

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

April 16, 2010

8:57 a.m.

MEMBERS PRESENT

Senator Linda Menard, Chair
Senator Kevin Meyer, Vice Chair
Senator Hollis French
Senator Joe Paskvan

MEMBERS ABSENT

Senator Albert Kookesh

COMMITTEE CALENDAR

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 225(FIN)(CORRECTED)

"An Act relating to the State Procurement Code; relating to the procurement of supplies, services, professional services, construction services, state fisheries products, state agricultural products, state timber, and state lumber; relating to procurement preferences; relating to procurement by the office of the ombudsman, the Alaska Industrial Development and Export Authority, the Alaska Energy Authority, and other state agencies and public corporations; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 225

SHORT TITLE: STATE PROCUREMENT CODE

SPONSOR(S): REPRESENTATIVE(S) FAIRCLOUGH

04/10/09	(H)	READ THE FIRST TIME - REFERRALS
04/10/09	(H)	STA, FIN
04/14/09	(H)	STA RPT CS(STA) 4DP
04/14/09	(H)	DP: GRUENBERG, WILSON, PETERSEN, SEATON
04/14/09	(H)	STA AT 8:00 AM CAPITOL 106
04/14/09	(H)	Moved CSHB 225(STA) Out of Committee
04/14/09	(H)	MINUTE(STA)
04/16/09	(H)	FIN AT 8:30 AM HOUSE FINANCE 519
04/16/09	(H)	<Bill Held Over to 1:30 Meeting>

04/16/09 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 04/16/09 (H) Scheduled But Not Heard
 02/08/10 (H) FIN AT 1:30 PM HOUSE FINANCE 519
 02/08/10 (H) Heard & Held
 02/08/10 (H) MINUTE(FIN)
 03/11/10 (H) FIN AT 9:00 AM HOUSE FINANCE 519
 03/11/10 (H) Heard & Held
 03/11/10 (H) MINUTE(FIN)
 03/17/10 (H) FIN RPT CS(STA) 9DP
 03/17/10 (H) DP: THOMAS, GARA, DOOGAN, JOULE, KELLY,
 AUSTERMAN, N.FOSTER, FAIRCLOUGH,
 03/17/10 (H) STOLTZE
 03/17/10 (H) FIN AT 9:00 AM HOUSE FINANCE 519
 03/17/10 (H) Moved CSHB 225(STA) Out of Committee
 03/17/10 (H) MINUTE(FIN)
 03/19/10 (H) CORRECTED FIN RPT CS(FIN) 8DP 1NR
 03/19/10 (H) DP: JOULE, AUSTERMAN, DOOGAN, N.FOSTER,
 THOMAS, FAIRCLOUGH, KELLY, STOLTZE
 03/19/10 (H) NR: GARA
 03/22/10 (H) CS(FIN)(CORRECTED) RECEIVED
 03/22/10 (H) TRANSMITTED TO (S)
 03/22/10 (H) VERSION: CSHB 225(FIN)(CORRECTED)
 03/23/10 (S) READ THE FIRST TIME - REFERRALS
 03/23/10 (S) STA, FIN
 04/01/10 (S) STA AT 9:00 AM BELTZ 105 (TSBldg)
 04/01/10 (S) -- MEETING CANCELED --
 04/06/10 (S) STA AT 9:00 AM BELTZ 105 (TSBldg)
 04/06/10 (S) Heard & Held
 04/06/10 (S) MINUTE(STA)
 04/08/10 (S) STA AT 9:00 AM BELTZ 105 (TSBldg)
 04/08/10 (S) Heard & Held
 04/08/10 (S) MINUTE(STA)
 04/14/10 (S) STA AT 9:00 AM BELTZ 105 (TSBldg)
 04/14/10 (S) Scheduled But Not Heard
 04/16/10 (S) STA AT 8:45 AM FAHRENKAMP 203

WITNESS REGISTER

REPRESENTATIVE ANNA FAIRCLOUGH
 Alaska State Legislature
 Juneau, AK

POSITION STATEMENT: Sponsor of HB 225.

ACTION NARRATIVE

8:57:00 AM

CHAIR LINDA MENARD called the Senate State Affairs Standing Committee meeting to order at 8:57 a.m. Present at the call to order were Senators Paskvan, Meyer and Menard.

HB 225-STATE PROCUREMENT CODE

8:57:30 AM

CHAIR MENARD announced the only order of business to be CS for HB 225. [CSHB 225(FIN)(CORRECTED) was before the committee.]

SENATOR FRENCH joined the meeting.

8:58:01 AM

SENATOR MEYER moved to adopt the proposed Senate committee substitute (CS) for CSHB 225, [labeled 26-LS0791\W], as the working document for purposes of discussion. There being no objection, version W was before the committee.

REPRESENTATIVE FAIRCLOUGH, Sponsor of HB 225, said version W is a substantially reduced version which could still assist the procurement department. Version W would still streamline the process and open up competition for leasing space in rural Alaska. Version W increases the allowable square footage for an informal leasing process from 3,000 to 7,000 square feet. It increases informal supplies procurement from \$50,000 to \$100,000 and aggregate construction from \$100,000 to \$200,000. These changes to the procurement code will help alleviate costs, streamline staff duties and increase competition. The procurement code has not been changed since the mid-1990s. Procurement department staff has remained the same while their leasing structure has increased substantially over time. About half of the department's work is done on lease procurement alone. Currently the state has 160 leases that are 7,000 feet or less and 116 of those are outside urban areas. The formal lease process can be very cumbersome to small communities who often don't respond to a lease request because it is too complicated.

9:00:10 AM

SENATOR FRENCH asked for confirmation that policy changes discussed with previous versions of HB 225 are set aside.

REPRESENTATIVE FAIRCLOUGH replied that is correct.

SENATOR FRENCH asked for confirmation that the offerors preference remains in regulation.

REPRESENTATIVE FAIRCLOUGH replied that is correct.

SENATOR FRENCH asked if AIDEA and AEA stay where they are right now as far as their procurement rules.

REPRESENTATIVE FAIRCLOUGH replied that she believes the bill brought before the committee benefitted the state of Alaska. She understood complex issues that were not brought to her directly were brought to the committee; she did not have time to fully consider these issues. She confirmed that Senator French was correct. Her concern, after reviewing the audit report, is that AIDEA and AEA will continue to act in the same way which is the offensive behavior brought before the committee. She is happy to go forward with version W today, as it will benefit the department greatly. However those who brought concerns to the committee will not find it to be a resolution.

SENATOR MEYER noted that several people testified before the committee and many concerns have been called in since. Some points that were brought up do need to be addressed and the whole procurement system needs to be examined, streamlined and centralized. There is the potential to save the state millions of dollars.

[9:03:12 AM](#)

He believes the committee has come to the conclusion that the problem is much bigger than the bill before them. He thinks Representative Fairclough is now trying to simply give the procurement officer more authority to fix some problems and he has no problem with that. He is concerned that the title, "An Act relating to the State Procurement Code" is so broad that once it leaves committee, all sorts of mischief can happen. If and when the time comes, he would like to amend that.

SENATOR PASKVAN said he understands that version W tries to address the most immediate problems, to help with rural Alaska leases and to update inflation proofing on purchasing. He asked if Vern Jones, chief procurement officer, is favor of version W.

REPRESENTATIVE FAIRCLOUGH said she believes he is.

CHAIR MENARD said she will not hear public testimony and noted that the Senate committee substitute, 26-LS0791\W, had been adopted as the working document.

[9:05:07 AM](#)

CHAIR MENARD recessed the meeting to the call of the chair at
9:05 a.m.