EXECUTIVE ORDER NO. 122

Under the authority of art. III, sec. 23, of the Alaska Constitution, and in accordance with AS 24.08.210, I order the following:

* Section 1. The uncodified law of the State of Alaska is amended by adding a new section to read:

**FINDINGS.** As governor, I find it is in the best interests of efficient administration to transfer facilities procurement, leasing, and management duties from the Department of Administration to the Department of Transportation and Public Facilities.

* Sec. 2. AS 35.05.010 is amended to read:

**Sec. 35.05.010. Planning and procurement [CONSTRUCTION].** The department is responsible for the planning and procurement [CONSTRUCTION] of public works **through lease or construction** except as provided for court facilities in AS 22.05.025. Contracts for planning and procurement [CONSTRUCTION] of public works are governed by AS 36.30 (State Procurement Code).

* Sec. 3. AS 35.05.040 is amended to read:

**Sec. 35.05.040. Powers of department.** The department may

(1) acquire property;

(2) exercise the power of eminent domain;

(3) take immediate possession of real property, or any interest in it under a declaration of taking or by other lawful means;

(4) acquire rights-of-way for present or future use;

(5) dispose of excess property or property rights;

(6) accept and dispose of federal funds or property available for public works construction, maintenance, or equipment;

(7) enter into contracts or agreements relating to public works with the
federal government and political subdivisions, and also enter into contracts with a foreign government if approved by the federal government;

(8) exercise any other power necessary to carry out the purpose of this title;

(9) lease or grant land or any interest in land to the Alaska Housing Finance Corporation for a purpose set out in AS 18.55.100 - 18.55.960 on terms and conditions prescribed by the department;

(10) procure directly materials, labor, and contractual services for planning, designing, leasing, and constructing public facilities of the state;

(11) by lease under AS 36.30 (State Procurement Code), procure and manage public facilities for state use.

* Sec. 4. AS 35.10.160 is amended to read:

**Sec. 35.10.160. Findings and purpose.** The legislature finds that since the needs of the state for physical facilities of all kinds are diverse, the planning, design, and procurement [CONSTRUCTION] of public facilities through lease or construction should be executed in accordance with facility procurement policies developed by the department and reviewed annually by the legislature.

* Sec. 5. AS 35.10.170 is amended to read:

**Sec. 35.10.170. Duties of department.** In addition to other duties prescribed by statute, the department shall

(1) develop facility procurement policies for the planning, design, lease, construction, maintenance, and operation of public facilities of the state;

(2) develop and maintain an inventory of physical facilities currently owned or occupied by the state;

(3) make projections of future public facility needs of the state, analyze facilities needed, and establish methodology for program planning and facilities project planning, design, and construction, based upon

(A) a justification of the level of service anticipated by the program agency, utilizing population projections and estimates approved by the governor;

(B) consideration of the geographical area to be served by the
facility and relevant data concerning the agency's existing public facilities in that area;

(C) the date by which the services are to be provided;

(D) alternative program methods for providing the services;

and

(E) pertinent data requested by the department in accordance with procedures developed under AS 35.10.180;

(4) engage in experimental projects as necessary relating to any available or future method of facility procurement, design, lease, or construction and any method of improving existing design, planning, and construction techniques;

(5) develop life cycle costs of public facilities of the state;

(6) develop life cycle costing methodologies for the following special purposes:

(A) budget forecasting to support facility program planning and analysis;

(B) systematic cost estimating to forecast planning, design, leasing, and construction;

(C) budget forecasting to support development of annual maintenance and operating strategies and life cycle cost plans;

(D) alternative methods of space acquisition and space equalization that [WHICH] will maximize the effectiveness of public funds;

(7) apply for and accept, on behalf of the state, grants from the federal government or an agency of it or from another state foundation, corporation, association, or individual for any of the functions or purposes of the department and may expend any of the money received under this section for any of the functions or purposes.

