

COMMITTEE REPORT

SENATE

FURTHER:

FINANCE

4/30/83

Date:

5/19/83

Mr. President:

The Committee on STATE AFFAIRS has had HB 106

Relating to Alaska bidder preference

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with SCS for HB 106 (SA) same title
- new title
- and recommends may do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the 7 Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Tim Kelly

Charles Stangulinski

Robert Bodey

W. Fisher do pass

CHAIRMAN

Offered: 5/20/83
Referred: Finance

Original sponsors: Ward, Zharoff,
Flood, et al

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 SENATE CS FOR HOUSE BILL NO. 106 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to Alaska bidder preference."

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 * Section 1. AS 37.05 is amended by adding a new section to read:

9 Sec. 37.05.225. PURPOSE. The legislature finds that there
10 exists in the state continuing high unemployment, underutilization of
11 resident construction and supply firms, and high costs unfavorable to
12 the welfare of Alaskans and to the economic health of the state. The
13 purpose of bidder preference for resident firms when the state acts as
14 a market participant using state funds is to encourage local industry,
15 strengthen and stabilize the economy, decrease unemployment, and
16 enhance the tax and revenue base of the state.

17 * Sec. 2. AS 37.05.230(5) is amended by adding a new subparagraph to
18 read:

19 (D) if a joint venture, is composed entirely of ven-
20 turers that qualify under this paragraph;

Introduced: 1/21/83
Referred: State Affairs
and Finance

BY WARD, ZHAROFF, FLOOD
PESTINGER, BUSSELL, HURLBERT,
ADAMS, GRUSSENDORF, COWDERY
AND FURNACE

1 IN THE HOUSE

2

HOUSE BILL NO. 106

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to Alaska bidder preference."

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 * Section 1. AS 37.05.230(1)(B) is amended to read:

9

(B) a bid shall be awarded to an Alaska bidder if the

10

[HIS] bid is not more than 15 [FIVE] percent higher than the

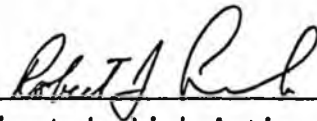
11

lowest nonresident bidder's; and

March 23, 1983

Amendment to Fiscal Note
HB 106

The 50.0 Fiscal impact would most likely effect Equipment (500) and Commodity (400) purchases equally.



Robert J. Link, Acting Director
Division of General Services & Supply

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF GENERAL SERVICES AND SUPPLY

Bill Sheffield, Governor

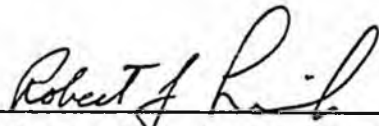
(MS 0210)
POUCH C
JUNEAU, ALASKA 99811
(907) 465-2250

POSITION PAPER

HB 106

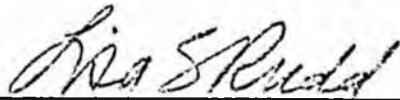
This bill attempts to raise the "handicap" given to Alaskan bidders from 5% of the bid price to 15%. The only estimable quantifiable costs associated with this bill are the impact on agency budgets for commodities and non-professional which would have occurred if this bill passed last Fiscal Year. The costs for these items would have been \$50,000 higher. This does not include the cost application of this bill to construction projects not excluded by 37.05.230 (7) (Department of Transportation & Public Facilities projects). In addition the estimated costs do not include the larger but less, quantifiable costs due to reduced competition as out-of-State firms are driven out of the Alaska market.

The application of the proposed preference restricts vendors from bidding on an equal basis and thereby inhibits competition and increases the cost of government operations.



Robert Link, Acting Director

3/23/83



Lisa Rudd, Commissioner

3/24/83



Alaska State Legislature

House of Representatives

PO BOX 2716
ANCHORAGE, ALASKA 99510
(907) 276-4506

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-4939

REPRESENTATIVE JERRY WARD
DISTRICT 13

MEMBER FINANCE COMMITTEE
CHAIRMAN OF SUBCOMMITTEE ON
COMMERCE & ECONOMIC DEVELOPMENT
CHAIRMAN OF SUBCOMMITTEE ON LABOR
MEMBER OF SUBCOMMITTEE ON STATE LOANS

MEMORANDUM

DATE: March 21, 1983

TO: Representative Al Adams, Chairman
House Finance Committee

FROM: Representative Jerry Ward *JW*

SUBJ: Alaska Bidders Preference

Alaska, in 1955, enacted a 5% bidders preference. This doesn't help many Alaska vendors so they simply don't bid. Many other states have a 3, 5 or 10% preference for in-state bidders. We don't.

This creates a problem and the fact that we have a 30% higher cost of living than the contiguous U.S. compounds the problem. If a business has a 50% labor factor, then 15% will allow them to compete with outside firms.

