being specified in a contract for the maintenance of 2,011 homes. These homes were conveyed from the U.S. Navy to Fluor Hawaii, LLC, under the authority of the Ford Island enabling legislation, 10 U.S.C. Section 2814. Following the property conveyance, Fluor Hawaii assigned responsibility for the housing areas to Ford Island Housing, LLC. We are the property managers for Ford Island Housing, LLC.

It is our understanding that the Davis Bacon Act would apply if this project met the criteria for "public works" or "public buildings" standards of the Act. As this project is not funded by federal appropriations and its beneficiaries are not limited to military or federal interests, legal counsel has advised us that it is not subject to the Davis Bacon requirements at 29 CFR §5.2(k). The project is financed by equity and debt from private equity and lending sources. Every other aspect of the ownership and operation of the properties is private in form and manner.

I have forwarded your inquiry to the developer, Fluor Hawaii, LLC, and have requested their legal counsel to provide you a more detailed explanation of their analysis and position.

Sincerely,

  
James T. Muratsuchi, P.E.  
Senior Vice President  
Chaney, Brooks & Company, Inc., agent for  
Ford Island Housing, LLC