

**ALASKA STATE LEGISLATURE**  
**SENATE STATE AFFAIRS STANDING COMMITTEE**

March 27, 2012

9:02 a.m.

**MEMBERS PRESENT**

Senator Bill Wielechowski, Chair  
Senator Joe Paskvan, Vice Chair  
Senator Albert Kookesh  
Senator Kevin Meyer  
Senator Cathy Giessel

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 132

"An Act relating to requirements for persons holding provisional drivers' licenses; and providing for an effective date."

- MOVED CSSB 132(STA) OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 129(FIN)

"An Act relating to providing a death certificate for a deceased veteran without charge."

- MOVED SCS CSHB 129(STA) OUT OF COMMITTEE

HOUSE BILL NO. 204

"An Act relating to the State Procurement Code, including the use of small procurement provisions for certain amounts of leased space, the requirement of Alaska business license proof for Alaska bidder and other procurement preferences, the registration of construction contract bidders and offerors, the establishment and maintenance of lists of persons who want to provide supplies or services to the state, state agencies, and state instrumentalities, electronic bids and proposals, small procurements, and writings; and providing for an effective date."

- HEARD AND HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 132

SHORT TITLE: PROVISIONAL DRIVER'S LICENSE STICKER

SPONSOR(S): SENATOR(S) MEYER BY REQUEST

04/16/11 (S) READ THE FIRST TIME - REFERRALS  
04/16/11 (S) STA, FIN  
03/22/12 (S) STA AT 9:00 AM BUTROVICH 205  
03/22/12 (S) Heard & Held  
03/22/12 (S) MINUTE(STA)  
03/27/12 (S) STA AT 9:00 AM BUTROVICH 205

BILL: HB 129

SHORT TITLE: DECEASED VETERAN DEATH CERTIFICATE

SPONSOR(S): REPRESENTATIVE(S) GRUENBERG

01/28/11 (H) READ THE FIRST TIME - REFERRALS  
01/28/11 (H) MLV, FIN  
02/22/11 (H) MLV AT 1:00 PM CAPITOL 120  
02/22/11 (H) Moved CSHB 129(MLV) Out of Committee  
02/22/11 (H) MINUTE(MLV)  
02/23/11 (H) MLV RPT CS(MLV) 3DP 1NR  
02/23/11 (H) DP: GATTO, MILLER, THOMPSON  
02/23/11 (H) NR: SADDLER  
04/09/11 (H) FIN AT 1:00 PM HOUSE FINANCE 519  
04/09/11 (H) Moved CSHB 129(FIN) Out of Committee  
04/09/11 (H) MINUTE(FIN)  
04/11/11 (H) FIN RPT CS(FIN) 11DP  
04/11/11 (H) DP: FAIRCLOUGH, GUTTENBERG, T.WILSON,  
GARA, JOULE, NEUMAN, COSTELLO, EDGMON,  
04/11/11 (H) DOOGAN, STOLTZE, THOMAS  
04/13/11 (H) TRANSMITTED TO (S)  
04/13/11 (H) VERSION: CSHB 129(FIN)  
04/14/11 (S) READ THE FIRST TIME - REFERRALS  
04/14/11 (S) STA, FIN  
03/22/12 (S) STA AT 9:00 AM BUTROVICH 205  
03/22/12 (S) Heard & Held  
03/22/12 (S) MINUTE(STA)  
03/27/12 (S) STA AT 9:00 AM BUTROVICH 205

BILL: HB 204

SHORT TITLE: STATE PROCUREMENT CODE

SPONSOR(S): REPRESENTATIVE(S) FAIRCLOUGH

03/23/11 (H) READ THE FIRST TIME - REFERRALS  
03/23/11 (H) STA, FIN  
03/29/11 (H) STA RPT 6DP 1NR

03/29/11 (H) DP: PETERSEN, SEATON, GRUENBERG,  
KELLER, P.WILSON, LYNN  
03/29/11 (H) NR: JOHANSEN  
03/29/11 (H) STA AT 8:00 AM CAPITOL 106  
03/29/11 (H) Moved Out of Committee  
03/29/11 (H) MINUTE(STA)  
04/09/11 (H) FIN RPT 9DP  
04/09/11 (H) DP: FAIRCLOUGH, T.WILSON, EDGMON,  
JOULE, NEUMAN, COSTELLO, DOOGAN,  
STOLTZE,  
04/09/11 (H) THOMAS  
04/09/11 (H) FIN AT 1:00 PM HOUSE FINANCE 519  
04/09/11 (H) Moved Out of Committee  
04/09/11 (H) MINUTE(FIN)  
04/11/11 (H) TRANSMITTED TO (S)  
04/11/11 (H) VERSION: HB 204  
04/12/11 (S) READ THE FIRST TIME - REFERRALS  
04/12/11 (S) STA, FIN  
03/27/12 (S) STA AT 9:00 AM BUTROVICH 205