This preference would help local economy by allowing local businesses to hire more people (vendors in Seattle and California don't buy many homes in Alaska.) Local business profits would be reinvested in Alaska.

In Alaska, we have high unemployment and among them some of the hardest working and best educated people in the world. They are looking to us to help them simply by keeping as many dollars as possible within the Alaskan economy to create new jobs.

Basically, this is a jobs bill and not for the sole benefit of the Alaskan vendor but for the Alaskan working person. 1.1 million spent in Alaska provides approximately 20 jobs at \$25,000 per year. 1 million spent outside is just 1 million gone. This means we must sell another million dollars worth of non-renewable resources to replace it.

MEMORANDUM

State of Alaska

TO: George Elgee
 Director
 Division of General Services & Supply
 Department of Administration

DATE: August 5, 1982

FILE NO:

TELEPHONE NO: 465-2250

THRU: Bob Link

FROM: Robert L. Schofield
 Purchasing and Facility Manager
 Division of General Services & Supply
 Department of Administration

SUBJECT: FY 82 Purchasing
 Action

The following is a statistical report of business transacted by your Purchasing Section in Juneau and Anchorage. It is more comprehensive and covers fiscal year 1982, July 1, 1981 to June 30, 1982.

PURCHASE REQUISITIONS RECEIVED DURING FY 82

	<u>TOTAL P.R.'s</u>	<u>TOTAL LINE ITEMS</u>
01 Governor	58	96
02 Administration	185	486
03 Law	46	74
04 Revenue	25	56
05 Education	102	1,835
06 Health and Social Services	548	10,569
07 Labor	95	151
08 Commerce and Economic Development	53	92
09 Military Affairs	35	46
10 Natural Resources	187	459
11 Fish and Game	351	1,197
12 Public Safety	177	387
18 Environmental Conservation	59	137
21 Community and Regional Affairs	27	38
25 DOT/PF	447	1,004
30 Ombudsman	0	0
31 Legislative Council	1	1
33 Legislative Audit	1	1
41 Alaska Court System	15	15
TOTALS -	2,412	16,644

As a result of the above, the following bids (formal and informal) and negotiation were accomplished.

BIDS PUBLISHED FY 82

	FORMAL	INFORMAL	NEG
JULY	22	1	27
AUGUST	22	0	50
SEPTEMBER	26	0	54
OCTOBER	26	0	63
NOVEMBER	35	16	31
DECEMBER	34	13	19
JANUARY	39	0	30
FEBRUARY	27	0	24
MARCH	38	0	75
APRIL	35	0	72
MAY	29	0	35
JUNE	33	0	66
TOTALS -	366	30	546

TOTAL ANCHORAGE AND JUNEAU - 942

Subsequent to the above, purchase orders were issued as follows:

(1) Total number of PURCHASE ORDERS issued to IN-STATE vendors -

TOTAL - 1002

(2) Total DOLLAR VALUE of PURCHASE ORDERS issued to IN-STATE vendors -

TOTAL - \$ 24,372,083.25

(3) Total number of PURCHASE ORDERS issued to OUT-OF-STATE vendors -

TOTAL - ~~406~~

(4) Total DOLLAR VALUE of PURCHASE ORDERS issued to OUT-OF-STATE vendors -

TOTAL - ~~\$ 9,995,085.68~~

(5) Total ~~cost~~ of AWARDS made as a direct result of 5% BIDDERS PREFERENCE LAW -

TOTAL \$ 22,753.79

This amount is the result of 28 separate awards of which 4 awards were responsible for \$ 17,946.35. Balance of \$ 4,807.44 resulted from the remaining 24 awards, 24 of which were for less than \$ 1,000. The awards based on the 5% bid preference generated \$ 4,789,672.91 in in-state business.

The 5% preference made the difference in only 2.97% of the bid awards for FY 82, again emphasizing the highly competitive nature of the Alaskan vendor.

3.1%
4%
spending \$3m to create or maintain 100 direct jobs. + ?
how many indirect.

PURCHASE ORDERS ISSUED TO MAJOR STATE METROPOLITAN AREAS - FY 82

Anchorage	-	782 PO's	=	\$ 18,569,441.81
Fairbanks	-	32 PO's	=	\$ 317,594.53 ^{109.}
Juneau	-	<u>127 PO's</u>	=	<u>\$ 4,732,420.19</u>
SUB-TOTAL	-	941 PO's	=	\$ 23,619,456.53
Other Areas	-	<u>61 PO's</u>	=	<u>\$ 752,626.72</u>
TOTAL	-	1,002 PO's	=	\$ 24,372,083.25

The Purchasing Section issued the following term contract awards, many of which have estimated values.

