

**HB**

**482**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 15, 1996

FURTHER REFERRALS:

Date of Committee Action: 4/25/96

The FINANCE Committee considered:

HB 482

HOUSE BILL NO. 482

STATE PROCUREMENT PRACTICES & PROCEDURES

"An Act relating to state procurement practices and procedures; and providing for an effective date."

recommends it be replaced  
with the following committee substitute

CS HB 482 (FIN)

the same title  
 a new title

additional referral to \_\_\_\_\_ Committee  
 attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) DUA (i)  fiscal note(s) DUTPF 2/9/96

zero fiscal note(s) (ii)  zero fiscal note(s) <sup>2</sup> DUA 2/9/96; DCED 2/9/96; DC 2.3 2/9/96; 900 2/9/96; DHSS 2/9/96; Labor 2/9/96; Law 2/9/96; DMV 2/9/96; CORR 2/9/96; EDUC 2/9/96; DEC 2/9/96; F&G 2/9/96; DNR 2/9/96; DPS 2/9/96; DOR 2/9/96; STATEWIDE 2/9/96

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Richard Foster</i>	X			
<i>Mark Mulder</i>			X	
<i>Terry Martin</i>	X			
<i>John Parnell</i>			X	
<i>Vic Kohring</i>			X	
<i>Ben Grossenhardt</i>			X	
<i>Mike Navarre</i>			X	
<i>Tom Brown</i>	X			
<i>Mark Kelly</i>			X	
<i>Gene Theriault</i>			X	
<i>Mark Hanley</i>			X	

CO CHAIR'S SIGNATURE Mark Hanley Richard Foster

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

No.   1    
Bill Version:   HB 482    
(H) Publish Date:   2/9/96  

Revision Date: \_\_\_\_\_ Dept. Affected:   Administration    
Title:   "An Act relating to state procurement practices and procedures and providing for ..."   BRU:   Various    
Sponsor:   Rules   Component:   Various    
Requestor:   Governor   COMPONENT SERIAL NO.           45          

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITUR	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of current year (FY 96) cost: \$ 0.0 \_\_\_\_\_

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

Prepared by:   Sharon Barton, Director    
Division:   Administrative Services  

Phone:   465-5655    
Date: \_\_\_\_\_

Approved by Commissioner:   Mark Boyer    
Agency:   Department of Administration  

Date:   2/7/96  

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# FISCAL NOTE

No. 3  
 Bill Version: HB 482  
 (H) Publish Date: 2/9/96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
 Title: State Procurement Practices

Department: Commerce and Economic Development  
 BRU: Administrative Services  
 Component: Administrative Services

Sponsor: Rules  
 Requestor: Governor

COMPONENT SERIAL NO. 1028

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	
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CHANGE IN REVENUES	
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**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ \_\_\_\_\_

**POSITIONS**

FULL-TIME	
PART-TIME	
TEMPORARY	

**ANALYSIS:** (Attach a separate page if necessary)

See attached analysis.

Prepared by: Guy Bell, Director  
 Division: Division of Administrative Services  
 Approved by Commissioner: William L. Hensley  
 Agency: Commerce and Economic Development

Phone: 465-2505  
 Date: February 1, 1996  
 Date: 2-1-96

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## FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. HB 482

ANALYSIS: (continued)

### DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT Fiscal Note Calculations for

This bill amends provisions within the State Procurement Code (AS 36.30) in order to streamline procedures by removing unnecessarily burdensome requirements affecting both state agencies and the private business community. These changes, along with corresponding changes in regulations and administrative procedures, will reduce the time currently spent by staff on the procurement of services and items. This will allow staff to spend less time on procurement matters and more time on their programs and areas of expertise.

The changes will also reduce the paperwork and effort now required of vendors in responding to the State's solicitations less than \$50,000. This may result in an increase in competition among the private sector which may reduce the cost of services and items to the department.

Because the department does not have positions devoted to procurement matters, enactment of this bill will not result in a direct savings. It will result in indirect savings by allowing staff to spend more time on their specific programs and an increase in competition among the private sector.

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

r.j. 4  
Bill Version: HB 482  
(H) Publish Date: 2/9/96

Revision Date: 2/1/96 Dept. Affected: Community & Regional Affairs  
Title: An Act relating to state procurement practices and procedures BRU: none  
Sponsor: Rules Committee Component: none  
Requestor: Governor COMPONENT SERIAL NO. \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)**

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ( ) Revenue Code						
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**FUNDING: (Thousands of Dollars)**

1002 Federal Receipts						
1003 GE Match						
1004 GE						
1005 GE/Program Receipts						
1006 GE/MHTIA						
Other						
TOTAL	0	0	0	0	0	0

Estimate of current year (FY 95) impact: \$ none

**POSITIONS:**

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4808  
Division: Administrative Services *Mike Irwin* Date: 2/2/96  
Approved by Commissioner: \_\_\_\_\_ Date: 2/2/96  
Agency: Mike Irwin, Dept. of Community & Reg. Affairs

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# FISCAL NOTE

10. 5  
 Bill Version: HB 482  
 (H) Publish Date: 2/9/96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Corrections  
 Title: An Act Relating to state procurement practices and BRU: ALL  
procedures; and providing for an effective date Component: \_\_\_\_\_  
 Sponsor: Rules Committee  
 Requester: Governor COMPONENT SERIAL NO. #0694

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>						

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

This new draft bill proposes an increase to small procurement from \$25,000 to \$50,000 for the agency. Currently, the agency has approximately fifty (50) active Contract Awards established that are annually maintained by DOA/GS&S. Under this bill, approximately twenty-seven (27) of this number of purchase requisitions (PR) would be returned to this agency when it is time for them to be rebid. The additional workload varies from year to year and would be completed by existing staff.

Prepared by: Jerry Shriner  
 Division: Office of the Commissioner  
 Approved by Commissioner: Margaret Pugh Margaret Pugh  
 Agency: Department of Corrections

Phone: 465-4652  
 Date: 2/5/95  
 Date: 2/5/95

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# FISCAL NOTE

No. 6  
 Bill Version: HB 482  
 (H) Publish Date: 2/9/96

**STATE OF ALASKA**  
**1996 LEGISLATIVE SESSION**

Revision Date: \_\_\_\_\_  
 Title: State Procurement Practices  
 \_\_\_\_\_  
 Sponsor: Rules Committee  
 Requester: Governor

Department Affected: Education  
 BRU: Executive Administration  
 Component: Administrative Services

COMPONENT SERIAL NO. \_\_\_\_\_ 157

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
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<b>CHANGE IN REVENUES</b>	0.0	0.0	0.0	0.0	0.0	0.0
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**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ 0.0

**ANALYSIS: (Attach a separate page if necessary.)**

This legislation improves state procurement practices and procedures in the state procurement code, AS 36.30. No fiscal impact on the Department of Education is anticipated. The revisions will reduce staff time required for small procurements of \$5,000 or less and will increase staff time needed for procurements between \$25,000 and \$50,000. Purchasing practices between \$5,000 and \$25,000 will remain virtually unchanged. Each department will receive increased purchasing authority up to \$50,000. These organizational changes to the state procurement code will result in a clearer understanding of the intent of the law by government employees and the public.

Prepared by: Ginger Patton Phone: 465-8656  
 Division: Administrative Services Date: January 29, 1996  
 Approved by Commissioner: *Shirley J. Holloway* Shirley J. Holloway, Ph. D.  
 Agency: Education Date: January 29, 1996

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# FISCAL NOTE

N 7  
 Bill Version: HB 482  
 (H) Publish Date: 2/9/96

## STATE OF ALASKA 1996 LEGISLATIVE SESSION

Revision Date: 1-Feb-96  
 Title: State Procurement Practices and Procedures  
 Sponsor: Rules Committee  
 Requestor: Governor

Department Affected: Environmental Conservation  
 BRU: Department-wide  
 Component: Department-wide

COMPONENT SERIAL NO. 633

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
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**FUND SOURCE**

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipt	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY96) cost: \$ 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.)

Efficiencies in procurement of goods and services should be realized by streamlining measures proposed in the legislation. Due to the limited number of procurement positions in the Department of Environmental Conservation, it is not anticipated that any cost savings will be realized.

Prepared by: Lawrence Jones  
 Division: Director, Division of Administrative Services

Phone: 465-5010  
 Date: 2/1/96

Approved by Commissioner: [Signature]  
 Agency: Department of Environmental Conservation

Date: 2-1-96

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# FISCAL NOTE

No. 8  
 Bill Version: HB 482  
 (H) Publish Date: 2/9/96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Fish and Game  
 Title: "An Act relating to state procurement practices and procedures; and providing for an effective date." BRU: Administration and Support  
 Component: Administrative Services  
 Sponsor: Rules Committee  
 Requester: Governor COMPONENT SERIAL NO. 479

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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**FUND SOURCE**

(Thousands of Dollars)

FUND SOURCE	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ \_\_\_\_\_

**POSITIONS**

POSITIONS	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

This bill amends provisions of the State Procurement Code (AS 36.30) in order to streamline procedures and to correct specific deficiencies within the existing statute which have proven to be unnecessarily burdensome on both state agencies and the private business community. These changes, along with corresponding changes in both regulation and department policies and procedures, should increase the speed and overall efficiency of the department's procurement efforts. The department has a number of labor intensive procurements related to its mission that are scientific and technical in nature, especially in the Exxon Valdez Oil Spill program. This bill should reduce the amount of time it takes to complete these purchases as well as other large and small procurements, and should help to reduce the backlog of procurement requests now experienced in the department. Because the department has a small procurement staff, this bill will not result in any direct savings. However, it will result in speedier, more efficient service to both vendors and the department's staff who depend upon the procurement services of this division.