* Sec. 6. AS 35.10.190(a) is amended to read:

(a) The department shall coordinate the procurement of physical facilities through lease or construction for the state to insure the greatest cost savings of planning, design, and contractual techniques.

* Sec. 7. AS 35.10.195 is amended to read:
Sec. 35.10.195. Conformance with AS 36.30. The contractual techniques for the procurement of labor, materials, and contractual services, including facility procurement through lease or construction, under [THE POLICIES DEVELOPED UNDER] this chapter must conform to the requirements of AS 36.30 (State Procurement Code).

* Sec. 8. AS 35.10.200(1) is amended to read:

(1) "life cycle costs" means analytic techniques that provide data to describe the first cost of procurement of public facilities through lease or construction, and the maintenance cost, operation cost, and occupancy cost of the facilities;

* Sec. 9. AS 36.30.005(b) is amended to read:

(b) Except as otherwise provided, all rights, powers, duties, and authority relating to the procurement of construction and procurements of equipment or services for the state equipment fleet and the control over construction of state facilities and the state equipment fleet vested in or exercised by an agency on January 1, 1988, are transferred to the commissioner of transportation and public facilities, subject to regulations adopted by the commissioner of administration. Effective July 1, 2022, all rights, powers, duties, and authority relating to the lease of space and the maintenance and management of that space for the executive branch of state government are transferred to the commissioner of transportation and public facilities, subject to regulations adopted by the commissioner of administration. Notwithstanding AS 44.68.110, authority relating to disposals from the state equipment fleet is vested in the commissioner of transportation and public facilities, subject to regulations adopted by the commissioner of administration. Authority granted under this subsection shall be exercised in accordance with this chapter.

* Sec. 10. AS 36.30.015(a) is amended to read:

(a) The commissioner of transportation and public facilities may delegate to another agency the authority to lease space for use of the executive branch of state government or contract for construction. Before delegating authority to an agency under this subsection, the commissioner of transportation and public facilities shall make a written determination that the agency is capable of implementing the delegated
authority. Notwithstanding delegation of authority under this subsection, contracts for
construction and leasing are governed by this chapter and regulations adopted by the
commissioner of administration under this chapter.

* Sec. 11. AS 36.30.080(a) is amended to read:

(a) The Department of Transportation and Public Facilities
[DEPARTMENT] shall lease space for the use of the state or an agency wherever it is
necessary and feasible, subject to compliance with the requirements of this chapter. A
lease may not provide for a period of occupancy greater than 40 years. An agency
requiring office, warehouse, or other space shall lease the space through the
Department of Transportation and Public Facilities [DEPARTMENT].

* Sec. 12. AS 36.30.080(c) is amended to read:

(c) If the Department of Transportation and Public Facilities
[DEPARTMENT], the Board of Regents of the University of Alaska, the legislative
council, or the supreme court intends to enter into or renew a lease of real property
with an annual rent to the Department of Transportation and Public Facilities
[DEPARTMENT], University of Alaska, legislative council, or supreme court that is
anticipated to exceed $500,000, or with total lease payments that exceed $2,500,000
for the full term of the lease, including any renewal options that are defined in the
lease, the Department of Transportation and Public Facilities [DEPARTMENT],
the Board of Regents, the legislative council, or supreme court shall provide notice to
the legislature. The notice must include the anticipated annual lease obligation amount
and the total lease payments for the full term of the lease. The Department of
Transportation and Public Facilities [DEPARTMENT], the Board of Regents, the
legislative council, and the supreme court may not enter into or renew a lease of real
property

(1) requiring notice under this subsection unless the proposed lease or
renewal of a lease has been approved by the legislature by law; an appropriation for
the rent payable during the initial period of the lease or the initial period of lease
renewal constitutes approval of the proposed lease or renewal of a lease for purposes
of this paragraph;

(2) under this subsection if the total of all optional renewal periods
provided for in the lease exceeds the original term of the lease exclusive of the total period of all renewal options.

