

U. S. DEPARTMENT OF LABOR  
OFFICE OF THE SOLICITOR  
WASHINGTON 25

July 3, 1961

MEMORANDUM #22

**To:** AGENCIES ADMINISTERING STATUTES REFERRED TO IN  
29 CFR, SUBTITLE A, PART 5.

**From:** James M. Miller *JM*  
Assistant Solicitor *JM*

**Subject:** Opinions on application of the Davis-Bacon and  
related Acts.

Under previous memoranda, copies of opinions on the  
above subject were furnished you for information and guidance  
in your enforcement programs under the Davis-Bacon and related  
Acts.

Enclosed are copies of seven recent opinions on the  
above subject which we feel will be of further assistance in  
your labor standards compliance programs.

Enclosures

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## U. S. DEPARTMENT OF LABOR

OFFICE OF THE SOLICITOR

WASHINGTON 25

April 3, 1961

Mr. E. Manning Seltzer  
General Counsel  
Office of the Chief of Engineers  
Department of the Army  
Washington 25, D. C.

Re: Macco Corporation, et al.  
Prime Contractor  
F. M. Reeves & Sons, Inc.  
Subcontractor  
Contract No. DA-29-005-ENG-2598  
Walker Missile Base  
New Mexico  
E-61-723 & 724

Dear Mr. Seltzer:

Pursuant to informal communications between members of our respective Offices, a ruling was requested pursuant to the provisions of Section 5.11 of Department of Labor Regulations, Part 5 (29 CFR, Subtitle A), as to the applicability of the Davis-Bacon Act to the supplying and delivery of approximately 86,000 cubic yards of concrete by F. M. Reeves and Sons, Inc., under a purchase order issued by the prime contractor, a joint venture of the Macco Corporation, Raymond International, Inc., The Kaiser Company, and Puget Sound Bridge and Drydock Company on the subject construction project at Roswell, New Mexico.

As a result of the information received from the attorney for F. M. Reeves and Sons, Inc., from a field survey conducted by a member of our Regional Office in Dallas, Texas, and from other sources, the facts may be fairly summarized as follows:

F. M. Reeves and Sons, Inc., a regular dealer in concrete, has supplied and is supplying transit mix concrete to the prime contractor as a result of a purchase order placed by the prime contractor. The prime contractor, when it placed its order with Reeves, transferred its own commitments for the delivery of the necessary cement to Reeves. The specifications of the prime contract required the use of a richer than normal mixture of cement and that the mixing of the concrete should not take place more than 45 minutes prior

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to its use. Because the Reeves company's permanent facility in Roswell, New Mexico, was more than 45 minutes driving time away from most of the silo locations to be constructed, a system of five transfer points was established, at which the various ingredients of the concrete are placed into a transit mix truck which is then driven to the construction site involved. Each of these transfer points is about five acres in size and apparently was rented by the Reeves company for one year, the approximate length of time needed for Reeves to complete delivery of the concrete ordered. They are all located in rural areas, remote from any potential market of any size other than the missile sites themselves. The transfer points were graded by Reeves so that a dump trailer could be backed up to a hopper which would empty by gravity into a transit mix truck. Each transit site has a water tank for washing out the empty transit mix trucks and a house trailer for the use of the company employees stationed at the transfer site.

The dump trailers used to haul materials from the main office of Reeves to the transfer sites were apparently specially modified for this job and contain, in separated bins, premeasured amounts of cement, sand, and water and are set up so that a full load for one transit mix truck may be dumped into the hopper without disturbing the load for a second transit mix truck. The dump trailers also were procured specially for this contract, and the modifications made in them will be removed upon completion of the contract.

The system of delivery utilized by the company appears to have been as follows: The required amounts of the various materials needed are metered into the compartments of the dump trailer at the company's central location in Roswell. The trailer driver then drives to one of the transfer points where the load is transferred into two transit mix trucks, one after the other. The transit mix trucks then drive to the actual construction site and deliver the concrete. When the trailer driver leaves the central office, he is given two sets of delivery tickets, one for each transit mix truck which he gives to the employee stationed at the transfer point who fills them out and gives one to each of the transit mix drivers. They in turn have a representative of the prime contractor sign the receipt which the truck drivers return to the employee stationed at the transfer point.