Prepared by: Kevin Brooks, Director *Kevin Brooks* Phone: 465-5999  
 Division: Administrative Services Date: 1/30/96  
 Approved by Commissioner: *[Signature]* Date: 1/30/96  
 Agency: Fish and Game

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# FISCAL NOTE

No. 9  
 Bill Version: HB 482  
 (H) Publish Date: 2/9/96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Office of the Governor  
 Title: "An Act relating to state procurement practices  
and procedures; and providing for an effective date." BRU: All BRUs  
 Sponsor: Rules Committee Component: All Components  
 Requester: Governor COMPONENT SERIAL NO. \_\_\_\_\_

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

No fiscal impact anticipated.

Prepared by: Michael A. Nizich, Director Phone: 465-3876  
 Division: Administrative Services Date: 1/29/96  
 Approved by Commissioner: Jim Ayers, Chief of Staff Date: 1/29/96  
 Office of the Governor

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STATE OF ALASKA  
1996 LEGISLATIVE SESSION

o. 10  
Bill Version: HB 482  
(H) Publish Date: 2/9/96

Revision Date: \_\_\_\_\_  
Title: State Procurement Practices  
Sponsor: Rules Committee  
Requestor: Governor

Dept. Affected: Health and Social Services  
BRU: Administrative Services  
Component: Administrative Services Support  
COMPONENT SERIAL NO. 320  
See also (SN#): \_\_\_\_\_

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ( )						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other (please specify)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY96) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

The increase in small procurement authority from \$25,000 to \$50,000 will increase workload in volume and complexity. Fiscal impact should be offset by other streamlined procurement procedures.

Prepared by: Janet Clarke  
Division: Administrative Services

Phone: 465-3082  
Date: 02/06/96

Approved by Commissioner: Karen Perdue  
Agency: Department of Health & Social Services

Date: 2/7/96

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# FISCAL NOTE

No. 11  
 Bill Version: HB 482  
 (H) Publish Date: 2/9/96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
 Title: An Act relating to state procurement practices and procedures...  
 Sponsor: Rules Committee  
 Requestor: Governor

Department Affected: Labor  
 BRU: All  
 Component: All

COMPONENT SERIAL NO. 340

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL						
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CHANGE IN REVENUE						
FUND SOURCE #						

**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY96) impact: \$ None

**ANALYSIS:** (Attach a separate page if necessary)

This bill amends state procurement practices and procedures in the state procurement code, AS 36.30. The department anticipates no significant financial impact associated with the bill.

Prepared by: Arbe Williams Phone: 465-2720  
 Division: Administrative Services Date: 1/30/96  
 Approved by Commissioner: Tom Cashen  
 Agency: Department of Labor Date: 1/30/96

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FISCAL NOTE

No. 12  
 Bill Version: HB 482  
 (H) Publish Date: 2/9/96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
 Title: "An Act relating to state procurement practices and procedures; and providing for an effective date."  
 Sponsor: Rules/Request of the Governor  
 Requestor: Governor's Office/

Department Affected: Law  
 BRU: All  
 Component: All  
 COMPONENT SERIAL NO. 2085, 2087 thru 2092, 2095

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

FUND SOURCE:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

This bill amends provisions within the State Procurement Code (AS 36.30) in order to streamline procedures and to correct specific deficiencies within the existing statute which have proven to be unnecessarily burdensome on both state agencies and the private business community. These changes, along with corresponding changes in both regulation and department policies and procedures, should increase the speed and overall efficiency of the department's procurement efforts. This should result in a decrease in the time it takes to complete both large and small procurements and should reduce the backlog of procurement requests now experienced within the department. Because the Dept. of Law has only two positions devoted to procurement matters, enactment of this bill will not result in a savings. However, it will result in speedier, more efficient service to both vendors and the department's staff who depend upon this service.

Prepared by: Richard I. Peques, Director  
 Division: Administrative Services  
 Approved by Commissioner: Bruce M. Botelho, Attorney General  
 Agency: Department of Law

Phone: 465-3672  
 Date: January 26, 1996  
 Date: January 26, 1996

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# FISCAL NOTL

No. 13

Bill Version: HB 482

(H) Publish Date: 2/9/96

## STATE OF ALASKA 1996 LEGISLATIVE SESSION

Revision Date: Original Dept Affected Military & Veterans Affairs  
 Title: An Act relating to state procurement practices and procedures; and providing for an effective date. BRU: Alaska National Guard  
 Sponsor: Rules Committee Component: Commissioner's Office  
 Requestor: Governor Knowles Component Serial No. 414

Expenditures/Revenues		(Thousands of Dollars)					
OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02	
PERSONAL SERVICES							
TRAVEL							
CONTRACTUAL							
SUPPLIES							
EQUIPMENT							
LAND & STRUCTURES							
GRANTS, CLAIMS							
MISCELLANEOUS							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1006 GF/MHTIA							
Other							
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

Estimate of any current year (FY96) cost: \$ none

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)

We believe passage of this bill relating to state procurement will provide for efficiencies in department operations. It will require less approvals at higher authorities which will result in fewer total man-hours required for certain types of procurements. However it is likely this will be offset by more work and responsibilities delegated to the department level and little, if any, of the existing work performed will go away.

More man-hours will be needed initially to draft and implement new policies and procedures and provide training to staff who are delegated new responsibilities. In the long run we see the likelihood that streamlined procedures will allow program managers with more flexibility in determining the overall "best value" approach to procuring the goods and services needed to run their programs. Procurements made under shorter time frames will allow the state to take advantage of changing market conditions and hopefully reduce costs for goods and services to the state.

For the near term we can not predict with any accuracy direct hard dollar savings the department may achieve from the passage of this bill.

Prepared by: Carol Carroll, Director Phone: 485-2408  
 Division: Administrative Services Date: 1-Feb-96  
 Approved by Commissioner: [Signature] Date: 1-Feb-96  
 Agency: Military & Veterans Affairs

# FISCAL NOTE

No. 1  
 Bill Version: HB 482  
 (H) Publish Date: 2/9/96

## STATE OF ALASKA 1996 LEGISLATIVE SESSION

Revision Date: Original Dept Affected: Natural Resources  
 Title: An Act relating to state procurement practices BRU: Management & Administration  
and procedures; and providing for an effective date. Component: Administrative Services  
 Sponsor: Rules Committee  
 Requestor: Governor Knowles Component Serial No. 424

Expenditures/Revenues		(Thousands of Dollars)					
	FY97	FY98	FY99	FY00	FY01	FY02	
<b>OPERATING EXPENDITURES</b>							
PERSONAL SERVICES							
TRAVEL							
CONTRACTUAL							
SUPPLIES							
EQUIPMENT							
LAND & STRUCTURES							
GRANTS, CLAIMS							
MISCELLANEOUS							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

FUND SOURCE		(Thousands of Dollars)					
	FY97	FY98	FY99	FY00	FY01	FY02	
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1006 GF/MHTIA							
Other							
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

Estimate of any current year (FY96) cost: \$ none

### POSITIONS

	FY97	FY98	FY99	FY00	FY01	FY02
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)

We believe passage of this bill relating to state procurement will provide for efficiencies in department operations. It will require less approvals at higher authorities which will result in fewer total man-hours required for certain types of procurements. However it is likely this will be offset by more work and responsibilities delegated to the department level and little, if any, of the existing work performed will go away.

More man-hours will be needed initially to draft and implement new policies and procedures and provide training to staff who are delegated new responsibilities. In the long run we see the likelihood that streamlined procedures will allow program managers with more flexibility in determining the overall "best value" approach to procuring the goods and services needed to run their programs. Procurements made under shorter time frames will allow the state to take advantage of changing market conditions and hopefully reduce costs for goods and services to the state.

For the near term we can not predict with any accuracy direct hard dollar savings the department may achieve from the passage of this bill.

Prepared by: Nico Bus, Acting Director Phone: 465-2406  
 Division: Support Services Date: 1-Feb-96  
 Approved by Commissioner: Nico Bus for the Governor 1-Feb-96  
 Agency: Natural Resources

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# FISCAL NOTE

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**STATE OF ALASKA**  
**1996 LEGISLATIVE SESSION**

Bill Version: HB 482  
(H) Publish Date: 2/9/96

Revision Date: \_\_\_\_\_ Dept. Affected: Public Safety  
 Title: An Act relating to state procurement practices BRU: DPS Statewide Support  
and procedures Component: Admin Services  
 Sponsor: Rules Committee  
 Requestor: Governor COMPONENT SERIAL NO. 525

**EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)**

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL EXPENDITURES</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHANGE IN REVENUES ( )</b>	-0-	-0-	-0-	-0-	-0-	-0-
Revenue Code						

**FUNDING: (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

Estimate of current year (FY 96) impact: \$ \_\_\_\_\_

**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.)

This bill amends provisions within the State Procurement Code (AS 36.30) to streamline procedures and to correct specific deficiencies which have proven to be unnecessarily burdensome. These changes, along with corresponding changes in both regulation and department policies and procedures, should increase the speed and overall efficiency of the procurement process. This should result in a decrease in the time it takes to complete both large and small procurements and should reduce the backlog of procurement requests now experienced. This bill will have no discernible fiscal impact on the Department of Public Safety.