CONTRACT AWARDS ISSUED DURING FY 82NO. OF CONTRACT AWARDSDOLLAR VALUE

TOTAL - 658

TOTAL - \$ 65,241,064.46

Of 658 contract awards, 485 were issued to Alaskan firms for a total dollar volume of \$ 42,936,690.70.

As an overview, \$ 94,411,900.58 or 75% of the \$ 125,098,474.00 spent during FY 82 was spent with Alaskan vendors.

FIVE PERCENT BID PREFERENCE ANALYSIS
FISCAL 82

\$ 212.00	July	Anchorage	0	\$ 123.00	January	Anchorage	0
		Juneau	1			Juneau	1
\$ 1,396.50	August	Anchorage	1	\$ 2,735.00	February	Anchorage	1
		Juneau	2			Juneau	0
\$ 87.80	September	Anchorage	0	\$ 335.42	March	Anchorage	1
		Juneau	2			Juneau	3
\$ 1,067.94	October	Anchorage	2	\$13,007.35	April	Anchorage	1
		Juneau	2			Juneau	2
\$ 541.50	November	Anchorage	1		May	Anchorage	0
		Juneau	3			Juneau	0
\$ 2,539.00	December	Anchorage	1	\$ 708.28	June	Anchorage	1
		Juneau	1			Juneau	2

Awarded Alaskan Bidders: TOTAL - \$ 4,789,672.91

5% Bid Preference: TOTAL - \$ 22,753.79

GRAND TOTAL DOLLAR VOLUME - \$ 4,883,543.22

JM/je
5/0805-04/GSS1

IN-STATE AND OUT-OF-STATE PURCHASES
MADE FOR DEPARTMENTS

	<u>Non-Alaska Vendors</u>		<u>Alaska Vendors</u>		<u>Total</u>	
	<u>No. POs</u>	<u>Amount</u>	<u>No. POs</u>	<u>Amount</u>	<u>No. POs</u>	<u>Amount</u>
01 Governor	5	\$ 80,659.00	21	\$ 132,884.25	26	\$ 213,543.25
02 Administration	55	990,176.19	57	1,278,795.93	112	2,268,972.12
03 Law	0	0	9	100,227.32	9	100,227.32
04 Revenue	6	51,927.00	5	28,608.58	11	80,535.58
05 Education	27	254,491.71	76	423,534.98	103	678,026.69
06 Health & Social Services	93	368,353.14	464	1,629,278.39	557	1,997,631.53
07 Labor	6	104,212.80	48	228,919.87	54	333,132.67
08 Commerce & Econ. Develop.	4	144,383.15	15	43,203.34	19	187,586.49
09 Military Affairs	1	29,500.00	4	65,875.00	5	95,375.00
10 Natural Resources	30	1,456,718.38	43	563,935.52	73	2,020,653.90
11 Fish and Game	74	1,139,170.38	83	568,253.72	157	1,707,424.10
12 Public Safety	23	932,043.70	51	978,450.92	74	1,910,494.62
18 Environmental Conserv.	7	94,645.50	6	31,930.29	13	126,575.79
21 Community & Reg'l Affairs	0	0	7	18,645.37	7	18,645.37
25 Transportation	74	4,234,034.18	150	17,561,245.72	224	21,795,279.90
31 Legislative Affairs	<u>0</u>	<u>0</u>	<u>2</u>	<u>1,875.75</u>	<u>1</u>	<u>1,875.75</u>
Total -	405	9,880,315.13	1,041	23,655,664.94	1,445	33,535,980.08

SUMMARY CHART - FISCAL YEAR U1 vs FISCAL YEAR U2

PURCHASING SECTION ACTIVITY

<u>DOCUMENTS PROCESSED</u>	<u>NUMBER RECEIVED & ISSUED</u>		<u>AVERAGE TRANSACTION TIME</u>		<u>AVERAGE - P.A. PER MONTH</u>	
	<u>FY-81 TOTAL</u>	<u>FY-82 TOTAL</u>	<u>FY-81 TOTAL</u>	<u>FY-82 TOTAL</u>	<u>FY-81 TOTAL</u>	<u>FY-82 TOTAL</u>
PURCHASE REQUISITION	2,445	2,412	21.83			
INVITATION TO BID	1,212	942	10.82			
PURCHASE ORDER	1,079	1,434	16.78		255,954.29	
CONTRACT AWARD	515	658	4.60		319,911.30	
LEASE	119	100	1.06		24,483.19	

CONTRACT AWARDS

	<u>NO. ISSUED</u>		<u>TOTAL VALUE</u>	
	<u>FY-81 TOTAL</u>	<u>FY-82 TOTAL</u>	<u>FY-81 TOTAL</u>	<u>FY-82 TOTAL</u>
ISSUED TO ALASKAN FIRMS	428	485	\$27,133,849.97	\$44,547,576.71
ISSUED TO OUT-OF-STATE FIRMS	87	173	8,696,224.65	20,693,487.75
TOTAL	515	658	\$35,830,074.62	\$65,241,064.46