It appears, despite certain claims to the contrary, that although ostensibly open to the public the transfer sites were used

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almost exclusively for deliveries under the subject contract, since only 3% of all private sales made by Reeves for the period September, 1960, through February 15, 1961, were made through the transfer sites. Furthermore, these private sales constituted only one-half of one percent of the total sales made through the transfer sites and an even smaller percentage of the total sales of the company for the indicated period.

Our information further indicates that during July, 1960, at the inception of this purchase order, certain questions were raised as to the applicability of the labor standards provisions of the subject contract to the operations conducted by Reeves. On August 3, 1960, your District Counsel in a letter to Mr. James A. Price, Secretary-Treasurer, New Mexico Building and Construction Trades Council, stated that Reeves was "... a material supplier and hence not covered under the labor standards provisions of the subject contract."

Upon review of the available facts, we concur in the conclusion of your District Counsel insofar as it applies to the laborers and mechanics employed at Reeves' main plant in Roswell and the drivers of the dump trailers who operate from that plant. However, it is our opinion that the exclusive nature of the operation by Reeves from the transfer points, private sales being insignificant in amount, indicates that the work in question was construction work called for by the contract and represents construction contract performance ordinarily performed by a prime contractor or subcontractor and not by a materialman.

It is, therefore, our view that the men employed by Reeves at the transfer points and those employed to drive the transit mix trucks from the transfer points to the various construction sites were performing work subject to the Davis-Bacon Act and should have received the applicable predetermined wage rate for the job they were performing. In reaching this conclusion, we are mindful of the fact that the Reeves Company, or persons representing it, may have communicated with your representatives in the field and may have received from them a contrary opinion. In keeping, however, with the responsibilities vested in the Secretary of Labor by Reorganization Plan No. 14 of 1950 and the obvious intent of Congress as reflected in the Portal to Portal Act of 1947, Section 10, that only the opinions of the Secretary of Labor can be relied on in this area, we feel required to determine payments are retroactively due from the date of first performance of the work in question.

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Accordingly, steps should be taken immediately to ensure that the employees of F. M. Reeves and Sons, Inc., who have worked and are working on the cited project receive restitution and are henceforth paid in accordance with the provisions of the Davis-Bacon Act. Please advise us when corrective action has been accomplished.

If we may be of assistance in the implementation of this matter, do not hesitate to call upon us.

Yours sincerely,

/s/ Charles Donahue  
Solicitor of Labor

## U. S. DEPARTMENT OF LABOR

OFFICE OF THE SOLICITOR

WASHINGTON 25

April 7, 1961

Mr. C. J. O'Keefe  
Deputy General Counsel  
Office of the Chief of Engineers  
Department of the Army  
Washington 25, D. C.

Re: Macco-Raymond-Kaiser-Puget Sound  
Contract DA-29-005-Eng-2598  
Atlas Missile Launch Facilities  
Walker AFB, New Mexico  
E-61-318

Dear Mr. O'Keefe:

On May 5, 1960, this Office furnished the Corps of Engineers Wage Decision No. U-22,452, modified on May 24, 1960, for work described on your request as "Atlas Launching Sites" at the above installation. This wage determination contained a full schedule of classifications and wage rates under the heading of "Laborers" including "Building & common laborers" and "Carpenter tender, concrete workers" at rates of \$2.275. The section headed "Laborers" also included a schedule of rates for eight classifications of "shaft workers". The rate for shaft workers is \$3.375 per hour for all shaft workers with the exception of "shifterns" who receive \$3.625 per hour. The contractor paid the predetermined rate for shaft workers to all laborers employed in the excavation of the shaft until its completion. On the subsequent construction, he paid the wage rates predetermined for building and common laborers and for carpenter tenders and concrete workers.

On September 22, 1960, Mr. J. A. Price, Secretary-Treasurer of the New Mexico Building and Construction Trades Council filed a complaint with the Department of Labor's Regional Office in Dallas alleging a violation of the Davis-Bacon Act by the contractor by reason of underpayments of predetermined wage rates for shaft workers. This complaint was referred to the Division Engineer at the Corps of Engineers' Office in Dallas. A similar complaint was filed with District Engineer's Office in Albuquerque, New Mexico. We were subsequently informed that the complaint was being handled by the Corps of Engineers' Office in California.

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Work is currently progressing under a memorandum of understanding, dated October 12, 1960, between the laborers and the contractor which contains, among other matters, the following wording: "until the Department of Labor wage determination is resolved or withdrawn". The laborers have refused to withdraw their complaint, and the matter is still before the Department of Labor for determination.