**WITNESS REGISTER**

BOB PAWLOWSKI, Staff  
Senator Kevin Meyer  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Explained the changes in version I of SB 132 on behalf of the sponsor.

REPRESENTATIVE MAX GRUENBERG  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Sponsor of HB 129, introduced the bill.

TED MADSEN, Staff  
Representative Max Gruenberg  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Explained the three major changes in version D of HB 129 on behalf of the sponsor.

REPRESENTATIVE ANNA FAIRCLOUGH  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Sponsor of HB 203.

LAURA PIERRE, Staff

Senator Anna Fairclough  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Explained the sections of HB 204 on behalf of the sponsor.

VERN JONES, Chief Procurement Officer  
Division of General Services  
Department of Administration  
Juneau, Alaska,

**POSITION STATEMENT:** Provided information related to HB 204.

SCOTT THORSON, Representing Himself  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 204.

#### **ACTION NARRATIVE**

[9:02:31 AM](#)

**CHAIR BILL WIELECHOWSKI** called the Senate State Affairs Standing Committee meeting to order at 9:02 a.m. Present at the call to order were Senators Giessel, Kookesh, Meyer, and Chair Wielechowski. Senator Paskvan arrived shortly thereafter.

#### **SB 132-PROVISIONAL DRIVER'S LICENSE STICKER**

[9:02:46 AM](#)

**CHAIR WIELECHOWSKI** announced that the first bill before the committee would be SB 132, which would direct the Department of Motor Vehicles (DMV) to produce a "provisional driver's sticker" for Alaskans between the ages of 16 and 18. Last week the committee heard a presentation from Senator Meyer's office, as well as from Jessica Luiken, a young Alaskan who came up with the idea behind the bill. Also, Whitney Brewster, the director of DMV, testified that the bill would have only a minimal fiscal impact on DMV, which could be absorbed into the existing budget.

**CHAIR WIELECHOWSKI** noted that the CS for SB 123, version I, was before the committee, and he requested a motion to adopt version I.

[9:03:53 AM](#)

**SENATOR PASKVAN** moved [to adopt the proposed CS for SB 132, labeled 27-LS0799\I, as the working document.]

**CHAIR WIELECHOWSKI** objected for discussion purposes.

BOB PAWLOWSKI, staff, Senator Kevin Meyer, explained the changes in version I of SB 132. He related the version I makes two simple changes; it makes the provisional driver sticker movable so it may be used amongst multiple cars, and it reduces the fine for not having a sticker displayed to "up to \$200", which is more in alignment with fines for provisional license violations. Since it would not be a moving violation, it would not incur points.

CHAIR WIELECHOWSKI asked for the will of the committee.

SENATOR MEYER spoke of concerns from rural members regarding issues in the bill. He stated that wherever the provisional driver's license is required, the sticker would also be required.

SENATOR KOOKESH reported that in rural Alaska there are many areas that are not within a main road system. Every requirement of a state driver's license applies to rural roads. He did not think those requirements should apply to places like Angoon. He suggested making the sticker optional. He said he did not like the idea of a fine and he requested that it be removed. He suggested the bill was unnecessary.

CHAIR WIELECHOWSKI pointed out that the bill has a long way to go. He noted that moving the bill out of committee is not necessarily a statement of support for it.

SENATOR MEYER moved to report the CS for SB 132, version I, from committee with individual recommendations and attached zero fiscal note.

SENATOR KOOKESH objected.

A roll call vote was taken. Senators Giessel, Meyer, Paskvan, and Wielechowski voted in favor of moving SB 132 from committee and Senator Kookesh voted against it. Therefore, the motion passed by a 4:1 vote.