Prepared By: Kenneth E. Bischoff, Director Phone: 465-4338  
 Division: Administrative Services Date: 2/8/96  
 Approved by Commissioner: Ronald L. Otte Date: 2/8/96  
 Agency: Ronald L. Otte, Dept. of Public Safety

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Revision Date: \_\_\_\_\_ Dept. Affected: Revenue  
 Title: State Procurement Practices & Procedures BRU: All  
 Component: All  
 Sponsor: Rules  
 Requestor: Governor COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY96) cost \$ \_\_\_\_\_

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

We have reviewed the proposed legislation and feel that there will be no financial impact on the Department.

Prepared by: Bob Baratko Phone: 465-2312  
 Division: Administrative Services Date: 1/30/96  
 Approved by Commissioner: Deborah Vogt Date: 1/30/96  
 Agency: Department of Revenue

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FISCAL NOTE

to. 17  
 Bill Version: HB 482  
 (H) Publish Date: 2/9/96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date:  
 Title: An Act relating to state procurement practices and procedures;  
 and providing for an effective date.  
 Sponsor: Rules  
 Requestor: Governor

Department Affected: **University of Alaska**  
 BRU:  
 Component:

COMPONENT SERIAL NO. All components

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FD SOURCE						
-------------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTIA						
OTHER						
<b>TOTAL FUNDING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS:						
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Marylou Burton, Director  
 Division: Statewide Budget Office

Phone: 463-3086  
 Date: 1/31/96

Approved by: *MB* Marylou Burton, Director  
 Agency: Statewide Budget Office

Date: 1/31/96

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

# FISCAL NOTE

No. 19  
 Bill Version: HB 482  
 (H) Publish Date: 2/9/96

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revisor Date	Dept Affected
Title	DOT:PF
	BRU
	Department Wide
	Component:
	Comm Ofc
Sponsor	
Requester	
Rules Committee	
Governor	
	COMPONENT SERIAL NO.
	Comm Ofc.

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>(5.0)</b>	<b>(5.0)</b>	<b>(5.0)</b>	<b>(5.0)</b>	<b>(5.0)</b>	<b>(5.0)</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
1002 Federal Receipts						
1003 GF Match						
1004 GF	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
1005 GF Program Receipts						
1006 GF MHTIA						
Other - All CIP Sources						
<b>TOTAL</b>	<b>(5.0)</b>	<b>(5.0)</b>	<b>(5.0)</b>	<b>(5.0)</b>	<b>(5.0)</b>	<b>(5.0)</b>

Estimate of any current year (FY96) cost: \$ \_\_\_\_\_

**POSITIONS**

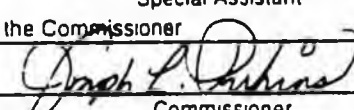
POSITIONS	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)

Savings associated with passage of this legislation (see attachment) will be in staff time not required due to elimination of procedural requirements at various levels that involve time and effort to accomplish. This time can then be spent on more productive tasks.

Other than that, savings resulting from passage of this act will be in the form of reduced costs for Contractual items, such as postage for mailing TBs and RFPs and telephone calls between the field and Headquarters. Savings will also be realized in the supplies area, as fewer documents will be produced and reproduced at various levels. These cost savings are difficult to separate and objectively measure; however, because they are department wide and diffuse into various areas - i.e., paper, copier usage, copier supplies, fax machine supplies, etc.

(Continued on Attachment)

Prepared by:	Sam Kito III Special Assistant	Phone: 465-3900
Division	Office of the Commissioner	Date: _____
Approved by:	 Commissioner	Date: 2/2/96
Agency	Department of Transportation and Public Facilities	

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# FISCAL NOTE ATTACHMENT

HB 432

The passage of this legislation will have a positive and multi-fold effect on the department's project efficiency. Sections 8, 10, 11, 15, 16, 18, 22, 28, 32, 33, 34, 35, and 42 will directly impact DOTPF.

As previously stated briefly, passage of this bill will improve administrative efficiencies. However, cost savings are difficult to quantify and most will not accrue to the department as a direct budget reduction (intangible benefit).

Examples of intangible benefits by selected sections of the bill are:

## Section 8

Section 8 permits the procurement officer to reduce the circulation period for bids and proposals when there is adequate competition.

- On average, three (3) requests for reduced circulation typically occur per year.
- The average cost for receipt, review, and completion of reduced time requests is estimated to be \$ 500. Under this bill these requests will no longer be necessary.

Calculation: 3 requests x \$ 500 cost per request = \$1.5K savings in staff time. (Includes both GF and CIP funded positions)

## Section 10

Section 10 provides discretion to the procurement officer to decide when to use a competitive sealed proposal rather than a competitive sealed bid. Law currently requires the determination to be made by the Chief Procurement Officer, resulting in several reviews and written determinations that are eliminated by this section.

- On average, two (2) requests for use of Competitive Sealed Proposal in lieu of a Competitive Sealed Bid are processed each year.
- The average cost for receipt, review, and completion of determinations to use a Competitive Sealed Proposal is estimated to be \$ 500 each.

Calculation: 2 determinations x \$ 500 cost per determination = \$1K savings in staff time. (Includes both GF and CIP funded positions)

## Section 22

Section 22 extends small procurement procedures to purchase of goods, services, and professional services up to \$50,000, construction to \$100,000, or lease of space that does not exceed 5,000 square feet. Procurement officers may reduce time and complexity in purchases by using a quote rather than formal Invitation to Bid.

- The department processes an average of 30 - 35 administrative bid waivers per year which involve procurements or projects that exceed the current limits for small procurements. The average cost to process an administrative bid waiver (Request for Alternate Procurement [RAP]) is approximately \$ 500. Under this bill these waivers will no longer be required at the headquarters level.

Calculations: 30-35 administrative bid waivers (RAPs) x \$ 500 cost per waiver (RAP) = \$15K - \$16.5K savings in staff time. (Includes both GF and CIP funded positions)

Greater efficiencies may well occur in the capital budgets, and will be, in essence, rolled back into other projects, resulting in project enhancements such as better roads and facilities. As an example of cost savings on Capital Improvement Projects (CIP) that are not fiscal but do accrue as efficiencies benefiting the projects, consider the following:

- Statewide in FY 95, there were 54 construction projects bid between \$25K and \$100K. The average savings from not having to formally prepare, advertise and award would be approximately \$7.5K.
- Statewide in FY 95, there were 29 Professional Service Agreements (PSA) established that were between \$25K and \$100K. The average savings from not having to perform consultant selection through the formal process would be approximately \$ 9.5K.

Calculations: 54 Construction projects @ \$7.5K (Advertisement costs) = \$405K.  
29 PSA contracts @ \$ 9.5K (Selection costs) = \$ 275.5K.  
 Total Possible (Intangible) CIP Benefit = \$680.5K

adopted NO/08j

4/25/96 pm

PROPOSED AMENDMENT

by Dept. of Admin,  
Div. of General Services

Amendment Number I

TO: CSHB 482(STA), VERSION "F" DATED 4/15/96

Page 13 following line before contract

Delete "a" and <sup>add</sup> replace with:

line 6.

an award of

Rein a insert

TO : Dugan Petty  
Fax 2189

FROM : G. Dozier  
House L&C

RE : CS HB 482 (L&C)

DATE : 4-5-96

Please see attached. In particular, I direct your attention to paragraph 6, in case you may want to make adjustments.

96 APR 4 PM 12 14  
DIVISION OF GENERAL  
SERVICES & SUPPLY

**LEGAL SERVICES****DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

(907) 465-3887 or 465-2460  
FAX (907) 465-2029  
Mail Stop 3101

130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

**MEMORANDUM**

March 27, 1996

**SUBJECT:** Final of CSHB 482(L&C)  
(Work Order No. 9-GH2020\C, 3-27-96)

**TO:** Representative Pete Kott, Chair  
House Labor and Commerce Committee  
Attn: George Dozier

**FROM:** <sup>TD</sup> Theresa Barnister  
Legislative Counsel

This memo accompanies the bill described above.

The following comments are brought to your attention.

1. The first report under sec. 36.30.083(c) is temporary law and is placed in a separate section at the end of the bill entitled "First Lease Extension Report." As a result the language at the end of the subsection is altered to reflect this change. In sec. 36.30.083(a), a comma has been added after "AS 36.30.020."
2. In sec. 36.30.085(e), "or improve" is included in the unamended text because it is in the current statute.
3. Secs. 36.30.311 and 36.30.313 are combined in one bill section because they are sequential.
4. In sec. 36.30.331, in the second sentence, "shall" was changed to "must" in two instances to reflect legislative drafting style.
5. In sec. 36.30.335 "and" was deleted after "(c)".
6. In sec. 36.30.550, the language appears to be inconsistent with its succeeding sections in statute (e.g. AS 36.30.560). It is suggested that "and a contract" read "and a contract award" or some form of that phrase.