The contractor has taken the position that the wage rates predetermined in the contract for shaft workers are applicable during the excavation of the shaft until its completion, but that on the subsequent construction the predetermined rates for building and common laborers and the carpenter tenders and concrete workers are proper. The laborers contend that the shaft workers' rates are applicable on all work performed in the shaft. This claim would appear to include the subsequent construction following the completion of the excavation and stabilization of the walls by the gunnite process. They refuse to arbitrate the matter in accordance with the grievance procedure in the project agreement, taking the position that the complaint involves a contractual labor standards provision, and that the contractor is in violation of the Davis-Bacon Act.

The laborers' contention is based on area practice in the State of New Mexico where shaft workers were employed. A survey conducted by the Corps of Engineers reveals four projects involving the use of shaft workers. It does not appear, however, that the shaft work involved on these projects, and the method of construction followed, is comparable to that performed under the subject contract after the excavation is complete and the shaft walls stabilized. The shafts involved on these projects were narrow, deep, mine-type shafts requiring special skills for their completion. By way of contrast, the shaft involved in the subject contract is 178 feet deep and 54 feet in diameter. An investigation conducted by the Dallas Regional Office of the Department of Labor reveals that the excavation commenced with an open cut 40 feet below the ground line. From this level the shaft is excavated by shaft workers. Circular, or ring, beams and other retaining structures, as needed, are installed as the shaft is being excavated, and the entire wall of the shaft is sealed with a gunnite cement as the shaft progresses downward. At the completion of the excavation, the silo walls are completely stabilized, requiring no shoring or other shaft work to maintain the shaft during the subsequent construction. Standard building construction

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practices are being followed by the contractor in further reinforcing the walls and in erecting the complicated internal structure necessary to support and service the missile. The need for the classifications listed in the shaft schedule does not appear to exist following completion of the excavation. For example, the work presently under way does not require the special skills of a miner, driller, mucker or powder man.

No conclusive precedent appears to have been established at the nearest similar silo construction in connection with missile launching facilities. Such facilities were installed at Altus, Oklahoma, Abilene, Texas, and Denver, Colorado. Information furnished to the Department of Labor by the Corps of Engineers reveals the following:

1. At the Altus Air Force Base, shaft workers' rates were applied to the excavation work and the building rates to the subsequent construction.
2. At the Dyess Air Force Base, Abilene, Texas, the building rates were applied to both the excavation of the silo and the subsequent construction.
3. At the Lowry Air Force Base, Denver, Colorado, the shaft workers' rates were applied to both the excavation and the subsequent construction under a special agreement between the contractor and the unions. The difference in the wage rate for shaft workers and the building rate was 5 1/2 cents per hour as contrasted with the \$1.10 per hour differential involved in this case.

In view of the lack of clear precedent, the dissimilarity between the types of shaft work heretofore undertaken in New Mexico and the current project, and in view of the type of construction here involved, we find ourselves unable to hold that a violation of the Davis-Bacon Act has been established in this case.

Very truly yours,

/s/ Charles Donahue  
Solicitor of Labor



## U. S. DEPARTMENT OF LABOR

OFFICE OF THE SOLICITOR

WASHINGTON 25

April 11, 1961

Director  
Procurement and Production Engineering Office  
Deputy Chief of Staff, Materiel  
United States Air Force  
Washington 25, D. C.

Attention: Colonel Leonard J. Hutton, Chief  
Production Management Branch

Re: Application of the Davis-Bacon Act  
to certain activities on the missile  
sites in the vicinity of Lowry Air  
Force Base, Denver, Colorado

Dear Sir:

By communication dated April 7, 1961, you have requested our views in connection with the rulings given the Martin Company on 27 February 1961, by your contracting officer, Mr. Clyde Harwell. Mr. Harwell has advised the contractor that the following activities are covered by the Davis-Bacon and Copeland Acts:

- a. Construction-type activities required in the modification, alteration and repair of Government owned office buildings on this base.
- b. Construction-type activities required in the modification, alteration and repair of Government owned warehouses and shops on the Base.
- c. Warehouse workers at Buckley Field handling material destined for installation in the missile complexes.
- d. Maintenance work at Buckley Field on trucks and lift-trucks used for construction and/or warehouse activities.
- e. Maintenance and operation of power plants at the various complexes.