CHAIR WIELECHOWSKI announced that CSSB 132(STA) moved from the Senate State Affairs Standing Committee.

### **HB 129-DECEASED VETERAN DEATH CERTIFICATE**

[9:10:06 AM](#)

CHAIR WIELECHOWSKI announced that the next bill before the committee would be HB 129, which would allow the Bureau of Vital

Statistics to issue up to four copies of a death certificate to a relative of a deceased veteran.

SENATOR PASKVAN moved to adopt the proposed SCS for CS for HB 129, labeled 27-LS0450\D, as the working document.

CHAIR WIELECHOWSKI objected for discussion purposes.

REPRESENTATIVE MAX GRUENBERG, sponsor of HB 129, introduced the bill.

TED MADSEN, staff, Representative Max Gruenberg explained the three major changes in version D of HB 129. The first change is on page 1, line 1, which changes the title of the bill to reflect there are multiple copies of the death certificate being given out instead of just one. The second change is on page 2, lines 22-25. This language clarifies that only four free death certificates will be given out. Previously, the language was unclear as to whether it was four per death or four death certificates per individual request. The third change determined what qualifies a person to claim the death certificates; a personal representative of the veteran's estate, a trustee of a revocable trust, and a person who needs a copy to claim a benefit. These claimants are not listed by priority.

REPRESENTATIVE GRUENBERG thanked various people for their contributions to the bill. He noted the need for a Concurrent Resolution due to the title change.

CHAIR WIELECHOWSKI opined that HB 129 is a better bill now that the committee's concerns were addressed.

[9:13:48 AM](#)

SENATOR PASKVAN moved to report the SCS for CS for HB 129, version D, from committee with individual recommendations and the attached fiscal note. There being no objection, SCS CSHB 129(STA) was reported from the Senate State Affairs Standing Committee.

### **HB 204-STATE PROCUREMENT CODE**

[9:14:17 AM](#)

CHAIR WIELECHOWSKI announced that the final bill before the committee would be HB 204, which proposes changes to the State Procurement Code.

REPRESENTATIVE ANNA FAIRCLOUGH, sponsor, HB 204, introduced the bill. She read from the following sponsor statement:

HB 204 proposes changes to the State Procurement Code. It attempts to clarify the Alaska business license requirement that bidders hold an Alaska business license. It increases the dollar amount for thresholds for small procurements from \$50,000 to \$100,000, for construction for a small procurement from \$100,000 to \$200,000 and it increases lease space from 3,000 to 7,000, all under small procurements. This legislation is an effort to modernize procurement policies, which haven't been amended in over twenty years. In smaller communities across Alaska it is sometimes difficult to find lease space or make construction changes under the current code. The bill amends the code to allow electronic bids and signatures. It eliminates an outdated vendor's list that is not used currently, but is mandated under state statutes to be maintained. These changes are intended to modernize the procurement system and assist staff to better fulfill their duties and put their efforts into leases and procurements that require more detail than small procurements.

CHAIR WIELECHOWSKI requested a sectional analysis.

9:16:38 AM

LAURA PIERRE, staff to Senator Anna Fairclough, explained the sections of HB 204. She related that Section 1 would increase the threshold limit for small procurements of leased space from 3,000 square feet to 7,000 square feet. She noted that the statutes are outdated and this change would help in rural Alaska or other communities where people may feel intimidated by a large procurement process.

SENATOR PASKVAN wanted to know what the process would be if someone has a 7,000 square foot lease.

9:18:04 AM

VERN JONES, Chief Procurement Officer, Division of General Services, Department of Administration, addressed Senator Paskvan's question. He explained that there were different levels of competition for a small procurement, depending on the dollar amount. He said the current practice in leasing, which will remain unchanged, is that the division would distribute requests for proposals (RFP's) to anyone in the community and

place the opportunity on the state's on-line public notice web site.

SENATOR PASKVAN asked if there were parameters for the small procedure, such as a maximum duration or maximum dollar amount of the contract.

MR. JONES replied that in Section 7, the threshold amounts for other types of procurements were increased. Those are governed by the dollar value estimates of the procurement going in. For leases, however, the determination is based on whether the lease is going to be structured under the small procurement rules or under the formal procurement process based on the size of the lease. The bill increases the current square footage from 3,000 to 7,000, irrespective of the cost per square foot. There are no sideboards on the amount for a lease.