Representative Pete Kott

March 27, 1996

Page 2

7. In sec. 36.30.565(a), "notwithstanding the other provisions in this subsection" was added to clarify the application of the third sentence.

8. In sec. 36.30.580(b) a comma was added after "or."

9. In the bill section entitled "Revisor's Changes" "art. 5" replaces "article 5" in two places and the second period is removed after "Preferences."

T&B:glc  
96-184.glc

Enclosure

By Dept of Administration,  
Div. of General Services  
4/25/96 pm

**PROPOSED AMENDMENT**

WOBj / adopted.

Amendment No. 3

TO: CSHB 482(STA), VERSION "F" DATED 4/15/96

Page 2, line 15:

Delete "15" and replace with: "10":

Page 2, line 16:

Delete "10" and replace with: "5".

FISCAL NOTE

STATE OF ALASKA BILL NO. CSHB 482(STA)  
1996 LEGISLATIVE SESSION

**ANALYSIS:** (continued)

Twenty leases are anticipated to have the greatest potential for cost savings resulting from negotiations under this bill. Maximum savings anticipated under this bill are projected at the minimum 15% rate reduction. While we have not included them in this list, we anticipate some leases extended in 1994 under similar provisions of SB 129 may also be candidates for negotiated concessions.

We have used 15% as a rent concession factor because most leases now include ADA compliance language, are in buildings upgraded as a result of negotiations, or have had compliance issues addressed through programmatic changes.

Actual fiscal impacts depend on whether an extension is in the state's best interest, and the lessor's willingness to grant rent concessions. If we successfully negotiate 40% of the maximum potential for savings in FY 97 and FY 98, savings can be achieved in excess of \$50,000.00 in FY 97 and \$100,000.00 in FY 98.

Our FY 97 leasing budget set a goal of reducing FY 97 operating lease costs by an additional \$417,700.00. This bill provides opportunity to achieve a portion of our goal through reductions in lease payments in return for lease extensions. Since our budget is based on reductions to be accomplished, zero fiscal impact is shown for FY 97.

**Assumptions:**

- 13 leases are renegotiated for FY 97
- 7 leases were renegotiated for FY 98
- 40% of the leases result in 15% savings reduction
  - FY 97 \$ 55,968.15 Maximum potential savings x 40% = \$22,387.00
  - FY 98 \$269,558.77 Maximum potential savings x 40% = \$107,824.00

*DRAFT  
OFFICIAL FISCAL  
NOTE ON THE WAY*

**CANDIDATE LEASES FOR EXTENSION UNDER HB 288**

LOCATION	LEASE NO	EXPIRE DATE	CURRENT RATE	SG FT	MONTHLY RATE	NEW MONTHLY REDUCED 15%	DIFFERENCE PER MONTH	MONTHS FY 97	MAXIMUM FY 97 SAVINGS	MONTHS FY 98	MAXIMUM FY 98 SAVINGS
ANCHORAGE	2318/A (10)	MON-TO-MON	\$0.80	14,926	\$11,940.80	\$10,149.68	\$1,791.12	11	\$19,702.32	1	\$1,791.12
ANCHORAGE	1328 (08)	01/31/96	\$1.03	7,200	\$7,386.48	\$6,278.51	\$1,107.97	5	\$5,539.85	7	\$7,755.80
BARROW	1940 (03)	01/31/96	\$6.07	1,202	\$7,296.62	\$6,202.13	\$1,094.49	5	\$5,472.47	7	\$7,661.45
FAIRBANKS	2086 (20)	01/31/96	\$1.34	4,720	\$6,345.57	\$5,393.73	\$951.84	5	\$4,759.18	7	\$6,662.85
JUNEAU	2179 A (07)	04/30/96	\$1.66	7,207	\$11,970.11	\$10,174.59	\$1,795.52	2	\$3,591.03	10	\$17,955.16
GLENNALLEN	2343 (12)	04/30/96	\$1.95	1,884	\$3,674.93	\$3,123.69	\$551.24	2	\$1,102.48	10	\$5,512.40
SOLDOTNA	2090 (06)	05/21/96	\$1.22	8,425	\$10,305.46	\$8,759.64	\$1,545.82	1	\$1,545.82	11	\$17,004.01
KOTZEBUE	2182/A (12)	05/31/96	\$2.78	1,367	\$3,800.26	\$3,230.22	\$570.04	1	\$570.04	11	\$6,270.43
ANCHORAGE	1517/A/B (06/07)	06/30/96	\$1.20	5,100	\$6,120.00	\$5,202.00	\$918.00	0	\$0.00	12	\$11,016.00
KETCHIKAN	2136/A (07)	08/31/96	\$1.92	6,100	\$11,705.29	\$9,949.50	\$1,755.79	0	\$0.00	12	\$21,069.52
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EAGLE RIVER	2364 (07)	03/26/97	\$0.63	2,760	\$1,725.00	\$1,466.25	\$258.75	0	\$0.00	12	\$3,105.00
HOMER	2054 (11)	04/30/97	\$0.52	23,460	\$12,100.67	\$10,285.57	\$1,815.10	0	\$0.00	6	\$10,890.60
HOMER	2357 (10)	12/08/99	\$1.30	572	\$746.12	\$634.20	\$111.92	6	\$0.00	6	\$671.51
									\$55,968.15		
										\$269,558.77	

BASED ON A MAXIMUM SAVINGS OF 40%, FY TOTALS ARE    FY 97 MAX **\$22,387.26**    FY 98 MAX **\$107,823.57**

4/25/96 pm.

Adopted / NO OBJ

**PROPOSED AMENDMENT**

by Dept. of Admin.  
Div. of General Services

Amendment No. 4

To: CSHB 482(STA), VERSION "F" DATED 4/15/96

22 ~~after~~ <sup>delete</sup> "made"

Page 15, following line ~~21~~ before "~~in accordance~~":

Insert "from persons located in the state":

Senator Pence

4/25/96 PM

9-GH2020\F.3 ✓

Bannister

4/24/96

adopted 5 amended pg 2  
AMENDMENT  
79 1

OFFERED IN THE HOUSE

TO: CSHB 482(STA)

1 Page 1, line 1, following "relating to": lobbying " ~~DELETE~~  
2 Insert "contracts of state-related entities [including entities owned and operated  
3 by the Alaska Industrial Development and Export Authority,] and involving lobbying  
4 contracts and" <sup>of state related entities</sup>

5 Page 15, following line 27:

6 Insert a new bill section to read:

7 **\*\* Sec. 42.** AS 44.99 is amended by adding a new section to article I to read:

8 **Sec. 44.99.030. LOBBYING CONTRACTS PROHIBITED. (a)**

9 Notwithstanding other provisions of law, the following entities may not contract with  
10 a person to pay the person money or other thing of value to lobby the state, a  
11 municipality of the state, or an agency of the state or municipality:

12 (1) Alaska Aerospace Development Corporation;

13 (2) Alaska Commercial Fishing and Agriculture Bank;

14 (3) Alaska Energy Authority;

15 (4) Alaska Housing Finance Corporation;

16 (5) Alaska Industrial Development and Export Authority; <sup>;</sup> [including  
17 corporations and other entities owned and operated by the Alaska Industrial  
18 Development and Export Authority; ] ~~DELETE~~

19 (6) Alaska Medical Facility Authority;

20 (7) Alaska Mental Health Trust Authority;

21 (8) Alaska Municipal Bond Bank Authority;

22 (9) Alaska Permanent Fund Corporation;

23 (10) Alaska Railroad Corporation;

24 (11) Alaska Science and Technology Foundation;

- 1 (12) Alaska Seafood Marketing Institute;  
 2 (13) Alaska Student Loan Corporation;  
 3 (14) Alaska Tourism Marketing Council.

4 (b) In this section,

- 5 [ (1) "contract with" includes hiring as an employee; ]  
 6 ~~(1)~~ "lobby" means to communicate directly or through agents with a  
 7 public official for the purpose of influencing legislative or administrative action if a  
 8 substantial or regular portion of the activities for which the communicating person  
 9 receives payment is performed for the purpose of influencing legislative or  
 10 administrative action."

11 Renumber the following bill sections accordingly.

12 Page 16, line 24:

13 Delete "secs. 49 - 51"

14 Insert "secs. 50 - 52"

15 Page 16, line 27, following "by":

16 Insert "secs. 1 - 41 and 43 - 52 of"

17 Page 16, line 28, following "in law":

18 Insert "under secs. 1 - 41 and 43 - 52 of"

19 Page 16, line 29, following "made by":

20 Insert "secs. 1 - 41 and 43 - 52 of"

21 Page 17, line 1, following "enacted by":

22 Insert "secs. 1 - 41 and 43 - 52 of"

23 Page 17, line 2, following "of":

24 Insert "secs. 1 - 41 and 43 - 52 of"

1 Page 17, line 6:

2 Delete "43(a), and 44 - 47"

3 Insert "44(a), and 45 - 48"

4 Page 17, line 8:

5 Delete "43(b)"

6 Insert "44(b)"

7 Page 17, line 11:

8 Delete "Section 42"

9 Insert "Section 43"

4/29/96 pm

NO OBJ adopt

AMENDMENT 6

To CS HB 482 (STA)

By Representative Parnell

Page 10, Line 30.

After "EMPLOYMENT"

Insert:

"AND YOUTH JOB TRAINING"

Page 11, Line 1.

