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HOUSE STATE AFFAIRS COMMITTEE

NEXT COMMITTEE: HESS

BILL: HB 537

CURRENT VERSION:

SCHEDULED: MARCH 29, 1988

SPONSOR: HESS

PHONE NO: 4992

CONTACT FILE: _____

BILL SUBJECT: EXEMPTING CERTAIN PURCHASES FROM THE STATE PROCUREMENT CODE

SPONSOR BACKUP: IN FILES

AFFECTED AGENCIES:

<u>DEPARTMENT</u>	<u>CONTACT/PHONE</u>	<u>COMMENT</u>
ADMIN	PUSHPENDER/2200	
DOT/PF	SUSAN FLEISCHHAUER/3900	
EDUCATION	STEVE HOLE/2800	

FISCAL NOTES

<u>AGENCY</u>	<u>REQUESTED</u>	<u>DATED</u>	<u>FY 88 AMT</u>	<u>FY 89 AMT</u>
ADMIN		3/14/88	-0-	-0-
DOT/PF		3/22/88	-0-	-0-
EDUCATION		3/14/88	-0-	-0-

ACTION

<u>DATE</u>	<u>COMMENT</u>
3/25/88	HEARD AND HELD FOR CS
3/28/88	CS ADOPTED AND PASSED FROM STATE AFFAIRS

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House State Affs:

March 25, 1988

March 28, 1988

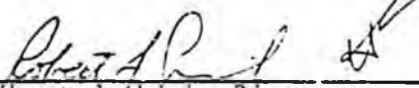
POSITION PAPER

HB 537

This bill would exempt the acquisition of certain primarily education related materials from the requirements of the procurement code. As we have not issued bids for these items before, we do not know if acquiring these items according to the requirements of AS 36.30 would benefit the state or simply contribute to a bureaucratic process. We have a neutral position on the bill and will defer to Department of Education's view of potential benefits.

We would recommend the following amendment as we have bid and contracted successfully for unrecorded materials.

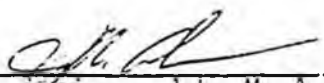
Page 2, line 20 (B) "Audio visual materials" means nonbook prerecorded materials.



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

3/12/88

Date



Commissioner John M. Andrews
Department of Administration

3/14/88

Date

MEMORANDUM

State of Alaska
Department of Education

TO: Lisa McLaren, Committee Staff
House HESS
Alaska State Legislature

DATE: March 15, 1988

FILE NO:

THRU: ~~Steve Hagle~~
Deputy Commissioner

TELEPHONE NO: 465-2800

FROM: George V. Smith, Deputy Director
Division of State Libraries

SUBJECT: Fiscal Note and Position
on HB 537

There is a zero fiscal note for this bill. While it is anticipated that the bill will provide a savings in both staff time and materials costs, that amount cannot be accurately estimated at this time.

HB 537 would amend AS 36.30.850 (b) by adding section (14); that amendment is crucial for the State Library. While the intent of the statute, as I understand it, was to ensure lower costs for the state, it actually will result in higher costs and reduced quality of service for the library in the areas of materials (books, newspapers, periodicals and audio-visual) and services (book binding, network information access, and approval plans--an arrangement between a book jobber and a library in which the book jobber sends books on approval that meet a special profile developed between the jobber and the library).

Passage of HB 537 would benefit the State Library in several ways. First, it will prevent higher costs in terms of actual dollars and personnel time. The vendors of library materials and services operate within a highly competitive market. For similar products, costs are virtually the same among vendors. Differences do exist in how the products are provided, such as how materials are processed and cataloged or how reporting systems mesh with the acquisition's file of the State Library. While there is seldom any difference in actual costs from one vendor to another in the purchase of books and periodicals, to change from one to another would cost in terms of the staff time required to change filing systems. For instance, to change periodical vendors would require at least 100 hours of professional staff time to set up records and ordering procedures and would take at least two years to straighten out expiration dates and claiming procedures (a procedure for obtaining issues missed during the change over between vendors) for the library's 600 periodicals. In other areas, particularly in the selection of a network information vendor for cataloging, the cost of changing would be tens of thousands of dollars in up-front money. This is due to the fact that bibliographic records would need to be pulled off one computer system, programs written, and then entered into another computer.