CHAIR WIELECHOWSKI asked for explanation of the major differences between the procurement process and the changing procedures for small procurements.

MR. JONES explained that currently in regulation in the small procurement procedures there are a number of processes, depending on the size. Up to \$5,000, you use competition that is reasonable under the circumstances determined by the procurement officer. From \$5,000 to \$25,000, for general goods and services, three quotes or informal proposals are required; from \$25,000 to \$50,000, a written request for quotes or proposals is required. Anything over \$50,000 is considered a formal procurement. The bill proposes to double those amounts for goods and services.

He noted that leases are handled differently because the Division of General Services is the only agency that has authority to lease office space and it handles leases internally. A formal process for notification is used due to the problem of lack of competition. All leases are noticed on line and sent to everyone who might qualify for the lease.

CHAIR WIELECHOWSKI asked if the dollar amounts were per year.

Mr. JONES clarified that they were dollar amounts per procurement.

CHAIR WIELECHOWSKI asked if a lease was \$5,000 per month, which provision it would fall under.

MR. JONES explained that it would fall under the small procurement provision. Under the statute, the requirement would be to solicit informal quotes and proposals from three firms. In reality, it would be on the on-line public notice and anyone could bid on it.

CHAIR WIELECHOWSKI asked how many leased spaces would be affected by the bill.

MR. JONES related that the Division of General Services administers 416 leases; 252 of which are 3,000 square feet or less, 75 are between 3,000 and 7,000 square feet, and 89 are over 7,000 square feet. He noted that leases are the most complex of the procurements the state does.

[9:24:42 AM](#)

CHAIR WIELECHOWSKI asked what the differences would be for small procurements, as compared to the large procurements, because of the bill.

MR. JONES explained that on the leases, the notification would not change. It's a matter of timing and formality of the process. Due to the change, the division would have a larger percentage of leases in a process that does not take as long. It would be less intimidating, so a prospective bidder would get a 10 to 15 page package to review and fill out instead of a 200 page RFP.

SENATOR PASKVAN spoke of the 99-year railroad lease bill. He wondered if there was a maximum dollar amount or a maximum year amount. He was looking for sideboards on potentially expensive leases.

MR. JONES reported that there is no dollar cap limit on small lease procurements. However, statute places a limit on all office leases - they cannot exceed 40 years. It is generally more acceptable to have a 5 or 10 year lease, with typically 10 to 20 years maximum. There are provisions in statute that allow for lease extensions. The initial term of a lease can't exceed 40 years.

[9:27:37 AM](#)

MS. PIERRE explained that Section 2 would clarify Alaska business license requirements for competitive sealed bids and qualification for the Alaska bidder preference. The change would require bidders to show proof of their Alaska Business License prior to the award, but would require the license at the time of

bid submission in order to qualify for the Alaska bidder preference.

CHAIR WIELECHOWSKI asked if adding this section would make it easier for out-of-state businesses to compete.

REPRESENTATIVE FAIRCLOUGH explained that the bill would allow anyone to bid on a project, but an Alaska Business License would be required before an award was received. A company must have an Alaska Business License in order to receive an Alaska bidder preference.

MR. JONES agreed that the bill does not make it any easier for out-of-state companies to bid because all of the formal procurements are on the on-line public website. It allows acceptance of an RFP for evaluation and assurance that the company has an Alaskan business license. This change in the law was made at the request of Legislative Budget and Audit.

[9:31:06 AM](#)

CHAIR WIELECHOWSKI asked which companies are being denied.

MR. JONES replied that the most common situation is from out-of-state firms that have no Alaskan license, but it applies to Alaskan firms, too.

CHAIR WIELECHOWSKI asked how much an Alaska preference entailed.

MR. JONES stated that there are many Alaskan preferences. The most common is the Alaska Business Preference, which is 5 percent.

CHAIR WIELECHOWSKI asked if an Alaskan business license was the only qualification.

MR. JONES listed the qualifications: have an Alaska business license, submit a bid or proposal in the names appearing on the license, and have a place of business in the state for six months previous to the due date of the bid.

SENATOR MEYER inquired if an Alaskan business could be a corporation.

MR. JONES said yes.

SENATOR MEYER asked if EXXON was an Alaskan business.