After "state"

Insert:

" or an accredited youth education and employment program"

4/25/96 pm

NO OBJ - adopted

PROPOSED AMENDMENT

by Dept of Admin.  
Division of General  
Services

Amendment No. 2

TO: CSHB 482(STA), VERSION "F" DATED 4/15/96

Page 5, line 19:

Delete section 10 and replace with:

Sec. 10. AS 36.30.170 is amended by adding a new subsection to read:

(k) in order to qualify for a preference under (c), (e), or (f) of this section, a bidder must add value by actually performing, controlling, managing, and supervising the services provided, or a bidder must have sold supplies of the general nature solicited to other state agencies, governments or to the general public.

comma  
comma

FISCAL NOTE

HB 482

STATE OF ALASKA BILL NO. \_\_\_\_\_  
 1996 LEGISLATIVE SESSION

Calculation:

4 protests x 20 hours = 80 hours

80 hours x \$26.46 (PAII) = (\$2,117.00)

**FISCAL IMPACT:**      **DECREASED STAFF COST**      (0) Staffing reduced in the FY 97 Governor's Budget

**FISCAL IMPACT SUMMARY**

TOTAL NET FISCAL IMPACT BY SECTION FOR FY 97:

Section	INCREASE	DECREASE
4		(\$17,460.00)
5	\$18,010.00	
8		(\$138.00)
9	\$1,128.00	
10		(\$454.00)
15		(\$4,944.00)
16		(\$1,097.00)
18	\$1,898.00	
22		(0)
27	\$259.00	
28		(0)
	<b>TOTAL FISCAL IMPACT</b>	<b>(\$2,798.00)</b>

FISCAL NOTE

HB 482.

STATE OF ALASKA BILL NO. \_\_\_\_\_  
1996 LEGISLATIVE SESSION

10 innovative procurements x \$189.82 = \$1,898.00

**FISCAL IMPACT: INCREASED STAFF COST \$1,898.00**

Section 22 extends small procurement procedures to purchases of goods, services, and professional services up to \$50,000.00. Procurement officers may reduce time and complexity in purchases by using a quote process rather than formal Invitation to Bid.

**Assumptions:**

- From FY 92 through FY 95, an average of 16.7 bids were issued per year for services and supplies costing under \$50,000.00.
- Average cost to prepare a bid for goods or services, \$14.5 staff hours x 26.46 (PAII) = \$385.00.
- Decrement made in the FY 97 budget of 1 full-time position was based on the return of single-agency Invitations to Bid to the agencies. 100% of the transactions covered under this section will be single-agency procurements.

**Calculation:**

- 16.7 bids x 14.5 staff hours = 242 hours
- 242 hours x 26.46 (PAII) = \$6,403.00

**FISCAL IMPACT: DECREASE STAFF COST (0) Staffing reduced in FY 97 budget decrement**

Section 27 requires records of Innovative Procurements to be kept for review purposes, and for applications if the Innovative Procurement could result in greater savings and effectiveness.

**Assumptions:**

- Ten (10) Innovative Procurements will be entered into each year.
- Recordkeeping approximately .5 hours per procurement of clerical time = .5 x Clerk III @ \$21.60 = \$10.80 per procurement
- Data processing--approximately .5 hours per procurement = .5 x Data Processing Analyst @ 30.19 = \$15.10 per .5 hour

**Calculation:** 10 x [Clerk III \$10.80 + Data Processing Analyst \$15.10] = \$259.00

**FISCAL IMPACT: INCREASED STAFF COST \$259.00**

Section 28 permits the development of simplified protest procedures for procurements entered into under small procurement procedures (up to \$50,000.00 per Section 22).

**Assumptions:**

- Estimated average number of protests received per year are 4.
- Average number of hours required to complete a protest--20 hours
- Estimated efficiency of simplified protest procedure--50%.
- Protests will be responded to by agency procurement specialist.
- Decrement in the FY 97 Governor's Budget was based on return of single-agency procurements to agencies. 100% of these small procurement transactions were anticipated in the FY 97 Governor's Budget.

STATE OF ALASKA BILL NO. \_\_\_\_\_  
1996 LEGISLATIVE SESSION

Assumption:

- On average, 123 sole source determination requests are submitted each year.
- The average cost for receipt, review, and completion of a determination is estimated to be \$111.94.
- Average staff time needed to review and complete determinations is estimated to be 3.3 hours.
- Approximately 25% of the determinations by type will be delegated.
- Approximately 30 minutes, or \$17.62, staff time will be saved in determination process.

Calculations:

Current	120 determinations x \$111.94 =	\$13,433.00
Proposed	90 determinations x \$94.32 =	<u>\$8,489.00</u>
		\$4,944.00

FISCAL IMPACT      DECREASED STAFF COSTS    (\$4,944.00)

Section 16 provides discretion to the Chief Procurement Officer to delegate this determination and permits the Attorney General to make a Limited Competitive Determination for services of legal counsel.

Assumptions:

- On average 20.6 Limited Competition determinations were made over the past 3 years.
- On average, the Department of Law submits 6.3 Limited Competition determinations per year.
- The average cost for receipt, review, and completion of a Limited Competition determination is estimated to be \$111.94.
- Average staff time needed to review and complete the determination is 3.3 hours.
- Approximately 25% of the determinations by type will be delegated.
- Approximately 6.3 delegations will be made by the Department of Law in place of the division staff.

Calculations:

Current	20.6 determinations x \$111.94 =	\$2,306.00
Proposed	10.8 determinations x \$111.94 =	<u>\$1,209.00</u>
	Savings	\$1,097.00

FISCAL IMPACT:      DECREASED STAFF COSTS    (\$1,097.00)

Section 18 permits innovative procurements under circumstances when advantageous to the state to procure new, unique, requirements; new technologies; or to achieve best value. This should result in better and more economical contracts for state agencies. The Chief Procurement Officer must review and determine in writing that the use of an innovative approach is advantageous to the state.

Assumptions:

- Ten (10) innovative procurements will be initiated per year.
- The average cost to review, provide guidance, and prepare determinations for innovative procurements is \$189.82.
- Average staff time needed to review, prepare determinations and provide guidance for the innovative procurement is 5.32 hours.

Calculations:

FISCAL NOTE

HB 482

STATE OF ALASKA BILL NO. \_\_\_\_\_  
1996 LEGISLATIVE SESSION

Assumptions:

- On average 5 requests for reduced circulations occur per year.
- The average cost for receipt, review, and completion of determinations is estimated to be \$27.55.
- Average staff time needed to review and complete determinations is just under 1 hour.

Calculation: 5 determinations x \$27.55 cost per determination = \$138.00 estimated savings.

**FISCAL IMPACT: DECREASED STAFF COSTS (\$138.00)**

SECTION 9 requires a bidder to be in the line of business solicited in the Invitation to Bid or Competitive Sealed Proposal for at least 6 months prior to the date the bid was issued.

Assumption:

Over the past years, 4 bids were awarded where a preference was brokered by assigning award to another bidder or vendor after award. Agencies were required to pay an additional \$21,372.00 to purchase what was offered by the second low bidder. Two awards are pending. We assume approximately 4 bids would require investigation and determination of whether the bidder qualifies.

Calculation:

- Determination of qualification--8 hours x PAIII hourly rate \$35.24 = \$282.00  
COST OF EACH DETERMINATION \$282.00 x 4 determinations  
TOTAL ESTIMATED COST \$1,128.00.

**FISCAL IMPACT: INCREASED STAFF COST \$1,128.00**

SECTION 10 provides discretion to the procurement officer to decide when to use a competitive sealed proposal rather than a competitive sealed bid. Law currently requires the determination to be made by the Chief Procurement Officer, resulting in several reviews and written determinations that are eliminated in this section.

Assumptions:

- On average, 6.3 requests for use of Competitive Sealed Proposal in lieu of a Competitive Sealed Bid are processed.
- The average cost for receipt, review, and completion of determination to use a Competitive Sealed Proposal is estimated at \$72.00.
- Average staff time needed to review and complete determination--2 staff hours

Calculation: 6.3 determinations x \$72.00 cost per determinations = \$453.60

**FISCAL IMPACT: DECREASED STAFF COSTS (\$453.60)**

Section 15 permits contracts to be entered into with a single source when it is not practical to award under competitive bidding or competitive proposals and when in the best interest of the state. Delegations are permitted, which can reduce staff effort within the division. Agency efforts to compile clear and convincing evidence, often resulting in predeterminations, newspaper advertisements, and solicitation, would be reduced.

FISCAL NOTE

148482

STATE OF ALASKA BILL NO. \_\_\_\_\_  
1996 LEGISLATIVE SESSION

**ANALYSIS:** (continued)

SECTION 4 permits the use of simplified small procurement procedures for the acquisition of office space leases that do not exceed 5000 S.F.

**Assumptions:**

- A typical lease replacement through a competitive sealed bid requires approximately 45 staff hours and costs approximately \$1,575.00 for preparation, solicitation, and award.
- Use of simplified acquisition for leases would permit solicitation of 3 informal proposals from different lessors. Simplification is expected to result in more efficient acquisition that would take 60% of the existing Invitation to Bid acquisition.
- In FY 97, approximately 28 leases would be subject to small procurement procedures. These acquisitions are expected to take an average of 27 staff hours. 28 small procurement leases x [27 staff hours x \$35.24 hourly rate PAII = \$26,640.00]. A savings of approximately 4 staff months or \$17,460.00 in staff resources is achieved.