PURCHASE ORDERS

	<u>NO. ISSUED</u>		<u>TOTAL VALUE</u>	
	<u>FY-81 TOTAL</u>	<u>FY-82 TOTAL</u>	<u>FY-81 TOTAL</u>	<u>FY-82 TOTAL</u>
ISSUED TO ALASKAN FIRMS	1,272	1,002	\$17,875,744.67	\$24,372,083.25
ISSUED TO OUT-OF-STATE FIRMS	607	406	10,791,135.26	9,993,085.60
TOTAL	1,879	1,408	\$28,666,879.93	\$34,365,168.93

LEASES

	<u>FY-82 TOTAL</u>	<u>TOTAL VALUE</u>	<u>FY-82 TOTAL</u>
NO. LEASES ISSUED:	100		\$25,492,240.62

	<u>FISCAL 1981</u>	<u>FISCAL 1982</u>
GRAND TOTAL DOLLAR AMOUNT:	\$67,239,071.77	\$125,098,474.00

Questions indicate J. White's resp

(28)

	A		B		C		D		E		F		G		H
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	
ALABAMA	x		x		x		x		x				x		No
ALASKA		x	5%		x		x		x		x		x		ND
ARIZONA		x	5%		x		x				x		x		*
ARKANSAS	x		5%		x		x		x		x		x		**
CALIFORNIA		x	5%		x		x		x		x				Small Business
COLORADO	x		x		x		x		x		x		x		
CONNECTICUT	x		x		x		x		x		x		x		
DELAWARE															
FLORIDA	x		x		x		x		x		x		x		No items
GEORGIA	x		x		x		x		x		x		x		No
HAWAII		x	3/5/10%		x		x		x		x		x		
IDAHO	x		10%		x								x	x	Printing
ILLINOIS		x	x		x		x		x		x		x		No
INDIANA			x		x		x		x		x		x		ND
IOWA	x		x												
KANSAS	x		x		x		x		x		x		x		Reciprocal
KENTUCKY		x	x												No preference
LOUISIANA	x		3%		x		x		x		x		x		No
MAINE	x		x		x		x		x		x		x		
MARYLAND	x		x		x		x		x				x		
MASSACHUSETTS	x		5%		x								x		
MICHIGAN	x		x		x		x								
MINNESOTA	x		x		x		x		x						Small Business
MISSISSIPPI	x		x		x		x		x		x		x		No
MISSOURI	x		x		x								x		
MONTANA	x		3%		x		x		x		x		x		
NEBRASKA	x		x		x										
NEVADA															
NEW HAMPSHIRE	x		x		x		x		x		x		x		
NEW JERSEY															
NEW MEXICO			5%												
NEW YORK		x	10%		x				x		x		x		7/11 Committee
NORTH CAROLINA	x								x						
NORTH DAKOTA	x		x		x				x				x		***
OHIO															
OKLAHOMA	x		3%		x						x		x		****
OREGON	x		x		x		x								
PENNSYLVANIA		x	x		x		x		x		x		x		No
RHODE ISLAND	x		x		x		x		x						
SOUTH CAROLINA	x		x		x		x		x		x		x		
SOUTH DAKOTA	x				x		x						x		
TENNESSEE			x												
TEXAS	x		x		x		x								
UTAH															
VERMONT	x														
VIRGINIA	x		x												
WASHINGTON		x	x		x		x		x		x		x		*****
WEST VIRGINIA			5%												
WISCONSIN	x		x		x		x		x		x		x		No
WYOMING			5%		x		x		x		x		x		

in list of jobs -

Recip

Print

- * Public works construction only
- ** Except printing & office supplies
- *** If State has a preference against us we we take same preference against them
- **** If produced, manufactured, or grown in Oklahoma
- ***** Items manufactured by rehabilitation workshops

- A-Tie bids only?
- B-Percentage?
- C-By statute?
- D-Mandatory?
- E-Discretionary?
- F-Request of in-state bidder?
- G-All items?
- H-Specific?

22

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

RECEIVED
January 21, 1983
MAR 2 1983

Bill No: HB 106

Date on Bill

Title: An Act Relating to Alaska Bidder preference

Sponsor: Ward, etc.

Requestor: _____

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
Capital	0	0	0	0
Operating	0	50.0*	50.0*	50.0*
Total	0	50.0*	50.0*	50.0*

b. Revenues:

Revenue	0	0	0	0	0
---------	---	---	---	---	---

2. Source of funds to offset fiscal impact of bill:

3. *Assumptions: The only quantifiable costs associated with this bill are the impact on Agency operating budgets for commodities and non-professional services, which would have occurred if the bill passed last year. The larger and more unquantifiable costs would be due to reduced competition as out-of-State firms are driven out of the Alaskan market.