As you are aware, these questions have been under consideration on an informal basis for some days prior to your formal request. We have endeavored to obtain all of the relevant facts.

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Engineering Office

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On the basis of those facts, as now known to us, it is our opinion that Mr. Harwell's ruling on items a. and b. should be affirmed. This ruling is in accord with our February 16, 1961, ruling on similar activities being carried out under the Martin Company's Contract AF-04(647)577 at the Titan Missile Sites, Ellsworth Air Force Base, South Dakota. We see no need to go into detail on these two items since, involving as they do the use of public funds to accomplish the modification, alteration and repair of public buildings, they clearly fall within the statutory coverage of the Davis-Bacon Act, provided the project amount exceeds the statutory minimum of \$2,000.00.

Items c. and d. are still under consideration and no opinion as to them is expressed at this time because we have received conflicting and incomplete information as to the nature of the warehousing involved. This uncertainty has also prompted us to reconsider similar work being performed at Ellsworth Air Force Base, South Dakota, as to which a determination was made by letter dated February 16, 1961. This determination is hereby suspended pending reconsideration.

The power plants involved in item e. are located at and form a part of the missile complexes. They have been and are being constructed by workers paid not less than the predetermined rates applicable to the project. We understand that at least one of these power plants has been practically completed and has gone into operation. The question is whether the persons employed in such operation and in the subsequent maintenance of this power plant are also subject to the Davis-Bacon Act. To arrive at the right conclusion on this question, the legal background of the current operation must be examined. As we understand it, the power house was constructed by Morrison-Knudsen under a contract with the Corps of Engineers. So far as Morrison-Knudsen was concerned, the project had reached the turnkey stage and had been delivered to the contracting agency, which, in turn, turned it over to the Air Force as a virtually completed public work, ready for operation. This turnover was part of an over-all plan where under each power unit of the missile complex is accepted by the Corps of Engineers as soon as completed, even though construction continues on other aspects of the complex until the entire contract is fully performed.

The Air Force, not being prepared to operate the power plant unit with its own personnel, has called upon the Martin Company to do so in order that the electric power generated by the unit might be utilized to effect a substantial savings in costs, which would otherwise have to be incurred to obtain power from commercial sources. In short, the Martin Company in this

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situation is in the plant as an agent of the Air Force to operate and maintain the same.

Traditionally, coverage has not been asserted over the operation and maintenance of a public work, and it appears that is taking place here. Such operation under these circumstances is not construction, alteration or repair within the meaning of the Davis-Bacon Act. The primary and ultimate purpose of the power plant is to furnish electrical current for the operation of the missile complexes as instrumentalities of National defense. The fact that in the interim, until the completion of the complexes, the power plants are in part utilized, chiefly for reasons of economy, to provide power and light for continuing construction activities, is not sufficient to establish coverage.

What has been said above with respect to application of the Davis-Bacon Act applies also with respect to the Copeland Act, which, like Davis-Bacon, is limited to construction-type activities. Your attention is directed, however, to the fact that the Eight-Hour Day Laws are not so limited, and that those laws do have application to each of the five items herein considered. It is also our position that the Fair Labor Standards Act of 1938, as amended, applies to all this work. Under it, therefore, the payment of overtime to nonexempt personnel for all hours worked in excess of forty per week will be required.

Yours sincerely,

Charles Donahue  
Solicitor of Labor

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## U. S. DEPARTMENT OF LABOR

OFFICE OF THE SOLICITOR

WASHINGTON 25

May 22, 1961

Mr. C. J. O'Keefe  
Deputy General Counsel  
Office of the Chief of Engineers  
Department of the Army  
Washington 25, D. C.

Dear Mr. O'Keefe:

This is in reply to your letter and enclosures of February 24, 1961, in which you request a determination in accordance with Paragraph 5.6(c) of Regulations, Part 5 (29 CFR, Subtitle A), of the applicable classification of employees laying cast iron pipe under Contract No. DA-08-123-Eng-3118 in the construction of airfield paving and lighting at McCoy Air Force Base, Florida.

I have carefully reviewed the material submitted with your letter and have endeavored to obtain additional information from other sources, including the interested labor unions. The data available does not show a clear and conclusive practice as to who performs this type of work in Orange County but does indicate that when drainage work is performed independently of building construction, it is done by workmen classified as pipelayers and paid the rate applicable to this classification. The projects on which this practice was followed involved the laying of cast iron pipe for sanitary sewage improvements in the City of Orlando and for highway drainage lines in the County. There is no evidence that any similar work in Orange County has been performed by plumbers.