**FISCAL IMPACT : DECREASED STAFF COSTS (\$17,460)**

Section 5 permits the extension of existing leases for up to 10 years if concessions of at least 10% of the amount that would be paid for rent can be achieved. Five 5% concessions could be agreed to with ADA compliance.

In FY 95, lease savings of approximately \$1,745,000.00 were achieved by negotiating lease concessions in return for extensions. Approximately 3,300 staff hours were necessary to achieve savings. If savings are to be achieved, staff resources will be needed to negotiate leases.

**Assumptions:**

- Based on 38 leases renegotiated during 1994, average staff hours per lease is prorated at 22 hours total.

Purchasing Agent III: 20 hours at \$35.24 per hour =	\$705.00
Purchasing Agent IV: 2 hours at \$38.94 per hour =	<u>\$78.00</u>
Total staff: 22 hours	\$783.00

- Estimate number of lease extension negotiations: 23

Calculation: 23 negotiation attempts x \$783.00 staff cost per each negotiation = \$18,009.00

**FISCAL IMPACT: INCREASED STAFF COSTS \$18,010.00**

Section 8 permits the procurement officer to reduce the circulation period for bids and proposals when there is adequate competition.

FISCAL NOTE

No. 2

Bill Version: HB 482

(H) Publish Date: 2/9/96

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: An Act relating to state procurement practices and procedures and providing for ...  
Sponsor: Rules  
Requestor: Governor

Department Affected: Administration  
BRU: General Services  
Component: Central Purchasing  
COMPONENT SERIAL NO. 60

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
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
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ( )	0	0	0	0	0	0
------------------------	---	---	---	---	---	---

FUND SOURCE:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimate of any current year (FY 96) cost: \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

This bill seeks to streamline procurement practices used throughout the executive branch of state government and seeks to simplify and improve the efficiencies for various aspects of procurement in state government. Total net fiscal year 97 savings are projected to be \$2,798.00. The savings are spread over a variety of positions within Central Purchasing. The positive benefits on staffing will be used to achieve improved administrative efficiencies.

The fiscal impacts within this component are anticipated in nine sections of the bill.

(see attached)

Prepared by: Dugan Petty *[Signature]*  
Division: General Services

Phone: 465-2250  
Date: \_\_\_\_\_

Approved by Commissioner: Mark Boyer *[Signature]*  
Agency: Administration

Date: 2/7/96

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**CANDIDATE LEASES FOR EXTENSION UNDER HB 288**

LOCATION	LEASE NO.	EXPIRE DATE	CURRENT RATE	SQ FT	MONTHLY RATE	NEW MONTHLY REDUCED 15%	DIFFERENCE PER MONTH	MONTHS FY 97	MAXIMUM FY 97 SAVINGS	MONTHS FY 98	MAXIMUM FY 98 SAVINGS
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HOMER	2054 (11)	04/30/97	\$0.52	23,460	\$12,100.67	\$10,285.57	\$1,815.10	0	\$0.00	6	\$10,890.60
HOMER	2357 (10)	12/08/99	\$1.30	572	\$746.12	\$634.20	\$111.92	6	\$0.00	6	\$671.51
									<b>\$55,968.15</b>		<b>\$269,558.77</b>

BASED ON A MAXIMUM SAVINGS OF 40%. FY TOTALS ARE FY 97 MAX **\$22,387.26** FY 98 MAX **\$107,823.51**

## FISCAL NOTE

### STATE OF ALASKA BILL NO. CSHB 482(STA) 1996 LEGISLATIVE SESSION

#### ANALYSIS: (continued)

Twenty leases are anticipated to have the greatest potential for cost savings resulting from negotiations under this bill. Maximum savings anticipated under this bill are projected at the minimum 15% rate reduction. While we have not included them in this list, we anticipate some leases extended in 1994 under similar provisions of SB 129 may also be candidates for negotiated concessions.

We have used 15% as a rent concession factor because most leases now include ADA compliance language, are in buildings upgraded as a result of negotiations, or have had compliance issues addressed through programmatic changes.

Actual fiscal impacts depend on whether an extension is in the state's best interest, and the lessor's willingness to grant rent concessions. If we successfully negotiate 40% of the maximum potential for savings in FY 97 and FY 98, savings can be achieved in excess of \$50,000.00 in FY 97 and \$100,000.00 in FY 98.

Our FY 97 leasing budget set a goal of reducing FY 97 operating lease costs by an additional \$417,700.00. This bill provides opportunity to achieve a portion of our goal through reductions in lease payments in return for lease extensions. Since our budget is based on reductions to be accomplished, zero fiscal impact is shown for FY 97.

#### Assumptions:

- 13 leases are renegotiated for FY 97
- 7 leases were renegotiated for FY 98
- 40% of the leases result in 15% savings reduction
  - FY 97 \$ 55,968.15 Maximum potential savings x 40% = \$22,387.00
  - FY 98 \$269,558.77 Maximum potential savings x 40% = \$107,824.00

**FISCAL NOTE**

**STATE OF ALASKA**  
**1996 LEGISLATIVE SESSION**

**BILL NO. CSHB 482(STA)**

Revision Date: \_\_\_\_\_  
 Title: "An Act relating to state procurement practices and procedures; and providing for an effective date."  
 Sponsor: \_\_\_\_\_  
 Requestor: (H) Finance

Department Affected: Administration  
 BRU: General Services  
 Component: Leasing  
 COMPONENT SERIAL NO. 81

**EXPENDITURES/REVENUES:**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES		0	0	0	0	0
TRAVEL		0	0	0	0	0
CONTRACTUAL	0	(107.8)	0	0	0	0
SUPPLIES		0	0	0	0	0
EQUIPMENT		0	0	0	0	0
LAND & STRUCTURES		0	0	0	0	0
GRANTS, CLAIMS		0	0	0	0	0
MISCELLANEOUS		0	0	0	0	0
<b>TOTAL OPERATING</b>	0	(107.8)	0	0	0	0

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE:**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
<b>TOTAL</b>		(107.8)*	0	0	0	0

Estimate of any current year (FY 96) cost: \$ \_\_\_\_\_

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS: (Attach a separate page if necessary.)**

This bill permits the extension of existing leases for up to 10 years if concessions of at least 15% of the amount that would be paid for rent can be achieved. Concessions of at least 10% could be agreed to if ADA improvements are made.

\*The mix of funding sources for leases between General Fund and Interagency Receipts does not permit an accurate assessment of the fund source at this time.

(see attached)

Prepared by: Dugan Petty *Dugan Petty*  
 Division: General Services

Phone: 465-2250  
 Date: \_\_\_\_\_

Approved by Commissioner: Mark Boyer *Mark Boyer*  
 Agency: Administration

Date: 4/24/96

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Section 45 permits adoption of regulations to implement revisions to statute, but the regulation may not be effective before the effective date of the law.

Section 46 permits continuation of existing procurement actions begun under the law prior to the effective date of revisions.

Section 47 establishes that the first lease report is due on August 31, 1997.

Sections 48 through 51 provide for effective dates.

be resolved in a timely fashion and the evidence and issues do not become stale, with unnecessary expenses accruing. The time limitation is not applicable to payment disputes governed by AS 37.05.285.

Section 37 amends AS 36.30.655, to require the commissioner to remove the names of persons debarred or suspended from the list of contractors maintained by the department during the period of debarment or suspension.

Sections 38 and 39 amend AS 36.30.850(b), by exempting from the code 1) purchases of livestock for correctional industries, and 2) operation and protection of assets or disposals of equipment and supplies acquired through foreclosure, or other legal proceedings, of agricultural loans under AS 03.10.

Section 40 amends AS 36.30.910 to make clear that purchasing through the federal general services administration or from "General Services Administration, Federal Supply Schedules," may be made by an agency without competitive process provided such purchases are made in accordance with regulations to be adopted by the commissioner and as provided for in federal law.

Section 41 defines "state official," to mean a public employee or public officer or official.

Section 42 preserves the repealer provision in existing statute.

Section 43 contains sections of the current code to be repealed, many of which were the result of renumbering as noted herein, including:

AS 36.30.015(c) is repealed, resolving a conflict in statute that charges the Chief Procurement Officer with responsibility for disposals of surplus property. While AS 36.30.015(c) prohibits the Commissioner of Administration from delegating surplus property disposals. Under this revision, the Commissioner can delegate preparation of regulations and disposal of surplus property.

AS 36.30.090, Delivery of Supplies, is repealed to move to Section 23 in the new preferences.

AS 36.30.095, Procurement of Paper, is repealed to move to Section 24 of the new preferences article.

AS 36.30.100(b) repeals exemption of competitive bidding for food, clothing, and medical supplies, as well as exemptions for purchases from employment programs and Correctional Industries, which are re-enacted in Sections 20 and 21 of the bill.

AS 36.30.850(b)(14) repeals the exemption for purchases by state boarding schools.

AS 36.30.900 repeals the product preferences references. It is reenacted in the preferences section.

Section 44 requests the revision to retitle Article 5 from "Preference for Alaska Products" to "Article 5 Preferences." The new article will include other preferences such as the "Recycled Product Preference." The revision is also requested to renumber appropriate sections.