Second, disruptions due to periodic switching of vendors would seriously affect the provision of services to state agencies, the legislature, and other patrons. The quality of library services is very dependent on the timeliness of the information provided. Switching from one bibliographic vendor to another could set the cataloging process back a number of months. Changing periodical vendors would result in sporadic loss of journal titles over a period of time.

The State Library has changed vendors, but only after carefully weighing the advantages and disadvantages of cost, quality and nature of related services and impact on the user. Failure to pass HB 537 would seriously compromise our ability to provide service in a timely manner and would, in many cases, cause higher costs, especially in personnel time and conversion of records.

Passage of HB 537 will not result in a loss of business within the state. Most of the vendors able to supply library materials are major national and international firms.

STEVE COWPER, GOVERNOR

DEPARTMENT OF EDUCATION

OFFICE OF THE COMMISSIONER

GOLDBELT PLACE
801 WEST 10th STREET
POUCH F
JUNEAU, ALASKA 99811

March 14, 1988

The Honorable Niilo Koponen
Alaska State Legislature
P.O. Box V, Mail Stop 3100
Juneau, Alaska 99811

Dear Representative Koponen:

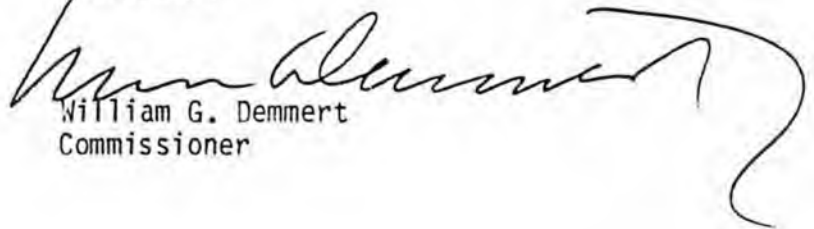
I have discussed House Bill 537, related to the State Procurement Code, with Tom Lonner, Director of the Division of State Museums. We concur that most of the exemptions listed under subsection (b)(14), beginning on page 2, line 14, are appropriate and necessary for the orderly conduct of museum affairs.

As with libraries, museums are heavily involved in research, in the currency of information, and in modern practice. The array of principal tools serving this involvement is detailed well in subsection (b)14, books, periodicals, audio-visual materials, information networks, professional memberships, archival materials, and objects.

Current procurement policy and practice have not disabled the State Museums' ability to purchase these necessary assets, but often the associated cumulative administrative costs appear higher than they could or should be, given the specificity of the needs and the spareness of the administrative staff. The proposed legislation should reduce these costs.

If you require additional information, please do not hesitate to contact me at 465-2800.

Sincerely,



William G. Demmert
Commissioner

THE
UNIVERSITY
OF ALASKA,
JUNEAU

11120 GLACIER HIGHWAY
JUNEAU, ALASKA 99801
907-789-2101

907-789-4467
Library

March 11, 1988

Representative Fran Ulmer
Alaska State Legislature
Pouch V
Juneau, Alaska 99811


Dear Representative Ulmer:

Representative Koponen recently introduced HB 537 "An Act exempting certain purchases from the State Procurement Code" (copy attached). I urge your support for HB 537.

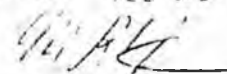
He has put this Bill forward at the urging of state supported libraries because the application of the Procurement Code to the types of purchases listed in his bill will have a crippling effect on our ability to serve our users in a timely and cost effective manner. I also wish to assure you that the exemptions we are requesting will have no negative impact on Alaskan businesses.