MR. JONES said yes.

[9:33:03 AM](#)

CHAIR WIELECHOWSKI asked how many bids are out-of-state bids versus Alaskan bids.

MR. JONES said he does not currently have a way of capturing that data. A new automated procurement system is in process. He pointed out that the increased threshold changes in the bill would increase the likelihood of an award to an Alaskan firm because the division is only required to contact three firms. Regulations stipulate that three in-state firms must be contacted before out-of-state firms are contacted. There is more likelihood that an Alaskan vendor would be solicited.

CHAIR WIELECHOWSKI asked if there was a list of those who have been disqualified for not having a business license.

MR. JONES said no.

CHAIR WIELECHOWSKI expressed interest in who is being excluded.

MR. JONES gave an example of a megaproject bid with only outside vendors competing and one is disqualified for not having an Alaska business license. He said that situation is frustrating and costly.

[9:35:22 AM](#)

SENATOR PASKVAN asked if there were glaring examples of exclusion in the \$7,000 and under lease category.

MR. JONES said it was really not an issue in that category because most of the vendors have Alaskan licenses.

MS. PIERRE related that Section 3 eliminates reference to a procurement officer's use of vendor lists, reflecting the repeal of the statute establishing the vendor lists, consistent with Section 10.

CHAIR WIELECHOWSKI referred to page 2, lines 23 to 25, the reference to eliminating mailing notices to active prospective contractors, and questioned the rationale for that decision.

MR. JONES explained that current law requires that all formal bids and proposals are posted on line, with a 21 day RFP bid circulation period. There will soon be an automated procurement system where everything will also be posted on a state web site.

The bidder lists that were required to be maintained are not required by statute to be used.

CHAIR WIELECHOWSKI summarized that the current process involves mailing a postcard to a list of potential contractors, notifying them of a procurement opportunity.

MR. JONES said most of the time the procurement officer does not use the postcard bidders list because most contractors know to look on line for the information. However, it is currently required by statute, therefore HB 204 is trying to do away with it.

CHAIR WIELECHOWSKI asked if there will still be electronic notices sent out, or if people will have to check on line themselves.

MR. JONES explained that on the on-line public website there is an option that any interested person can choose to receive notices by email. The new automated procurement system will do the same thing.

CHAIR WIELECHOWSKI inquired when the new system would be done.

MR. JONES reported that the system is currently being built and should be in place by 2014.

CHAIR WIELECHOWSKI asked if the system was instituted through the Department of Administration and if it was fully funded.

MR. JONES said it was.

CHAIR WIELECHOWSKI asked who was building it.

MR. JONES said it was a firm called CGI.

CHAIR WIELECHOWSKI gave a hypothetical example of a rental property located in Angoon. He wondered if the owner could post the availability on line.

MR. JONES explained that a person could submit a notification request on the on-line public notice website. Any time a lease procurement came up, they would receive a notification to go look on line.

CHAIR WIELECHOWSKI concluded that Section 3 takes away the requirement that postcards are sent to a list of contractors.

MR. JONES said yes.

CHAIR WIELECHOWSKI asked if it would be a cost savings.

MR. JONES thought there would be minimal cost savings.

[9:41:07 AM](#)

MS. PIERRE explained Section 4, which clarifies construction contractor registration requirements, now explicitly requiring registration before award of a contract.

CHAIR WIELECHOWSKI asked if, under current law, a bidder has to be a contractor.

MR. JONES said Section 4 maintains a distinction that in addition to having a business license for a construction project, the bidder must also be registered as a construction contractor.

SENATOR PASKVAN asked if the contract proposal from the state identifies the registration classification needed to meet the type of contract.

MR. JONES related that there is a list of codes for the contractor to choose from. He added that DOT has authority for construction.

SENATOR PASKVAN wondered if there has been a conflict where a contractor has not identified the required classification.

[9:43:44 AM](#)

MR. JONES said that DOT works closely with the Associated General Contractors of Alaska (AGC) on those requirements.

CHAIR WIELECHOWSKI thought the state would want to hire registered contractors.

MR. JONES thought it was more of a technical issue on the timing of the registration. The contractor must be registered before the award if a contract.

CHAIR WIELECHOWSKI said he thought if it was a construction contract, the state would want a licensed contractor to do the job.

