

Senate Democratic Policy Committee Hearing

“An Oversight Hearing on Gulf Coast Reconstruction Contracting”

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Mr. Chairman, members of the Committee, my name is Al Knight, and I am the general manager of Knight Enterprises LLC, where I oversee all of the company’s contractual obligations. To my left is Mike Moran, my general foreman. My wife, Georgia W. Knight, is the principle owner of Knight Enterprises and is responsible for the accounting and financial aspects of the business. Knight Enterprises LLC is a certified “women business enterprise” with the City of New Orleans. The company was established in 1998 and is currently headquartered in Lacombe, Louisiana. When government officials say they intend to assist local, small businesses, they’re talking about companies like ours.

I personally have been in the electrical construction industry for thirty years, completing such large-scale projects as Federal Express World Headquarters, the Miami Dolphins Stadium, the St. Jude’s Children’s Hospital in Memphis, Harrahs Casino in New Orleans, and the Hyatt Regency Grand Cypress in Orlando.

On September 9, Knight Enterprises was contacted by BE&K Construction Company of Birmingham, Alabama, a subcontractor of Halliburton subsidiary KBR. BE&K requested Knight Enterprises to provide 75 qualified electricians to work on a project they had begun at the Naval Air Station in Belle Chase, Louisiana. You may see live footage from Belle Chase when the President visited Louisiana last week.

BE&K explained that the project had a total duration of 20 months, and that the first phase involved constructing a 7,500-person “tent city” for military personnel. The project required providing labor force and supervision to distribute power wiring to approximately 900 tents and supporting temporary structures. These are metal frame tents, covered in canvas, in a moist environment. Improper wiring could be highly dangerous to the troops living in those tents.

Our initial understanding and agreement with BE&K was based on the following:

- First, beginning on September 13, Knight Enterprises would provide a workforce of 75 local, qualified electricians from IBEW, the electricians’ union. The schedule required

each electrician to work 12 hours per day and seven days per week. They would, in return, receive the prevailing hourly wage.

- Second, Knight Enterprises would be paid on a time-and-material basis for work performed.
- Third, BE&K would provide temporary living quarters on-site and three meals per day for Knight's workers.
- Fourth and finally, Knight Enterprises would provide project supervision consisting of a superintendent, general foreman, and working foreman.

Based on our understanding and acceptance of these terms, Knight Enterprises agreed to staff-up the project beginning on September 13, and to have the total workforce in place within three days thereafter.

With an oral agreement in place, on Monday, September 12, I contacted Mr. Robert "Tiger" Hammond, Business Agent for IBEW Local 130 in Metairie, Louisiana, and requested a workforce of 75 electricians. Tiger and I agreed that all workers would be local residents of Louisiana, giving preference to those who were directly impacted by Katrina. Our mutual desire was first to provide local people with a job, and to thereby keep the funds within the local economy. We achieved our goal: almost 90% of our workers on the project had been directly impacted by Katrina, Rita, or both.

Work began on Tuesday, September 13, and by week's end Knight Enterprises had a full staff working in Belle Chase. Nine days later, on September 22, after beginning the work on the basis of a good faith oral agreement, we received a time-and-material written subcontract from BE&K. That written subcontract required Knight Enterprises to comply with the Davis-Bacon Act and to submit certified weekly payrolls to BE&K's office.

Mr. Mike Moran was hired as General Foreman for Knight Enterprises and Mr. Todd Gallé was hired as Project Superintendent. Both gentlemen are present here today. Allow me to turn the microphone over to Mike.

When we arrived at Belle Chase, BE&K had a staff of approximately 30 to 40 of their own workers and designated to perform electrical work. Almost all of their workers were from out of state, and most did not speak English. Few seemed to me to be qualified electricians. According to the BE&K workers, they were being paid two-thirds our prevailing hourly wage, with no benefits. At that time they were living in small tents on the base. Once we began work on the job, BE&K stated their intent to form work crews consisting of one Knight electrician and several BE&K electrical workers. Effectively, we were asked to supervise and train the BE&K workers who would eventually replace us.

Despite our original, oral agreement, BE&K never provided temporary living quarters for 74 of Knight's 75 workers. The first few nights on the job we slept in the newly erected

government tents at the work site, but then we were directed by BE&K not to use the tents. We were thrown out. In contrast, BE&K provided its own out-of-state workers with recreational vehicles and tents, which we were asked to wire for power. Most of our workers, some of whom had lost their homes to the two hurricanes, were sleeping in their personal vehicles and showering in a car wash located on base.

On September 18, we were directed to supply temporary living quarters for our own people. We purchased 10-man tents, sleeping bags, cots, generators, fans, and small window air-conditioning units, all while struggling to find suitable temporary living quarters. Finally, on September 26, we located and purchased a \$6,000 tent, rented a 52,000-btu portable air-conditioning unit, and bought \$3,500 worth of lumber for flooring. Before we could get our temporary living quarters constructed, BE&K sent a letter, dated September 30, releasing Knight Enterprises from the job.

Allow me to pass the microphone back to Al.

BE&K'S letter stated that the project was substantially complete and that they would finish the job with their own workers. They directed us to cease work by 10:00 a.m. the next day, and to leave the base by noon. When we contacted BE&K regarding the release letter, they stated that our workers had done a good job, but that the budget wouldn't allow the continued use of local workers earning prevailing hourly wages. Our workers, who were local, qualified electricians impacted by Katrina and Rita, were removed from a promised 20-month contract in what I can only believe was a direct result of the Davis-Bacon Act waiver.

For their part, KBR representatives stated they had no prior knowledge of the release of Knight Enterprises, were surprised that our qualified electricians had been released, and asked if we would be willing to contract directly with them. We told them that we were ready to work, but, as of today, we remain without a contract.

As an independent contractor who will hire only skilled, qualified workers, I can tell you that local union members form the largest qualified construction workforce in southeastern Louisiana. Waiving the Davis-Bacon Act for federal projects in this area opens the floodgates for out-of-state workers. Those out-of-state workers displace local residents who, more than anything, need a good paying job and a living wage.

BE&K's representative at Belle Chase told Mike that he would hire all of our electricians if they would work for a pay and benefits package that was half of what they would normally make. It is simply outrageous that the government would allow its contractors to ask people who have lost everything to work for half of what they made two months ago. How are we expected to rebuild our lives on those terms?

Hire local workers and keep the money in the local economy, that's where it's needed.