This cost estimate does not include effects on construction contracts, travel, and professional services which are not effected by this Act.

The State already spends a majority of its commodity and non-professional dollars with Alaskan vendors.

4. Disclaimer: This statement has not been reviewed by the OMB in the Office of the Governor.

Prepared By: Bob Link
Division: General Services & Supply

Phone: 465-2250
Date: March 1, 1983

Approved by Commissioner: Lisa Podd
Department: COMMISSIONER LISA Podd
DEPT. OF ADMINISTRATION

Date: MARCH 2, 1983

5. Distribution:
Original to Legislative Finance
Copy to Department
Copy to Sponsor
Copy to Requestor

2/8/83

Rec'd 5/19/83

STATE OF ALASKA
FISCAL NOTE

Revision Date: _____, 1983

I. REQUEST

Bill/Resolution No.: SCS HB 106
Title: An Act Relating to Bidder Proced.
Sponsor: Ward et al
Requestor: Senate State Affairs

II. FISCAL DETAIL

Agency Affected: Administration
Program Category Affected: Gen Admin Svcs
BRU, Program of Subprogram(s) Affected: General Services & Supply

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES	0					
200 TRAVEL	0					
300 CONTRACTUAL	0					
400 COMMODITIES	0	25	25	25	25	25
500 EQUIPMENT	0	25	25	25	25	25
600 LAND & STRUCTURES	0					
700 GRANTS, CLAIMS, ETC	0					
TOTAL OPERATING	0	50	50	50	50	50
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		50	50	50	50	50
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME		0	0	0	0	0
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Bob Link *Bob Link*
Division: General Services & Supply
Approved by Commissioner: Lisa Rudd *Lisa Rudd*
Department: ADMINISTRATION

Phone: 465-2250
Date: May 16, 1983
Date: May 16, 1983

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

3/8/83

IV. ANALYSIS:

Senate Bill SCS HB 106
Date: May 16, 1983

The only quantifiable costs associated with this bill are the impact on agency operating budgets for commodities and non-professional services, which would have occurred if the bill passed last year. The larger and more unquantifiable costs would be due to reduced competition as out-of-state firms are driven out of the Alaskan market.

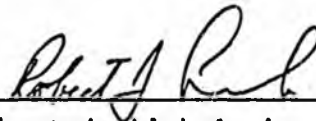
This cost estimate does not include effects on contracts for travel or professional services which are not effected by this Act. No estimate has been made of effects on the Alaska Power Authority or the Department of Transportation and Public Facilities.

The State already spends a majority of its commodity and non-professional dollars with Alaskan vendors.

March 23, 1983

Amendment to Fiscal Note
HB 106

The 50.0 Fiscal impact would most likely effect Equipment (500) and Commodity (400) purchases equally.



Robert J. Link, Acting Director
Division of General Services & Supply

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF GENERAL SERVICES AND SUPPLY

Bill Sheffield, Governor

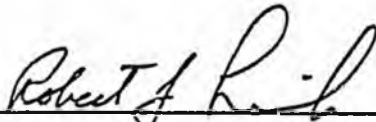
POUCH C (MS 0210)
JUNEAU, ALASKA 99811
(907) 465-2250

POSITION PAPER

HB 106

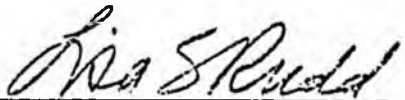
This bill attempts to raise the "handicap" given to Alaskan bidders from 5% of the bid price to 15%. The only estimable quantifiable costs associated with this bill are the impact on agency budgets for commodities and non-professional which would have occurred if this bill passed last Fiscal Year. The costs for these items would have been \$50,000 higher. This does not include the cost application of this bill to construction projects not excluded by 37.05.230 (7) (Department of Transportation & Public Facilities projects). In addition the estimated costs do not include the larger but less, quantifiable costs due to reduced competition as out-of-State firms are driven out of the Alaska market.

The application of the proposed preference restricts vendors from bidding on an equal basis and thereby inhibits competition and increases the cost of government operations.



Robert Link, Acting Director

3/23/83



Lisa Rudd, Commissioner

3/24/83



Alaska State Legislature House of Representatives

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WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
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REPRESENTATIVE JERRY WARD
DISTRICT 13

MEMBER FINANCE COMMITTEE
CHAIRMAN OF SUBCOMMITTEE ON
COMMERCE & ECONOMIC DEVELOPMENT
CHAIRMAN OF SUBCOMMITTEE ON LABOR
MEMBER OF SUBCOMMITTEE ON STATE LOANS

MEMORANDUM

DATE: March 21, 1983

TO: Representative Al Adams, Chairman
House Finance Committee

FROM: Representative Jerry Ward *JW*

SUBJ: Alaska Bidders Preference

Alaska, in 1955, enacted a 5% bidders preference. This doesn't help many Alaska vendors so they simply don't bid. Many other states have a 3, 5 or 10% preference for in-state bidders. We don't.