I recognize that many agencies are putting forward the same arguments and stating that "they are different." However, I believe that our problems are unique and I would be happy to meet with you to discuss our particular concerns in more detail, or to supply you with additional supporting information.

Respectfully,


Michael R. Herbison
Library Director

Attachment

PC My thanks to you for letter




UNIVERSITY OF ALASKA, FAIRBANKS
Fairbanks, Alaska 99701

March 14, 1988

Representative Fran Ulmer
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Representative Ulmer,

Please acknowledge my support for:

HB537

"An Act exempting certain purchases from the State
Procurement Code" submitted by Representative Niilo Koponen.

Without this legislation's enactment, the cost of transactions relating to library and media materials will become greatly reduced in cost effectiveness. Enactment of this legislation will provide reasonableness which is in total keeping with the procurement practices of library and media materials for instructional/educational purposes. Without this legislation being enacted the state of Alaska will become quite unique in its attempt to acquire these types of materials from the established businesses which distribute them.

If there is additional information which I may provide relating to this issue, please do not hesitate to contact me.

Thank you for your support of this legislation.

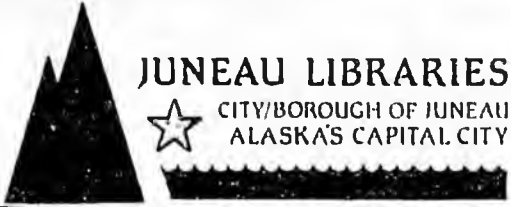
Sincerely,

E.S. Cridge by B.F.S.

E.S. Cridge, Ed.D.
Department Head
Instructional Media Production and
Communication Technology (IMPACT)
Rasmuson Library, Room 331
University of Alaska
Fairbanks, Alaska 99775-1120

ESC:lek

REF:C1:ULMER



Juneau Memorial Library
(907) 586-5249
Douglas Public Library
(907) 364-2378
Mendenhall Valley Public Library
(907) 789-0125

March 11, 1988

The Hon. Niilo Koponen
Representative, Alaska State Legislature
Pouch V
Juneau, Ak 99811

Dear Representative Koponen:

In response to your request for review of HB 537 "An Act exempting certain purchases from the State Procurement Code," I fully support the need to exempt library materials from the current regulations.

Our local library materials budget is similarly exempted from the City/Borough's usual bidding procedures. We purchase about 13,000 individually selected items every year (which is only a fraction of what is purchased by some larger libraries, the University of Alaska Fairbanks, for example). It is highly unlikely that any single vendor can supply the titles we select under our collection policy. Nor can we predict what will be published in any given year. We typically select the titles we wish to purchase, then find the vendors that can supply them. Often we must purchase directly from the publisher or from small distributors.

The unique nature of library acquisitions requires very labor intensive, precise selection procedures. It is entirely impractical to follow usual bidding practice. Thank you very much for your support of this bill, and for the opportunity to comment.

Sincerely,

Donna Pierce
Director

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: exempting certain purchases
from the state procurement code
Sponsor: House HESS
Requestor: House HESS

Agency Affected: Education
BRU: State Library
Components: Library Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Mary Hakala Phone: 465-2800
Division: Commissioner's Office Date: 3-14-88

Approved by Commissioner: William G. Demmert Date: 3-14-88
Agency: Department of Education

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An act exempting certain BRU: General Services & Supply
purchases.
 Sponsor: House HESS Components: Purchasing
 Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

There would be minimal effect on the procurement activities of Department of Administration.