* Sec. 13. AS 36.30.080(d) is amended to read:

(d) When [THE DEPARTMENT IS] evaluating proposals for a lease of space, the Department of Transportation and Public Facilities [DEPARTMENT] shall consider, in addition to lease costs, the life cycle costs, function, indoor environment, public convenience, planning, design, appearance, and location of the proposed building.

* Sec. 14. AS 36.30.080(e) is amended to read:

(e) When [THE DEPARTMENT IS] considering leasing space, the Department of Transportation and Public Facilities [DEPARTMENT] should consider whether leasing is likely to be the least costly means to provide the space.

* Sec. 15. AS 36.30.080(f) is amended to read:

(f) When [THE DEPARTMENT IS] acquiring leased space of 7,000 square feet or less, the Department of Transportation and Public Facilities [DEPARTMENT] may procure the leased space using the procedures for small procurements under AS 36.30.320, providing public notice is given to prospective offerors in the market area.

* Sec. 16. AS 36.30.083 is amended to read:

Sec. 36.30.083. Lease extensions authorized. (a) Notwithstanding any other provision of this chapter, the Department of Transportation and Public Facilities [DEPARTMENT], the Board of Regents of the University of Alaska, the legislative council, or the court system may extend a real property lease that is entered into under this chapter for up to 10 years if a minimum cost savings of at least 10 percent below the market rental value of the real property at the time of the extension would be achieved on the rent due under the lease. The market rental value must be established by a real estate broker's opinion of the rental value or by an appraisal of the rental value.

(b) The Department of Transportation and Public Facilities [DEPARTMENT], the University of Alaska, the court system, and the Legislative Affairs Agency shall submit individually an annual report to the Legislative Budget
and Audit Committee detailing the leases extended and the cost savings achieved by
that entity under (a) of this section. The reports are due August 31 of each year.

* Sec. 17. AS 36.30.085(a) is amended to read:

(a) To perform its duties and statutory functions, the Department of
Transportation and Public Facilities [DEPARTMENT], the Board of Regents of the
University of Alaska, the legislative council, or the supreme court may enter into
lease-purchase agreements for real property. The Department of Transportation and
Public Facilities [DEPARTMENT], the Board of Regents, the legislative council, or
the supreme court may enter into a lease-purchase agreement only if the Department
of Transportation and Public Facilities [DEPARTMENT], the Board of Regents,
the legislative council, or the supreme court is the lessee under the agreement.

* Sec. 18. AS 36.30.085(b) is amended to read:

(b) When evaluating proposals to acquire or improve real property under a
lease-purchase agreement, the Department of Transportation and Public Facilities
[DEPARTMENT], the Board of Regents, the legislative council, or the supreme court
shall consider

(1) in addition to lease costs, the life cycle costs, function, indoor
environment, public convenience, planning, design, appearance, and location of the
real property proposed for acquisition or improvement; and

(2) whether acquisition or improvement of the real property by lease-
purchase agreement is likely to be the least costly means to provide the space.

* Sec. 19. AS 36.30.085(c) is amended to read:

(c) A lease-purchase agreement

(1) may not provide for a period of occupancy under the full term of
the lease-purchase agreement that is greater than 40 years;

(2) must provide that lease payments made by the Department of
Transportation and Public Facilities [DEPARTMENT], the Board of Regents, the
legislative council, or the supreme court are subject to annual appropriation.

* Sec. 20. AS 36.30.085(d) is amended to read:

(d) If the Department of Transportation and Public Facilities
[DEPARTMENT], Board of Regents, legislative council, or supreme court intends to
enter into or renew a lease-purchase agreement for real property, the **Department of Transportation and Public Facilities** [DEPARTMENT], Board of Regents, legislative council, or supreme court shall provide notice to the legislature. The notice must include the

1. anticipated total construction, acquisition, or other costs of the project;
2. anticipated annual amount of the rental obligation; and
3. total lease payments for the full term of the lease-purchase agreement.