This creates a problem and the fact that we have a 30% higher cost of living than the contiguous U.S. compounds the problem. If a business has a 50% labor factor, then 15% will allow them to compete with outside firms.

This preference would help local economy by allowing local businesses to hire more people (vendors in Seattle and California don't buy many homes in Alaska.) Local business profits would be reinvested in Alaska.

In Alaska, we have high unemployment and among them some of the hardest working and best educated people in the world. They are looking to us to help them simply by keeping as many dollars as possible within the Alaskan economy to create new jobs.

Basically, this is a jobs bill and not for the sole benefit of the Alaskan vendor but for the Alaskan working person. 1.1 million spent in Alaska provides approximately 20 jobs at \$25,000 per year. 1 million spent outside is just 1 million gone. This means we must sell another million dollars worth of non-renewable resources to replace it.

MEMORANDUM

State of Alaska

TO: George Elgee
 Director
 Division of General Services & Supply
 Department of Administration

DATE: August 5, 1982

FILE NO:

TELEPHONE NO: 465-2250

THRU: Bob Link

FROM: Robert L. Schofield
 Purchasing and Facility Manager
 Division of General Services & Supply
 Department of Administration

SUBJECT: FY 82 Purchasing
 Action

The following is a statistical report of business transacted by your Purchasing Section in Juneau and Anchorage. It is more comprehensive and covers fiscal year 1982, July 1, 1981 to June 30, 1982.

PURCHASE REQUISITIONS RECEIVED DURING FY 82

	<u>TOTAL P.R.'s</u>	<u>TOTAL LINE ITEMS</u>
01 Governor	58	96
02 Administration	185	486
03 Law	46	74
04 Revenue	25	56
05 Education	102	1,835
06 Health and Social Services	548	10,569
07 Labor	95	151
08 Commerce and Economic Development	53	92
09 Military Affairs	35	46
10 Natural Resources	187	459
11 Fish and Game	351	1,197
12 Public Safety	177	387
18 Environmental Conservation	59	137
21 Community and Regional Affairs	27	38
25 DOT/PF	447	1,004
30 Ombudsman	0	0
31 Legislative Council	1	1
33 Legislative Audit	1	1
41 Alaska Court System	15	15
TOTALS -	2,412	16,644

As a result of the above, the following bids (formal and informal) and negotiation were accomplished.

BIDS PUBLISHED FY 82

	FORMAL	INFORMAL	NEG
JULY	22	1	27
AUGUST	22	0	50
SEPTEMBER	26	0	54
OCTOBER	26	0	63
NOVEMBER	35	16	31
DECEMBER	34	13	19
JANUARY	39	0	30
FEBRUARY	27	0	24
MARCH	38	0	75
APRIL	35	0	72
MAY	29	0	35
JUNE	33	0	66
TOTALS -	366	30	546

TOTAL ANCHORAGE AND JUNEAU - 942

Subsequent to the above, purchase orders were issued as follows:

(1) Total number of PURCHASE ORDERS issued to IN-STATE vendors -

TOTAL - 1002

(2) Total DOLLAR VALUE of PURCHASE ORDERS issued to IN-STATE vendors -

TOTAL - \$ 24,372,083.25

(3) Total number of PURCHASE ORDERS issued to OUT-OF-STATE vendors -TOTAL - ~~406~~(4) Total DOLLAR VALUE of PURCHASE ORDERS issued to OUT-OF-STATE vendors -TOTAL - ~~\$ 9,993,085.68~~(5) Total ~~0007~~ of AWARDS made as a direct result of 5% BIDDERS PREFERENCE LAW -TOTAL \$ 22,753.79

3.1%
4%

This amount is the result of 28 separate awards of which 4 awards were responsible for \$ 17,946.35. Balance of \$ 4,807.44 resulted from the remaining 24 awards, 24 of which were for less than \$ 1,000. The awards based on the 5% bid preference generated \$ 4,789,672.91 in in-state business.

The 5% preference made the difference in only 2.97% of the bid awards for FY 82, again emphasizing the highly competitive nature of the Alaskan vendor.

Spending \$ 23m to create or maintain 100 direct jobs. ?
How many indirect.