Prepared By: Robert J. Link *[Signature]* Phone: 465-2250
 Division: General Services and Supply *[Signature]* Date: March 9, 1988
 Approved by Commissioner: John M. Andrews *[Signature]* Date: 3/14/88
 Agency: Department of Administration

Distribution (by preparer):

Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: HB 537
PUBLISH DATE: 3/4/88

REQUEST: FISCAL NOTE

Revision Date:
Title: An Act Exempting Certain Purchases From The
State Procurement Code
Sponsor: Health, Education and Social Services Committee
Requestor:

Agency Affected: DOT&PF
BRU: Engineering & Operations Stds
Design & Construction
Components:

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTURAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (THOUSANDS OF DOLLARS)

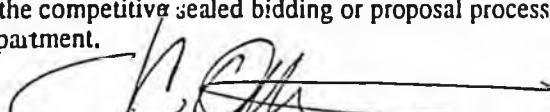
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:


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

ANALYSIS: (Attach a separate page if necessary)

In the past, the items to be exempted from the procurement code by the proposed legislation were not purchased by the competitive sealed bidding or proposal process. The proposed legislation will not financially impact the Department.

Prepared by:  Lofen Rasmussen, Chief, Design & Construction Stds
Division: Engineering & Operations Standards

Phone: 65-2960
Date: 3/21/88

Approved by Commissioner: Mark S. Hickey 
Agency: Department of Transportation and Public Facilities

Date: 3/22/88

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Original sponsor: Health, Education and
Social Services Committee

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 537 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act exempting from the State Procurement Code the
7 purchase of books, book binding services, newspapers,
8 periodicals, certain audio-visual materials, network
9 information services access, approval plans, profes-
10 sional memberships, archival materials, objects of
11 art, and items having cultural, historical, or
12 archaeological significance."

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

14 * Section 1. AS 36.30.850(b) is amended to read:

15 (b) This chapter applies to every expenditure of state funds,
16 irrespective of their sources, including federal assistance except as
17 otherwise specified in AS 36.30.890, by the state, acting through an
18 agency, under a contract, except that this chapter does not apply to

19 (1) grants;

20 (2) contracts for professional witnesses to provide for
21 professional services or testimony relating to existing or probable
22 lawsuits in which the state is or may become a party;

23 (3) contracts of the University of Alaska where the work is
24 to be performed substantially by students enrolled in the university;

25 (4) contracts for medical doctors and dentists;

26 (5) acquisitions or disposals of real property or interest
27 in real property, except as provided in AS 36.30.080;

28 (6) disposals under AS 38.05;

29 (7) contracts for the preparation of ballots under

1 AS 15.15.030;

2 (8) acquisitions or disposals of property and other con-
3 tracts relating to airports under AS 02.15.070, 02.15.090, and 02.15.-
4 091;

5 (9) disposals of obsolete property under AS 19.05.060;

6 (10) disposals of obsolete material or equipment under
7 AS 35.20.060;

8 (11) agreements with providers of services under AS 47.07;
9 AS 47.08; AS 47.10; AS 47.17; AS 47.24; AS 47.25.195, and 47.25.310;

10 (12) contracts of the Department of Fish and Game for
11 flights that involve specialized flying and piloting skills and are
12 not point-to-point;

13 (13) purchases of income-producing assets for the state
14 treasury or a public corporation of the state;

15 (14) the purchase of books, book binding services, news-
16 papers, periodicals, audio-visual materials, network information
17 services access, approval plans, professional memberships, archival
18 materials, objects of art, and items having cultural, historical, or
19 archaeological significance; in this paragraph

20 (A) "approval plans" means book selection services in
21 which current book titles meeting an agency's customized speci-
22 fications are provided to the agency subject to the right of the
23 agency to return those books that do not meet with the agency's
24 approval;

25 (B) "audio-visual materials" means nonbook prerecorded
26 materials, including records, tapes, slides, transparencies,
27 films, filmstrips, cassettes, videos, compact discs, laser discs,
28 and items that require the use of equipment to render them us-
29 able;

1 (C) "archival materials" means the noncurrent records
2 of an agency that are preserved after appraisal because of their
3 value;

4 (D) "network information services" means a group of
5 resources from which cataloging information, holdings records,
6 inter-library loans, acquisitions information, and other refer-
7 ence resources can be obtained.

Handwritten note on the left margin: "An Act exempting the purchase of library materials, and related materials. From the state Proc Code -"

Handwritten notes: "CS" in a box, "G. S. Souter" circled, and "LINK" written above.