* Sec. 21. AS 36.30.085(e) is amended to read:

(e) The **Department of Transportation and Public Facilities** [DEPARTMENT], the Board of Regents, the legislative council, or the supreme court may not enter into a lease-purchase agreement to acquire or improve real property unless the agreement has been approved by the legislature by law.

* Sec. 22. AS 36.30.300(a) is amended to read:

(a) A contract may be awarded for supplies, services, professional services, or construction without competitive sealed bidding, competitive sealed proposals, or other competition in accordance with regulations adopted by the commissioner. A contract may be awarded under this section only when the chief procurement officer or, for construction contracts, **leases of space**, or procurements for the state equipment fleet, the commissioner of transportation and public facilities determines in writing that

1. it is not practicable to award a contract by competitive sealed bidding under AS 36.30.100, competitive sealed proposals under AS 36.30.200, or limited competition under AS 36.30.305; and
2. award of the contract under this section is in the state's best interest.

* Sec. 23. AS 36.30.305(a) is amended to read:

(a) A construction contract under $100,000, or a contract for supplies, services, or professional services, may be awarded without competitive sealed bidding or competitive sealed proposals, in accordance with regulations adopted by the
commissioner. A contract may be awarded under this section only when the chief procurement officer determines in writing that a situation exists that makes competitive sealed bidding or competitive sealed proposals impractical or contrary to the public interest, except that the attorney general, the public defender, or the director of the office of public advocacy as provided in AS 36.30.015(k) may make the determination for services of legal counsel, and the commissioner of transportation and public facilities may make the determination for construction contracts under $100,000, leases of space, or procurements for the state equipment fleet. Procurements under this section shall be made with competition that is practicable under the circumstance. Except for procurements of supplies, services, professional services, or construction that do not exceed the amount for small procurements under AS 36.30.320(a), as applicable, the authority to make a determination required by this section may not be delegated.

* Sec. 24. AS 36.30.308(a) is amended to read:

(a) A contract may be awarded for supplies, services, professional services, or construction using an innovative procurement process, with or without competitive sealed bidding or competitive sealed proposals, in accordance with regulations adopted by the commissioner. A contract may be awarded under this section only when the chief procurement officer, or, for construction contracts or procurements of the state equipment fleet or leasing of space for the executive branch of state government, the commissioner of transportation and public facilities, determines in writing that it is advantageous to the state to use an innovative competitive procurement process in the procurement of new or unique requirements of the state, new technologies, or to achieve best value.

* Sec. 25. AS 36.30.310 is amended to read:

Sec. 36.30.310. Emergency procurements. Procurements may be made under emergency conditions as defined in regulations adopted by the commissioner when there exists a threat to public health, welfare, or safety, when a situation exists that makes a procurement through competitive sealed bidding or competitive sealed proposals impracticable or contrary to the public interest, or to protect public or private property. An emergency procurement need not be made through competitive

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sealed bidding or competitive sealed proposals but shall be made with competition that is practicable under the circumstances. A written determination by the chief procurement officer, or, for construction contracts, leases of real property, or procurements for the state equipment fleet, the commissioner of transportation and public facilities, of the basis for the emergency and for the selection of the particular contractor shall be included in the contract file. The written determination must include findings of fact that support the determination. Except when there is insufficient time for the chief procurement officer to make the written determination required by this section, the chief procurement officer may not delegate the authority to make the determination.

* Sec. 26. AS 36.30.580(b) is amended to read:

(b) The time for a decision may be extended up to 30 days for good cause by the commissioner of administration, or, for protests involving construction, lease of space, or procurements for the state equipment fleet, the commissioner of transportation and public facilities. If an extension is granted, the procurement officer shall notify the protester in writing of the date that the decision is due.

* Sec. 27. AS 36.30.590(a) is amended to read:

(a) An appeal from a decision of a procurement officer on a protest may be filed by the protester with the commissioner of administration, or for protests involving construction, lease of space, or procurements for the state equipment fleet, the commissioner of transportation and public facilities. An appeal shall be filed within 10 days after the decision is received by the protester. The protester shall file a copy of the appeal with the procurement officer.