On the facts available to us at this time, the situation is similar to that involved in Hearing Examiner Clifford P. Grant's decision of August 5, 1955, relative to this problem in Dade and Monroe Counties, Florida, wherein it was concluded that although plumbers did all such work in connection with building construction projects, same was done by pipelayers on projects not involving buildings. On this showing, therefore, I find that it is the practice in Orange County, Florida, to assign the work of laying pipe, when such work is done independently of building construction, to workmen classified as pipelayers, these workmen to be paid the specified rate for that classification.

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There are enclosed copies of our Letter of Inadvertence which deletes the descriptive and restrictive term "concrete and clay" from the classification of pipelayers.

If I can be of any further assistance, please let me know,

Very truly yours,

/s/ Charles Donahue  
Solicitor of Labor

Enclosures

## U. S. DEPARTMENT OF LABOR

OFFICE OF THE SOLICITOR

WASHINGTON 25

April 17, 1961

Honorable Lyndon B. Johnson  
Vice President of the United States  
Room 5113, New Senate Office Building  
Washington 25, D. C.

Dear Mr. Vice President:

This is in reply to your communication of April 8, 1961, with which you enclosed a letter from Mr. D. S. Wilkerson, Financial Secretary, Carpenter's Union No. 776, with reference to a proposed new Post Office at Marshall, Texas.

The work described in Mr. Wilkerson's letter appears to involve a lease-option agreement as contrasted with a lease-purchase agreement under which similar facilities have been constructed for the Post Office Department.

The Comptroller General has ruled, 34 Comp. Gen. 697, copy enclosed, that the Davis-Bacon Act is applicable to lease-purchase agreements and that the United States is, in effect, a party to the construction contract.

You will note that the Comptroller General stated in part that "while the building may be constructed with private funds, the cost of construction is eventually paid for from appropriated funds". Under a lease-option agreement, however, there is no provision for absolute vesting of title to the constructed facilities in the Federal Government at or before the expiration of the leasehold term. If the Post Office Department chooses to exercise its option, it must secure an additional appropriation for the purchase of the facilities in question.

Until such time as it exercises its option, the Federal Government appears in the role of a lessee and not a party to the construction contract. The lease payments are not determined by the probable value of the property at a future date, nor are such payments applied or intended for application toward a final purchase price of the property.

Honorable Lyndon B. Johnson

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It is our opinion that the Federal Government would not be considered as a party to the proposed construction contract referred to in Mr. Wilkerson's letter. It is our further opinion that the Davis-Bacon Act is not applicable to lease-option agreements to which the Federal Government, through its agencies, is a party.

In accordance with your request, the enclosure with your letter of April 8, 1961, is being returned with this letter.

Very truly yours,

Charles Donahue  
Solicitor of Labor

Enclosures

U. S. DEPARTMENT OF LABOR  
OFFICE OF THE SOLICITOR  
WASHINGTON 25

June 13, 1961

Mr. C. J. O'Keefe  
Deputy General Counsel  
Office of the Chief of Engineers  
Department of the Army  
Washington 25, D. C.

Re: Skill Spudding Company  
Contracts DA-34-066-CIVENG-61-1026  
and 1775  
Colagah Dam, Oklahoma  
E-61-1099

Dear Mr. O'Keefe:

This is in reply to your letter of May 10, 1961, requesting a ruling as to the applicability of the Davis-Bacon Act to a contract calling for the plugging of oil and gas wells and the removal of above-ground equipment.

As we understand the facts, in connection with the Colagah Reservoir project, approximately 4,000 oil and gas wells on land which is presently owned by the Government must be placed in such a condition as not to affect the reservoir when the land is flooded. In order to do this and to comply with Oklahoma State laws, all of these oil and gas wells must be properly capped, if they are to be abandoned. According to the information you have submitted, this is done by first employing laborers to dismantle the above-ground equipment and pull the tubing. Thereafter, special crews are utilized to place a packer in the hole and to rerun the tubing in order to facilitate the placing of a deep cement plug; the tubing is pulled again, and intermediate and surface plugs are placed in the hole.