Section 21 expands the impact of the criminal penalty for false statements in determinations from just the chief procurement officer to any "state official" acting under authority of a provision of the code. All state officials should be accountable under the code for knowingly making a false statement in a determination. This expands responsibility to coincide with expanded authority.

Section 22 increases the amount for use of small procurement procedures to procurement of supplies or professional services that do not exceed the aggregate dollar amount of \$50,000 and for construction that does not exceed an aggregate dollar amount of \$100,000, and for lease space that does not exceed 3,000 square feet (as noted in section 2 of the bill). This section efficiently expands the use of simplified procurement procedures consistent with the Federal Acquisition Streamlining Act of 1994.

Sections 23 through 25 are provisions in current law which have been reorganized and given new section numbers.

Section 26 modifies the existing recordkeeping requirements to include single source procurements in accordance with the amendment in Section 14.

Section 27 is a new section requiring that records of innovative procurements be kept and opened for inspection. The items which must be maintained in the file are identified. Successful innovative procurements should be shared with procurement officers if they achieve savings and improve results.

Section 28 adds a new section to allow for the commissioner to adopt regulations to govern protests and appeals of small procurements made under AS 36.30.320. This section permits the development of a simplified protest procedure for small procurements that should reduce time and cost for the vendor and the state.

Section 29 repeals and reenacts AS 36.30.565 requiring a protest of a solicitation to be filed within 10 days of bid opening or less if specified in the bid or RFP. In circumstances where the bid or RFP public notice has been shortened, or a pre-bid or pre-proposal conference schedule could limit the bidder's time to protest, the protest must be filed just prior to bid opening. A procurement officer is allowed to accept a late filed protest provided there is a showing of good cause.

Sections 30, 31, 33, and 34 amend the time provisions for the filing of decisions, appeals, protest reports and responses by making them more uniform to court rules, i.e., 7 days, 10 days, 15 days.

Section 32 adds a new subsection to AS 36.30.585 that limits a successful protest to damages of reasonable bid or proposal preparation costs.

Sections 35 and 36 amend AS 36.30.620, regarding contract claims, by requiring a claim to be filed within 90 days after the contractor becomes aware of the basis of the claim or should have known the basis of the claim, whichever is earlier. Lessors must bring CPI adjustments for rent within the term of the lease. Under present law, no time limitation for bringing a contract claim is stated. This amendment will force contractors to bring claims expeditiously so that they may

Section 15 is a housekeeping measure that deletes the administrative requirement that the amount of the contract must be stated on the first page of the contract. While it may be administratively convenient to have the amount noted on the first page of a contract, there is no legal reason to mandate it in law. This matter is more appropriately handled through the state Administrative Manual.

Section 16 repeals and reenacts AS 36.30.300, dealing with single source procurements. The new provision allows use of the single source procurement when it is determined by the chief procurement officer or, for construction contracts or procurements for the state equipment fleet, the commissioner of transportation and public facilities makes a written determination based on independent verification of material facts that it is not practicable to award a contract by one of the competitive methods in AS 36.30 and the award of the contract to a single source is in the state's best interest. The use of the single source provision in the code will result in a more useful tool for procurement units and be more workable than the current law. As in current statute, the determination may not be delegated except for small procurements.

Section 17 makes use of limited competition consistent with other sections of AS 36.30, namely, noting the attorney general's authority to procure legal services for the state is applicable under limited competition methods. Further, the amendment deletes the nondelegation of a decision to use limited competition so that the chief procurement officer is able to delegate this determination, similar to other delegations.

Section 18 revises limited competition procurements to reflect that single source procurements may not be entered into under this section.

Section 19 is a new section, AS 36.30.308, authorizing the use of innovative procurement methods in the procurement of new or unique requirements to the state, new technologies, or to achieve best value when determined by the chief procurement officer, or commissioner of transportation and public facilities for construction, that an innovative procurement method is to the state's best advantage. This creates an avenue to develop improved approaches that may achieve savings, improve results, and permits "outside the box" thinking when appropriate. The section also permits the continuation of the existing preference bonus program permitted in statute for construction.

Section 20 relates to the repeal of AS 36.30.100(1), to permit the purchase of products or services manufactured by an employment program without the use of competitive sealed bidding. This new section, placed in Article 4 (Other Procurement Methods), clarifies that purchases from an employment program are not subject to either competitive sealed bidding or competitive sealed proposal processes, but that the commissioner may adopt regulations governing agencies' purchases from an employment program.

Section 20 also relates to the repeal of AS 36.30.100(b)(3) to permit the purchase of services provided by correctional industries to be made without competitive sealed bidding. The new statute AS 36.30.313, placed in Article 4 (Other Procurement Methods), clarifies that purchases from Alaska Correctional Industries (ACI) are not subject to either competitive sealed bidding or competitive sealed proposal processes, but that the commissioner may adopt regulations governing agencies' purchases from ACI.

adequate competition. This section improves efficiency by permitting the procurement officer making the purchase to exercise the discretion to reduce the circulation period.

Section 10 tightens the requirements for a bidder to qualify for the Alaska bidder's preference by requiring in addition to the existing standards in AS 36.30.170(b), that the bidder has, for a period of six months immediately preceding the date of the bid, maintained a place of business within the state that in the normal course of business regularly provides the supplies, services, or construction of the general nature solicited by the agency and that is staffed by the bidder or an employee of the bidder. This should eliminate a current practice of a person brokering his or her bidder preference by bidding on a contract for which they do not normally do such business, receiving the preference, then assigning the contract to an entity that would not qualify for the preference.

Section 11 amends AS 36.30.200, to expand the authorized use of competitive sealed proposals. The amendment empowers the procurement officer actually making the purchase to determine, in writing, when use of a competitive sealed proposal to procure a good or service is more advantageous to the state than use of the more restrictive competitive sealed bid. Use of the comparison is often a better method for obtaining best value and incorporating past vendor performance in award criteria. In subsection (c), the chief procurement officer is replaced with the commissioner of transportation and public facilities, as the person who may determine when it is advantageous to the state to issue a request for proposals for submission of offers to provide construction in accordance with a design provided by the offeror (i.e., a design/build offer). Because construction bids and proposals are under the authority of the department of transportation and public facilities, it makes little sense to have the chief procurement officer in the department of administration make such a determination.

Section 12 repeals and reenacts 36.30.210. The reenacted statute deletes the reference to the subcontractor notification requirements of AS 36.30.115, for competitive sealed proposal acquisitions of supplies, services, and professional services, but retains this requirement for construction competitive sealed proposals.

Section 13 amends AS 36.30.230 to require that the procurement officer not disclose the content of competing offers after proposals are opened until after the notice of intent to award has been issued. By keeping such proposals confidential until a notice of intent is issued, the state is able to utilize its negotiation powers under AS 36.30.240, to obtain best and final offers without jeopardizing the integrity of the competitive process if the proposals were allowed to be made public immediately upon opening as in the case of competitive bids.

Section 14 adds a new subsection to AS 36.30.230, to allow that proposals received in response to a request for proposals be returned to the offeror, without public disclosure, when a solicitation is canceled before a notice of intent to award is issued and no protest of the solicitation or cancellation has been filed within the time allowed. The procurement officer must keep a list of returned proposals. Under current law, the procurement officer is required to keep all proposals received and there is no exception for canceled solicitations. This new subsection will allow a new solicitation to occur without competitors' prices having been revealed, thus increasing the competitiveness and fairness of the process.

**PROCUREMENT BILL  
SECTION ANALYSIS  
CSHB 482 (STA)**

Section 1 revises the references to the commissioner's authority to adopt regulations governing sole-source procurements to single source procurements consistent with the amendment in Section 15.

Section 2 revises the reference to the commissioner's authority to adopt regulations governing the listing of subcontractors consistent with the amendment in Sections 8 and 12.

Section 3 clarifies AS 36.30.050(a) by allowing the commissioner of administration to exclude the names of persons debarred or suspended from the list of contractors that is maintained by the department.

Section 4 adds a new subsection to AS 36.30.080, which will allow the department of administration (department), at its option, to procure lease space of 3,000 square feet or less utilizing the more simplified procedures for small procurement under AS 36.30.320 with public notice. It is the experience of the department that smaller office leases may be acquired more efficiently without the use of formal competitive bidding processes.

Section 5 adds new section AS 36.30.083, authorizing negotiated lease extensions with current lessors, if the lease has in excess of six months remaining on its term, without utilizing the competitive procedures of AS 36.30, provided the extension is not longer than 10 years and the state receives, at a minimum, a cost savings of a) 15 percent over the term of the extension, or b) 10 percent over the term of the extension and the lessor agrees to make modifications to the lease space to bring it into compliance with applicable requirements of the Americans with Disabilities Act of 1990. This section also requires the department, the University of Alaska, the Alaska Court System and the Legislative Affairs Agency to submit an annual report to the Legislative Budget and Audit committee detailing the leases extended under this provision and the cost savings achieved. A similar provision in statute resulted in a rent savings of \$1,790,400.00 in FY 95.