* Sec. 28. AS 36.30.620(c) is amended to read:

(c) Upon the written request of the procurement officer, the time for issuing a decision under (b) of this section may be extended for up to 60 additional days by the commissioner if the claim concerns an amount in excess of $50,000. Upon the written request of the procurement officer showing that good cause exists for a second extension, the commissioner may extend the time for issuing a decision under (b) of this section up to 90 additional days after the first extension. The contractor shall be provided with an opportunity to oppose or otherwise respond to the request for a
second extension. If a second extension is granted, the commissioner shall notify the contractor and the procurement officer in writing that the time for the issuance of a decision has been extended and of the date by which a decision shall be issued. In this subsection, "commissioner" means the commissioner of administration or, for a claim involving a construction contract, lease of space, or procurement for the state equipment fleet, the commissioner of transportation and public facilities.

* Sec. 29. AS 36.30.625(a) is amended to read:

(a) An appeal from a decision of the procurement officer on a contract claim may be filed by the contractor with the commissioner of administration or, for a claim involving a construction contract, lease of space, or procurement for the state equipment fleet, the commissioner of transportation and public facilities. The appeal shall be filed within 14 days after the decision is received by the contractor. An appeal by a contractor of the Department of Transportation and Public Facilities may not raise any new factual issues or theories of recovery that were not presented to and decided by the procurement officer in the decision under AS 36.30.620(b), except that a contractor may increase the contractor's calculation of damages if the increase arises out of the same operative facts on which the original claim was based. The contractor shall file a copy of the appeal with the procurement officer.

* Sec. 30. AS 36.30.870(b) is amended to read:

(b) Regulations under this chapter applicable to procurements of construction, leases of space for the executive branch of state government, or procurements for or disposal of property of the state equipment fleet shall be adopted by the commissioner of administration only after consultation with the commissioner of transportation and public facilities.

* Sec. 31. AS 37.05.570(a) is amended to read:

(a) There is created as a special account in the general fund the Alaska public building fund into which shall be deposited

(1) payments made to the Department of Transportation and Public Facilities [ADMINISTRATION] by a public or private occupant of a covered building under an agreement with the Department of Transportation and Public Facilities [ADMINISTRATION] for costs of the occupant's use and occupancy of
building space; and

(2) appropriations to the Alaska public building fund.

* Sec. 32. AS 37.05.570(b) is amended to read:

(b) On [BEGINNING WITH THE APPROPRIATIONS FOR THE FISCAL YEAR BEGINNING JULY 1, 2000, ON] an annual basis and under AS 37.07 (Executive Budget Act), the legislature may appropriate amounts from the Alaska public building fund to the Department of Transportation and Public Facilities [ADMINISTRATION] to pay use, management, operation, maintenance, and depreciation costs related to space of covered buildings managed under an agreement with the Department of Transportation and Public Facilities [ADMINISTRATION].

* Sec. 33. AS 37.05.570(f) is amended to read:

(f) In this section, "covered building" means any building owned by the state for which the responsibility for operation, maintenance, and management has been assigned to the Department of Transportation and Public Facilities [ADMINISTRATION].

* Sec. 34. AS 44.42.020 is amended to read:

Sec. 44.42.020. Powers and duties. (a) The department shall

(1) plan, design, construct, and maintain all state modes of transportation and transportation facilities and all docks, floats, breakwaters, buildings, and similar facilities;

(2) study existing transportation modes and facilities in the state to determine how they might be improved or whether they should continue to be maintained;

(3) study alternative means of improving transportation in the state with regard to the economic costs of each alternative and its environmental and social effects;

(4) develop a comprehensive, long-range, intermodal transportation plan for the state;

(5) study alternatives to existing modes of transportation in urban areas and develop plans to improve urban transportation;
(6) cooperate and coordinate with and enter into agreements with federal, state, and local government agencies and private organizations and persons in exercising its powers and duties;

