

**PREVAILING WAGE PROGRAM – (360) 902-5335
SPECIALTY COMPLIANCE SERVICES DIVISION
PO BOX 44540, OLYMPIA, WA 98504-4540**

August 1, 2006

Mr. Bob Klingman, Contract Manager
GTECH Corporation
7860 B 29th Avenue NE
Lacey, WA 98516

RE: Contract Number LGS2005 Lottery Gaming System
Washington's Lottery and GTECH Corporation

Dear Mr. Klingman:

The Department has been asked to determine if the work performed pursuant to the above contract is subject to RCW 39.12.

The issues surrounding GTECH Corporation have been brought to the attention of the Prevailing Wage Program through our Electrical division due to their concern that GTECH Corporation may be performing public work and that workers are not receiving the required prevailing rate of wage.

In a letter dated March 15, 2006, Industrial Relations Specialist Ramona Christensen-Russell advised Mr. Bill Chamberland of the Washington State Lottery that the contract is a public works projects as defined by RCW 39.04.010 and the Washington State Prevailing Wage Law (Chapter 39.12 RCW) does apply.

Based on the information that Ms. Christensen-Russell and the Department was able to obtain, the contract between the Washington State Lottery and GTECH Corporation is a public work and the workers performing such work are entitled to prevailing wage. RCW 39.12.030 requires that contracts for public work must contain the prevailing rate of wages applicable to that project. Once a contract is awarded, RCW 39.12.040 requires that a public agency, prior to the release of any funds to a contractor or subcontractor, obtain a Statement of Intent to Pay prevailing Wages and an Affidavit of Wages Paid from the contractor and all subcontractors.

Enclosed are copies of the above-referenced statutes.

The contract between GTECH and the Lottery Commission calls for GTECH to provide a fully functioning on-line and instant ticket system, including hardware, software, communications, system installation, data conversion and system operation. Of this work, it is the system installation that would require the payment of prevailing wages.

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This work is covered, primarily, under the Scope of Work of Electronic Technicians; WAC 296-127-01322 (providing the wiring is low voltage, which we would presume it is). Work falling under any other Scope of Work will depend on the actual work performed and whether there is any covered work done in addition to the wiring, i.e. installation of the satellite dishes. If these satellite dishes are permanently affixed or attached to the structure, the installation work will be covered. Any alteration or modification to any structure necessary to complete the installation of any terminal or satellite dish will also be covered work.

My office is available to determine which Scope of Work applies and the applicable wage rates. For any work in question, please provide my office with a written description of the work performed.

The Electronic Technician rate in effect for this project was \$12.07 and that rate applied in all 39 counties. If workers performing work falling under the Electronic Technician Scope did not receive at least \$12.07, you will have to make the necessary arrangements to pay the workers the difference. You will also have to pay any back payments necessary for any other work performed requiring the payment of prevailing wages for which workers were not properly paid.

Furthermore, your firm, as well as any subcontractors, will need to file a Statement of Intent to Pay Prevailing Wages and Affidavit of Wages Paid. This can be accomplished on-line or with paper forms. The on-line process is very user friendly and saves quite a bit of time. We have staff who can offer assistance if needed.

We trust that your company will take the necessary steps to ensure compliance with the above statutes, that affected workers will receive the required prevailing wage, and all contractors performing such work for this project will file Intent to Pay Prevailing Wage and Affidavit of Wages Paid forms. If you have any questions or need further clarification, feel free to contact my office.

Sincerely,

Dave J. Soma
Industrial Statistician
Prevailing Wage Program Manager
360 902-5330

Enclosure

cc: David Harrison, Sales Director, Washington State Lottery
Bill Cumberland, Sales Division, Washington State Lottery
Faith Jeffrey, Electrical Division, Labor and Industries
Patrick Woods, Assistant Director, Labor and Industries