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Alaska State Legislature

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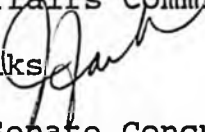
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Senate

February 26, 1986

MEMORANDUM

TO: Senator Mitch Abood, Chairman
Senate State Affairs Committee

FROM: Senator Jan Faiks 

SUBJECT: Background on Senate Concurrent Resolution 34

Very simply, this resolution will encourage the State of Alaska to award service contracts to Alaskan businesses rather than to non-residents.

Although the resolution addresses professional and service contracts in general, I am most familiar with the situation in our resident advertising industry. There the state has awarded two contracts for advertising and public relations services to companies who are based outside of Alaska. The total dollar value of these contracts is \$8.5 million.

In the first instance, the Division of Tourism has awarded a \$5.5 million contract to a San Francisco firm. Although the firm has an informal relationship with an Anchorage advertising company, it is my understanding that the actual portion of services and contract dollars going to that company are minimal.

The tourism contract is purely a negotiated agreement, and so the Alaskan firms who presented proposals for it are not being turned away because they are too costly. For the past twelve years, this contract has been awarded to either Honolulu or San Francisco companies.

The other state contract is a \$3 million advertising award for the Alaska Seafood Marketing Institute. This contract is currently being held by a Seattle advertising company.

OUT OF SESSION

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I find it hard to believe that our companies are not considered "qualified" for these contracts, since Alaska firms are now being used by all of the major oil companies who do business in the state. If our firms lack a particular skill or capability, I believe that it would be more appropriate and cost effective to award the the general contract to a local firm and allow it to subcontract particular portions to outside specialists.

According to a recent survey in Ad Week magazine, the State of Alaska is the only state government in the Union who sends its advertising dollars to out-of-state companies. I believe that it is hypocritical for us to push "local hire" on the private sector, most of whom do spend advertising dollars locally, and at the same time spend the state's own money on outside services.