MR. JONES said the bill assumes there was a reason they were not registered yet.

9:46:00 AM

MS. PIERRE addressed Section 5, which clarifies Alaska business license requirements for competitive sealed proposals and qualification for the Alaska bidder preference using language consistent with that used in Section 2.

MR. JONES added that Section 5 deals with RFP's and Section 2 deals with invitations to bid, which are the same, but pick up different types of procurements.

CHAIR WIELECHOWSKI asked for an explanation of AS 36.31.170 and AS 36.31.175.

MR. JONES related that the first statute is the evaluation and award provision.

CHAIR WIELECHOWSKI summarized that it states the timing of when a contractor must have an Alaskan business license.

MR. JONES stated that Section 5 mirrors Section 2. He explained the definition of bid, which is to provide specifications sufficient enough that if a person qualifies and is the low bidder, then they win the bid. A RFP is a document where cost is only a fraction of the overall evaluation criteria and entails scoring points. The high point score wins and cost is a part of the evaluation; in a bid process, cost is 100 percent of the evaluation.

SENATOR MEYER asked which process is done the most.

MR. JONES replied that in professional services, RFP's are used, and commodities are purchased on a low bid basis. Leases are always done with RFP's.

SENATOR MEYER inquired if RFP's are used for road construction.

MR. JONES said that generally a bid process is used.

9:49:22 AM

MS. PIERRE addressed Section 6, which adds a new section allowing an agency to accept electronic bids and proposals.

CHAIR WIELECHOWSKI asked if the department does not currently have the authority to receive bids and proposals.

MR. JONES replied that currently there is no explicit authority for that.

SENATOR PASKVAN inquired if the procurement branch of government is ready to receive electronic bids and proposals in a timely manner.

MR. JONES admitted that currently it was not ready, but a said a new electronic system was being built.

CHAIR WIELECHOWSKI noted it would be ready around 2014, so until then, if HB 204 is passed, the department would rely on written transmission.

MR. JONES agreed that the bill allows for written communication.

MS. PIERRE explained Section 7, which increases the threshold under which a state agency may use informal procurement process to \$100,000 for goods and professional services, to \$200,000 for construction, and 7,000 square feet for lease of space.

[9:51:26 AM](#)

SENATOR PASKVAN wondered why there was a change from "may" to "shall", because it eliminates the department's discretion.

MR. JONES said it appears to do that, but in reality it does not. When the department issues a small procurement, it can be written to include requirements of a formal procurement. He related that there are different protest procedures, depending on the size of the procurement. In small procurements, the process is one step. In formal procurements there is a protest to the commission officer and an appeal to the Commissioner of Administration or Transportation. Section 7 classifies which process to use.

[9:53:28 AM](#)

SENATOR PASKVAN argued to keep "may" in the bill. He understood that using "shall" means the department can still impose restrictions similar to a formal procurement process.

MR. JONES agreed. He gave an example of the lease procurement process, where the department has imposed the formal process in order to obtain more competition.

SENATOR PASKVAN asked if there would have to be regulation changes to accommodate that intent.

MR. JONES explained that there has to be regulation changes to account for the new dollar amounts, but the flexibility is already built in to adopt more formal requirements.

CHAIR WIELECHOWSKI asked if the bill would require numerous regulations.

MR. JONES said it would.

REPRESENTATIVE FAIRCLOUGH clarified that Section 7 dictates the appeal process on a small procurement. If the department adds extra layers of requirements, and someone protests the additional requests, the department "shall" use the small procurement procedure. She opined that Legislative Legal was trying to narrow the focus of the appeal.

[9:57:10 AM](#)

SENATOR PASKVAN wanted to make sure the procurement officer has as much discretion as possible. He assumed additional requirements, or a hybrid procurement process, would require more regulations.

MR. JONES clarified with an example of a \$20,000 procurement, which under small procurement rules, require solicitation of three bids. A procurement officer could make the decision to get more bids and solicit ten firms or put the announcement on the on-line public notice or adopt the 21-day circulation time. There is that flexibility even though the wording of the bill says "shall be run", because small procurement requirements are minimal requirements. The wording does require following the protest procedures for a small procurement.

CHAIR WIELECHOWSKI stated that would not be possible if the department adopted regulations that said otherwise.

MR. JONES maintained that the department would not do that because it would not make sense to bar additional competition or additional time requirements.