The work performed in plugging these wells prior to the flooding of the area may be considered to be either demolition work (the dismantling of the above-ground equipment) or well drilling (the rerunning of the tubing and the replacement of the cement plugs). In either event, resort must be had to the statutory mandate of the Davis-Bacon Act which requires the payment of certain predetermined wages to laborers and mechanics employed in the "construction, alteration, and/or repair" of public buildings and public works under the conditions specified in the Act.



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This Department has always considered that although demolition work by itself may not be covered by the Davis-Bacon Act, such work when done in connection with the construction of a Federal project, whether as part of the general construction contract or by separate contract, is part of the construction project and, so if the project itself is subject to the provisions of the Davis-Bacon Act, so is the demolition work.

Similarly, we have held that drilling activity which causes changes in the pre-existing land mass is construction activity and, when done under Federal contract, is subject to the provisions of the Davis-Bacon Act.

It appears that the work in question is performed on Government land preparatory to the flooding of the land by the Government to form a reservoir and is directly connected with the use of the land as a reservoir. Accordingly, it is the opinion of this Department that since the purpose of the capping of the wells is to further the construction of the subject dam and reservoir the Davis-Bacon Act is applicable to the instant contracts and similar ones connected with the cited project which may be let in the future.

Yours sincerely,

/s/ Charles Donahue  
Solicitor of Labor

UNITED STATES GOVERNMENT

*Memorandum*

TO : Aaron A. Caghan, Regional Attorney  
Cleveland 14, Ohio

DATE: June 20, 1961

FROM : James M. Miller  
Assistant Solicitor

SUBJECT: Applicability of the Highway Laws of 1958 (FHWA)  
Wage Rates to Demolition Projects

This is in reply to your memorandum of May 3, 1961, concerning application of the Davis-Bacon rates to certain demolition work under the Highway Laws of 1958.

Demolition work performed as part of a contract for initial construction on the Interstate System is clearly covered by the labor standards provisions of that contract. Demolition performed under a separate contract is also covered if it may reasonably be viewed as part of "initial construction," i.e. is closely related or immediately incidental thereto. The fact that it closely precedes construction in point of time is one element to be considered in assessing this relationship. Others would be the identity of the contractor, the form of the contract and the primary purpose of the contract. For example, a contract for the acquisition of a portion of the right-of-way which provides for the removal of structures by the original owner would not be covered.

It is assumed, of course, that in each case found to be covered, the amount of the contract is in excess of \$2,000. In that connection, we understand that the State requests bids on the entire demolition project as advertised and, also, on the demolition of individual structures so that it may accept the bid or combination of bids which will produce the greatest saving. Assuming that this process does not involve the deliberate separation of a large project into a number of small ones simply to avoid labor standards coverage, contracts of less than \$2,000 let to separate and independent bidders for the demolition or removal of physically segregated structures would not be covered, even though the sum of such contracts was in excess thereof. On the other hand, two contracts \$2,000 or less for the demolition of a single structure would be covered if together they exceeded \$2,000. Similarly, where several contracts for the demolition of more than one structure are let to a single bidder under the

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same invitation to bid, coverage is determined by the gross amount of the contracts awarded to that bidder. As you know, this is the rule followed by this Department and sustained by the Courts under the Walsh-Healey Act. Capitol Coal Sales v. Mitchell 282 F 2d 486. See also Acting Comptroller General's Decision B-112977 (1-27-56).

It should be noted that where a contractor is being paid less than his costs for performing the demolition work, he must be receiving money from some other source for him to be willing to perform the demolition. Obviously, this source is the value of the materials salvageable from the demolition. Accordingly, the value of any individual demolition contract must be computed on the basis of the actual cost to the Government, and this cost includes not only the amount paid out in cash but also the value of the materials given the contractor.

Where the contractor pays the State for the privilege of demolishing or removing the building, the amount of the contract is the value of the salvage, less the amount paid to the State. The fact that the transaction may be termed a "sale" of the structure or that the transaction is evidenced by a bill of sale, does not eliminate the need for inclusion of minimum rates where the amount of the contract (value of the salvage with appropriate credit for payment by the contractor) is over \$2,000.

The Contracting Officer should determine the estimated salvage value of each structure on which a separate bid is taken and should include that figure in the bidding documents so that he and bidders may know when bids will result in a contract subject to the Davis-Bacon Act. Reasonable findings by the Contracting Officer on this point, prior to the award of the contract, will be determinative of the question of coverage.