Handwritten note in a box: "EXEMPTING LIBRARY MATERIALS"

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

HOUSE BILL NO. 537

IN THE LEGISLATURE OF THE STATE OF ALASKA
FIFTEENTH LEGISLATURE - SECOND SESSION

6 For an Act entitled: "An Act exempting certain purchases from the State
7 Procurement Code."

Handwritten note: "HOUSE BILL NO. 537 LIBRARY MATERIALS RELATED MATERIALS"

Handwritten note: "UNPROVIDED"

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

9 * Section 1. AS 36.30.850(b) is amended to read:

10 (b) This chapter applies to every expenditure of state funds,
11 irrespective of their sources, including federal assistance except as
12 otherwise specified in AS 36.30.890, by the state, acting through an
13 agency, under a contract, except that this chapter does not apply to

- 14 (1) grants;
- 15 (2) contracts for professional witnesses to provide for
- 16 professional services or testimony relating to existing or probable
- 17 lawsuits in which the state is or may become a party;
- 18 (3) contracts of the University of Alaska where the work is
- 19 to be performed substantially by students enrolled in the university;
- 20 (4) contracts for medical doctors and dentists;
- 21 (5) acquisitions or disposals of real property or interest
- 22 in real property, except as provided in AS 36.30.080;
- 23 (6) disposals under AS 38.05;
- 24 (7) contracts for the preparation of ballots under AS 15.-
- 25 15.030;
- 26 (8) acquisitions or disposals of property and other con-
- 27 tracts relating to airports under AS 02.15.070, 02.15.090, and 02.15.-
- 28 091;
- 29 (9) disposals of obsolete property under AS 19.05.060;

Handwritten notes at the bottom: "want safe goods, isolation" and "use Procurement Code, Alaska Proc Code -"

* Binder Reference *

LOG work

- 1 (10) disposals of obsolete material or equipment under
2 AS 35.20.060;
- 3 (11) agreements with providers of services under AS 47.07;
4 AS 47.08; AS 47.10; AS 47.17; AS 47.24; AS 47.25.195, and 47.25.310;
- 5 (12) contracts of the Department of Fish and Game for flights
6 that involve specialized flying and piloting skills and are not
7 point-to-point;
- 8 (13) purchases of income-producing assets for the state
9 treasury or a public corporation of the state;
- 10 (14) the purchase of books, book binding services, news-
11 papers, periodicals, audio-visual materials, network information
12 services access, approval plans, professional memberships, archival
13 materials, objects of art, and items having cultural, historical, or
14 archaeological significance; in this paragraph
- 15 (A) "approval plans" means book selection services in
16 which current book titles meeting an agency's customized speci-
17 fications are provided to the agency subject to the right of the
18 agency to return those books that do not meet with the agency's
19 approval;
- 20 (B) "audio-visual materials" means nonbook materials,
21 including records, tapes, slides, transparencies, films, film-
22 strips, cassettes, videos, compact discs, laser discs, and items
23 that require the use of equipment to render them usable;
- 24 (C) "archival materials" means the noncurrent records
25 of an agency that are preserved after appraisal because of their
26 value;
- 27 (D) "network information services" means a group of
28 resources from which cataloging information, holdings records,
29 inter-library loans, acquisitions information, and other

AUDIO RECORDS FOR

pre-recorded

1
2

reference resources can be obtained.

3 *

STILL REQUIRE A1 - POSITIVE PACT APPLICABLE

NO EXCEPT BIDDER PREFERENCE
IDEN NOT EXCEPT FULLY
BIDDER PREFERENCE -

BROW RODGER

AK BIDDER PREFERENCE -
PROCUREMENT PREFERENCE -

ALOT of things are NOT BIDDER PREFERENCE
SO BIDDER PRACTICE DOESN'T APPLY ANYWAY -

COME TO CONCLUSION ON AK WHERE IT'S
APPLICABLE