PURCHASE ORDERS ISSUED TO MAJOR STATE METROPOLITAN AREAS - FY 82

Anchorage	-	782 PO's	=	\$ 18,569,441.81
Fairbanks	-	32 PO's	=	\$ 317,594.53 ^{109.}
Juneau	-	<u>127 PO's</u>	=	<u>\$ 4,732,420.19</u>
SUB-TOTAL	-	941 PO's	=	\$ 23,619,456.53
Other Areas	-	<u>61 PO's</u>	=	<u>\$ 752,626.72</u>
TOTAL	-	1,002 PO's	=	\$ 24,372,083.25

The Purchasing Section issued the following term contract awards, many of which have estimated values.

CONTRACT AWARDS ISSUED DURING FY 82NO. OF CONTRACT AWARDSDOLLAR VALUE

TOTAL - 658

TOTAL - \$ 65,241,064.46

Of 658 contract awards, 485 were issued to Alaskan firms for a total dollar volume of \$ 42,936,690.70.

As an overview, \$ 94,411,900.58 or 75% of the \$ 125,098,474.00 spent during FY 82 was spent with Alaskan vendors.

FIVE PERCENT BID PREFERENCE ANALYSIS
FISCAL 82

\$ 212.00	July	Anchorage	0	\$ 123.00	January	Anchorage	0
		Juneau	1			Juneau	1
\$ 1,396.50	August	Anchorage	1	\$ 2,735.00	February	Anchorage	1
		Juneau	2			Juneau	0
\$ 87.80	September	Anchorage	0	\$ 335.42	March	Anchorage	1
		Juneau	2			Juneau	3
\$ 1,067.94	October	Anchorage	2	\$13,007.35	April	Anchorage	1
		Juneau	2			Juneau	2
\$ 541.50	November	Anchorage	1		May	Anchorage	0
		Juneau	3			Juneau	0
\$ 2,539.00	December	Anchorage	1	\$ 708.28	June	Anchorage	1
		Juneau	1			Juneau	2

Awarded Alaskan Bidders:

TOTAL - \$ 4,789,672.91

5% Bid Preference:

TOTAL - \$ 22,753.79

GRAND TOTAL DOLLAR VOLUME -

\$ 4,883,543.22

JM/je
5/0805-04/GSS1

IN-STATE AND OUT-OF-STATE PURCHASES
MADE FOR DEPARTMENTS

	<u>Non-Alaska Vendors</u>		<u>Alaska Vendors</u>		<u>Total</u>	
	<u>No. POs</u>	<u>Amount</u>	<u>No. POs</u>	<u>Amount</u>	<u>No. POs</u>	<u>Amount</u>
01 Governor	5	\$ 80,659.00	21	\$ 132,884.25	26	\$ 213,543.25
02 Administration	55	990,176.19	57	1,278,795.93	112	2,268,972.12
03 Law	0	0	9	100,227.32	9	100,227.32
04 Revenue	6	51,927.00	5	28,608.58	11	80,535.58
05 Education	27	254,491.71	76	423,534.98	103	678,026.69
06 Health & Social Services	93	368,353.14	464	1,629,278.39	557	1,997,631.53
07 Labor	6	104,212.80	48	228,919.87	54	333,132.67
08 Commerce & Econ. Develop.	4	144,383.15	15	43,203.34	19	187,586.49
09 Military Affairs	1	29,500.00	4	65,875.00	5	95,375.00
10 Natural Resources	30	1,456,718.38	43	563,935.52	73	2,020,653.90
11 Fish and Game	74	1,139,170.38	83	568,253.72	157	1,707,424.10
12 Public Safety	23	932,043.70	51	978,450.92	74	1,910,494.62
18 Environmental Conserv.	7	94,645.50	6	31,930.29	13	126,575.79
21 Community & Reg'l Affairs	0	0	7	18,645.37	7	18,645.37
25 Transportation	74	4,234,034.18	150	17,561,245.72	224	21,795,279.90
31 Legislative Affairs	<u>0</u>	<u>0</u>	<u>2</u>	<u>1,875.75</u>	<u>1</u>	<u>1,875.75</u>
 Total -	 405	 9,880,315.13	 1,041	 23,655,664.94	 1,445	 33,535,980.08

SUMMARY CHART - FISCAL YEAR 01 vs FISCAL YEAR 02

PURCHASING SECTION ACTIVITY

<u>DOCUMENTS PROCESSED</u>	<u>NUMBER RECEIVED & ISSUED</u>		<u>AVERAGE TRANSACTION TIME</u>		<u>AVERAGE - P.A. PER MONTH</u>	
	<u>FY-01 TOTAL</u>	<u>FY-02 TOTAL</u>	<u>FY-01 TOTAL</u>	<u>FY-02 TOTAL</u>	<u>FY-01 TOTAL</u>	<u>FY-02 TOTAL</u>
PURCHASE REQUISITION	2,445	2,412	21.83			
INVITATION TO BID	1,212	942	10.02			
PURCHASE ORDER	1,079	1,434	16.70		255,954.29	
CONTRACT AWARD	515	658	4.60		319,911.30	
LEASE	119	100	1.06		24,483.19	