(7) manage, operate, and maintain state transportation facilities and all docks, floats, breakwaters, and buildings, including all state highways, vessels, railroads, pipelines, airports, and aviation facilities;

(8) study alternative means of transportation in the state, considering the economic, social, and environmental effects of each alternative;

(9) coordinate and develop state and regional transportation systems, considering deletions, additions, and the absence of alterations;

(10) develop facility program plans for transportation and state buildings, docks, and breakwaters required to implement the duties set out in this section, including but not limited to functional performance criteria and schedules for completion;

(11) supervise and maintain all state automotive and mechanical equipment, aircraft, and vessels, except vessels and aircraft used by the Department of Fish and Game or the Department of Public Safety; for state vehicles maintained by the department, the department shall, every five years, evaluate the cost, efficiency, and commercial availability of alternative fuels for automotive purposes, and the purpose for which the vehicles are intended to be used, and convert vehicles to use alternative fuels or purchase energy efficient vehicles whenever practicable; the department may participate in joint ventures with public or private partners that will foster the availability of alternative fuels for all automotive fuel consumers;

(12) supervise aeronautics inside the state, under AS 02.10;

(13) implement the safety and financial responsibility requirements for air carriers under AS 02.40;

(14) inspect weights and measures;

(15) at least every four years, study alternatives available to finance transportation systems in order to provide an adequate level of funding to sustain and improve the state's transportation system;

(16) **allot space to and manage space in state buildings for the**
various departments according to need and available space.

(b) The department may

(1) engage in experimental projects relating to available or future modes of transportation and any means of improving existing transportation facilities and service;

(2) exercise the power of eminent domain, including the declaration of taking as provided in AS 09.55;

(3) publish plans, schedules, directories, guides, and manuals for distribution, with or without charge, to private or public entities or persons;

(4) operate state housing in support of the department’s statutory responsibilities and charge rent that is consistent with applicable collective bargaining agreements, or, if no collective bargaining agreement is applicable, competitive with market conditions;

(5) charge reasonable fees to cover the costs of issuing easements, licenses, and permits and to cover the costs of reproduction, printing, mailing, and distribution of contract and bid documents and design and construction standards manuals;

(6) charge and collect fees for training services and technical assistance provided by department personnel;

(7) acquire an interest in land by lease of space under AS 36.30 (State Procurement Code) and dispose of the same.

* Sec. 35. AS 44.21.020(5) is repealed.

* Sec. 36. The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: PENDING SOLICITATIONS FOR PROCUREMENTS AND CONTRACTS. (a) This Order does not apply to

(1) solicitations for procurement and the resulting contracts, if the solicitations are pending on the effective date of the Order and if the invitation to bid or other solicitation was issued before the effective date of this Order; and

(2) contracts entered into before the effective date of this Order, including extensions or amendments of those contracts.
(b) Notwithstanding (a) of this section, this Order applies to procurements or contracts described in (a)(1) and (2) of this section if all parties to the procurement or contract agree in writing that the applicable provisions of this Order apply to the solicitation or contract.

* Sec. 37. The uncodified law of the State of Alaska is amended by adding a new section to read:

SAVING CLAUSE. Litigation, hearings, investigations, and other proceedings pending under a law amended or repealed by this Order, or in connection with functions transferred from the Department of Administration to the Department of Transportation and Public Facilities by this Order, continue in effect and may be continued and completed notwithstanding a transfer, amendment, or repeal provided for in this Order. Certificates, orders, and regulations issued or adopted under authority of a law amended or repealed by this Order remain in effect for the term issued or until revoked, vacated, or otherwise modified under the provisions of this Order. Except as provided under sec. 38 of this Order, contracts, rights, liabilities, and obligations created by or under a law amended or repealed by this Order, and in effect on the effective date of this Order, remain in effect notwithstanding this Order's taking effect.

* Sec. 38. This Order takes effect July 1, 2022.

DATED:__________________

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Mike Dunleavy
Governor