CHAIR WIELECHOWSKI requested an example of an abuse of this section.

MR. JONES repeated the \$20,000 procurement example.

CHAIR WIELECHOWSKI argued if regulations were adopted for the small procurement procedure that made specific bid or time requirements, the legislation would be bound by them.

MR. JONES clarified that regulations generally say to do the minimum required.

CHAIR WIELECHOWSKI thanked Mr. Jones for the good education on the procurement process.

[10:01:54 AM](#)

MS. PIERRE turned to Section 8, which eliminated reference to the removal of debarred or suspended persons from vendor lists, reflecting the repeal of a law establishing the vendor lists, consistent with Section 10.

CHAIR WIELECHOWSKI inquired if current law allows debarred or suspended persons to be considered.

MR. JONES replied that they are prohibited from bidding. Section 8 deletes the reference to the bidder list, which was eliminated in a previous section.

CHAIR WIELECHOWSKI concluded that it was cleaning up redundancy.

MS. PIERRE said yes.

She continued to say that Section 9 updates definitions to include electronics.

CHAIR WIELECHOWSKI inquired if AS 36.30.990 was the definition section.

MS. PIERRE said yes.

MS. PIERRE related that Section 10 repeals statute establishing the vendor list.

[10:04:45 AM](#)

MS. PIERRE explained that Section 11 clarified the application of the Procurement Act to pending solicitations during transition period.

CHAIR WIELECHOWSKI concluded that it applies only to bids or proposals that come about after this section.

MS. PIERRE said yes.

SENATOR PASKVAN referred to page 4, lines 18 and 19, and asked if it would state in the contract that the submission of an application is their acceptance of these provisions.

MR. JONES said yes.

CHAIR WIELECHOWSKI inquired if Section 12 was the immediate, effective date.

MS. PIERRE said yes.

CHAIR WIELECHOWSKI asked if the effective date was a problem without the electronic system in place.

MR. PIERRE said it was not a problem. The bill allows the department to accept electronic bids and proposals, but does not require the department to do so.

[10:06:44 AM](#)

SCOTT THORSON, representing himself, Anchorage, Alaska, testified in support of HB 204 as a way of streamlining state procurement and making private sector firms' business easier.

CHAIR WIELECHOWSKI asked if there was any opposition to the bill.

REPRESENTATIVE FAIRCLOUGH stated that the State Chamber of Commerce supports the bill. She noted written support from the State Chamber of Commerce. She related that she was aware of no opposition to the bill.

CHAIR WIELECHOWSKI wondered if there had been controversial sections in the bill that had been removed.

REPRESENTATIVE FAIRCLOUGH recalled a contentious point two years ago; a provision to remove a bidder's preference currently allowed in regulation. The provision no longer exists in the bill.

SENATOR MEYER recalled a concern about the procurement process in the past. He pointed out that each state department makes purchases individually and it is difficult to track how the money is being spent. He made a suggestion to capture the dollar amount and then put it out for bid in order to save the state money. He said he realized technology would be needed to do

that. He hoped by 2014 the state could save money using technology for procurement.

CHAIR WIELECHOWSKI asked if each department does its own procurements.

MR. JONES explained that the procurement authority for goods and services and for professional services is vested in the Chief Procurement Officer and the Commissioner of Administration. The construction procurement authority is vested in the Commissioner of the Department of Transportation. General Services delegates unlimited authority to all agencies for procurement of goods and services and for professional services because of the impossibility of the five buyers to be able to conduct the volume of procurements. Delegation is a practical matter. He agreed that there is some loss of control and oversight that way. He maintained that the automated system will improve that situation.

[10:12:01 AM](#)

CHAIR WIELECHOWSKI pointed out that centralized procurement saves money.

MR. JONES hoped to have that system in place.

REPRESENTATIVE FAIRCLOUGH made final comments. She shared the committee's enthusiasm about moving toward an accountable system. She said the proposed changes to procurement in the bill are very small, but they are intended to give the procurement officers that are centralized, the ability to concentrate their resources on much more complex issues.

CHAIR WIELECHOWSKI held HB 204 in committee.

[10:13:39 AM](#)

There being no further business to come before the committee, Chair Wielechowski adjourned the Senate State Affairs Standing Committee at 10:13 a.m.