CONTRACT AWARDS

	<u>NO. ISSUED</u>		<u>TOTAL VALUE</u>	
	<u>FY-01 TOTAL</u>	<u>FY-02 TOTAL</u>	<u>FY-01 TOTAL</u>	<u>FY-02 TOTAL</u>
ISSUED TO ALASKAN FIRMS	428	485	\$27,133,849.97	\$44,547,576.71
ISSUED TO OUT-OF-STATE FIRMS	87	173	8,696,224.65	20,693,487.75
TOTAL	515	658	\$35,830,074.62	\$65,241,064.46

PURCHASE ORDERS

	<u>NO. ISSUED</u>		<u>TOTAL VALUE</u>	
	<u>FY-01 TOTAL</u>	<u>FY-02 TOTAL</u>	<u>FY-01 TOTAL</u>	<u>FY-02 TOTAL</u>
ISSUED TO ALASKAN FIRMS	1,272	1,002	\$17,875,744.67	\$24,372,083.25
ISSUED TO OUT-OF-STATE FIRMS	607	406	10,791,135.26	9,993,085.60
TOTAL	1,879	1,408	\$28,666,879.93	\$34,365,168.93

LEASES

	<u>FY-02 TOTAL</u>	<u>TOTAL VALUE</u>	<u>FY-02 TOTAL</u>
NO. LEASES ISSUED:	100		\$25,492,240.62

	<u>FISCAL 1981</u>	<u>FISCAL 1982</u>
GRAND TOTAL DOLLAR AMOUNT:	\$67,239,071.77	\$125,098,474.00

JH/dlr

Corrections indicate of. Whiteo resp

(28)

	A		B		C		D		E		F		G		H
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	
ALABAMA	x		x		x		x		x				x		No
ALASKA		x	5%		x		x		x		x	x	x		ND
ARIZONA		x	5%		x		x				x			x	*
ARKANSAS	x		5%		x		x		x		x			x	**
CALIFORNIA		x	5%		x		x		x		x				Small Business
COLORADO	x			x	x		x		x		x		x		
CONNECTICUT	x			x	x		x		x		x		x		
DELAWARE															
FLORIDA	x			x	x		x		x		x		x		No items
GEORGIA	x			x	x		x		x		x		x		No
HAWAII		x	3/5/10%		x		x		x		x		x		Printing
IDAHO	x		10%		x								x	x	Printing
ILLINOIS		x		x	x		x		x		x		x		No
INDIANA				x	x		x		x		x		x		NO
IOWA	x			x											
KANSAS	x		x		x		x		x		x		x		no Reciprocal
KENTUCKY		x		x											No preference
LOUISIANA	x		3%		x		x		x		x		x		No
MAINE	x			x	x		x		x		x		x		
MARYLAND	x			x	x		x		x				x		
MASSACHUSETTS	x		5%		x								x		
MICHIGAN	x			x	x		x								
MINNESOTA	x			x	x		x		x						Small Business
MISSISSIPPI	x			x	x		x		x		x		x		No
MISSOURI	x			x	x								x		
MONTANA	x		3%		x		x		x		x		x		
NEBRASKA	x			x	x										
NEVADA															
NEW HAMPSHIRE	x			x	x		x		x		x		x		
NEW JERSEY															
NEW MEXICO			5%												
NEW YORK		x	10%		x				x		x		x		Thru Estimate
NORTH CAROLINA	x								x						
NORTH DAKOTA	x			x	x				x				x		***
OHIO															
OKLAHOMA	x		3%		x						x		x		****
OREGON	x			x	x		x								
PENNSYLVANIA		x		x	x		x		x		x		x		No
RHODE ISLAND	x			x	x		x		x						
SOUTH CAROLINA	x			x	x		x		x		x		x		
SOUTH DAKOTA	x				x		x						x		
TENNESSEE				x											
TEXAS	x			x	x		x								
UTAH															
VERMONT	x														
VIRGINIA	x			x											
WASHINGTON		x		x	x		x		x		x		x		*****
WEST VIRGINIA			2%												
WISCONSIN	x			x	x		x		x		x		x		No
WYOMING			5%		x		x		x		x		x		

in list of jobs -

Recip

Print

* Public works construction only
 ** Except printing & office supplies
 *** If State has a preference against us we
 we take same preference against them
 **** If produced, manufactured, or grown in
 Oklahoma
 ***** Items manufactured by rehabilitation
 workshops

A-Tie bids only?
 B-Percentage?
 C-By statute?
 D-Mandatory?
 E-Discretionary?
 F-Request of in-state bidder?
 G-All items?
 H-Specific?