Sections 6 and 7 of the bill amend AS 36.30.085, to allow the department, Board of Regents, legislative council, or supreme court to enter into or renew lease purchase agreements of real estate, without the need for legislative notice and approval, if it is anticipated that the annual rent will not exceed \$500,000 or the total lease-purchase price will not exceed \$2,500,000. These are the same threshold lease rate values as set out in AS 36.30.080, for which no legislative notice or approval is required.

Section 8 amends AS 36.30.115 by deleting reference to the subcontractor notification requirements of AS 36.30.115 for purposes of supply and services, but retains this requirement for construction bids.

Section 9 amends AS 36.30.130(a) by allowing a procurement officer, rather than only the chief procurement officer, to determine, in writing, when a shorter period than 21 days notice may be shortened, taking into account whether shorter notice is advantageous and still provides for

BILL SECTION	CURRENT LAW	HB 482
22	Formal bids or RFPs are required for all purchases and construction over \$25,000. Under this threshold, more simplified small procurement procedures may be used.	Formal bids or RFPs are required for all purchases over \$50,000, \$100,000 for construction, and 3,000 s.f. for office space. Under this threshold, more simplified small procurement procedures may be used.
27	Records of innovative procurements not required.	Records of innovative procurements shall be kept by the department of administration.
28	The two tiered protest process applies to all procurements regardless of dollar amount.	The two-tiered protest process applies to all procurements except small procurements. The commissioner of administration is permitted to establish simplified procedures for protests of small procurements.
29	A protest of an award of a contract must be filed within 10 days of the notice of intent to award. Statute is silent on protest of a solicitation.	A protest of a solicitation must be filed 10 days before bid or RFP opening unless the bid or RFP provides for a shorter period. If the public notice period has been shortened, the protest must be filed only prior to bid opening.  If a pre-bid or pre-proposal conference is held within 12 days of bid opening, a protest of a solicitation must be filed only prior to bid opening.  A protest of an award remains unchanged.
30	Procurement officer response to a protest -- 14 days.	Procurement officer response to a protest -- 15 days.
31	A procurement officer's decision on a protest may be extended up to -- 26 days.	A procurement officer's decision on a protest may be extended up to -- 30 days.
33	The procurement officer's report to the commissioner of administration is due within -- 7 days.	The procurement officer's report to the commissioner of administration is due within -- 10 days.
34	The protester's report to the commissioner of administration is due within -- 7 days.	The protester's report to the commissioner of administration is due within -- 10 days.  <i>confirm the action DATES of COURT rules</i>
32	No limitation of a protester's damages if a protest is sustained in whole or in part.	<u>Limits</u> a protester's <u>damages</u> to reasonable bid or proposal preparation costs. <i>of protests</i>
35 and 36	No statute of limitations exists for bringing a contract claim against the state.	A contract claim must be brought within 90 days after the contractor becomes aware of the claim or should have known the basis of the claim. Lessors must bring a claim regarding CPI rent adjustments within the term of the lease. The restriction does not limit a contractor's rights under a disputed billing timely payment rule of AS 36.05.285
38	Operations and protection of assets or disposals of equipment/supplies acquired by DNR through foreclosure or other legal proceedings of agricultural loans are technically subject to the Procurement Code. An example is Matanuska Maid Dairy.	<u>Exempts operations and protection of assets or disposals of equipment/supplies acquired by DNR through foreclosure or other legal proceedings of agricultural loans from the procurement code.</u> An example is Matanuska Maid Dairy.
39	Livestock purchased by Alaska Correctional Industries are subject to the provisions of the Procurement Code.	<u>Exempts livestock purchased by Alaska Correctional Industries from the provisions of the procurement code.</u>
40	The Procurement Code does not prevent purchases through the General Services Administration as provided by law.	Clarifies that it is specifically permissible to purchase from federal <u>GSA supply schedules</u> in accordance with regulations established by the commissioner of administration and as provided by federal law.

BILL SECTION	CURRENT LAW	HB 482
13	Procurement officer must not disclose proposal contents to competing offerors during negotiations.	Procurement officer must not disclose proposal contents to competing offerors prior to Notice of Intent to Award. This will avoid exposure of proposal contents until after an award decision is made and will uphold the integrity of the process.
14	When an RFP is canceled prior to notice of intent to award, proposals must be retained by the state. After cancellation, the state is obliged to provide copies of the proposals under Freedom of Information and thereby exposes competitors proposals to one another, making future RFPs problematic.	When an RFP is canceled prior to notice of intent to award, the state will maintain a list of proposals received, but will return the proposals to the proposers.
15	Contracts entered into through competitive sealed proposal must have the amount of the contract on the first page.	Contracts entered into through competitive sealed proposals may state the amount of the contract on any page.
16	A contract with a sole source provider may be entered into only after a written determination by the chief procurement officer based on independently verified and clear and convincing evidence that only one source exists for the purchase. A sole source may not be awarded if a reasonable alternative source exists. Except for small procurements, this determination may not be delegated.	A single source contract may be entered into when the chief procurement officer, or for construction the commissioner of transportation and public facilities, determines in writing, after independent verification of material facts, that award through a bid or RFP is not practical, and award to a single source is in the state's best interest. Except for small procurements, the chief procurement officer or commissioner of transportation may not delegate the determination.
17	Determinations to use the limited competition procurement process require a written determination by the chief procurement officer and the determination may not be delegated.	Limited competition procurements may be delegated. The attorney general would make limited competition determinations for legal services contracts.
19	No innovative purchasing method exists. Purchases may only be made through a formal bid, RFP, small procurement procedures, sole source, limited competition or emergency procedures.	Permits the use of an innovative procurement as method of source selection for new, unique requirements, new technology, or to achieve best value only after; 1. the chief procurement officer, or commissioner of DOT/PF for construction, determines the innovative method is advantageous to the state, 2. the department of law approves the procurement plan as to form. The procurement is subject to the public notice requirements and subject to all protest requirements, but not bound by the formal bid or RFP requirements of statute.
21	Requires the chief procurement officer to independently examine material facts when making a determination for an alternate procurement (sole source, limited competition, or emergency). If the chief procurement officer knowingly makes a false statement, he or she would be guilty of a class A misdemeanor.	Expands the requirement to independently examine the material facts to any state official making a determination for an alternate procurement (single source, limited competition, or emergency). If the state official knowingly makes a false statement, he or she would be guilty of a class A misdemeanor.

4/25/96 pm  
referred.

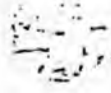
## CSHB 482 (STA)

### Comparison of Substantive Changes

• all sections

BILL SECTION	CURRENT LAW	HB 482
3 and 37	A bidder's list of all parties who wish to receive bids or proposals is maintained.	A bidder's list of all parties who wish to receive bids or proposals is maintained, but will not include persons debarred or suspended under procedures that exist in current law.
4 and 22	Office leases are acquired through formal ITB or RFP regardless of size.	Small office leases of 3,000 s.f. or less may be acquired by DGS with simplified small purchase procedures with public notice provided to prospective offerors.
5	Unable to negotiate rent concessions for lease extensions, unless the lease has an extension option remaining.	Authorizes the extension of existing leases that have at least 6 months remaining on their term for up to 10 years in return for rent concessions of at least 15% or 10% with ADA compliance. Similar to a provision of law authorized by the 18th legislature in SB 129.
6 and 7	A lease purchase of real property must be noticed to the legislature and receive approval in law.	A lease purchase of real property with an annual rent of \$500,000 or less or with a total rent of up to \$2,500,000 could be entered into without notice or law. Transactions with a higher amount require legislative notice and approval in law.
8 and 12	Bidders must identify all subcontractors for all bid and RFP awards within 5 days of award, subcontractors must have business license, certificate of registration, and contractors are restricted from changing subcontractors except under specified circumstances.	Subcontractors for only construction bids or RFPs must be identified within 5 days of award, must have a business license, certificate of registration, and the subcontractor may not be changed except under the current specified circumstance in the law. The change deletes this requirement for non-construction procurements.
9	The chief procurement officer must make a determination in writing to shorten formal notice of a bid or RFP to less than 21 days if necessary.	The procurement officer issuing the bid or RFP may make a determination in writing to shorten formal notice of a bid or RFP to less than 21 days if it is advantageous to the state and adequate competition is anticipated.
10	A bidder may receive the Alaska bidder's preference and other preferences in the award of a bid and then assign the purchase to another lower bidder or supplier. The result can and has been that the state pays as much as 10% more to a bidder receiving the preference than what would have been paid to the second low bidder from whom the state actually receives the goods. The bidder receiving the preference provides no added value because they are not in the line of business. They simply broker their preference to others who supply the state.	To qualify for the Alaska bidder's preference or any other preferences dependent upon the application of the Alaska bidder's preference, the bidder must have maintained a place of business for 6 months that regularly provides the supplies, services, or construction of the general nature solicited by the agency. If a prospective bidder can't meet the requirement, they can bid but would not receive the award evaluation preference.  A similar provision was included in HB 298 passed by the 19th legislature last session, but vetoed by the Governor for reasons unrelated to this provision.
11	The use of an RFP instead of a bid for purchases including construction may be used when the chief procurement officer determines in writing that a bid is either not practicable or advantageous to the state.	The use of an RFP instead of a bid for services and supplies may be used when the procurement officer determines in writing that use of an RFP is more advantageous to the state. For construction, the written determination is made by the commissioner of DOT/PF.

TONY KNOWLES  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

HB 482  
P O Box 110001  
Juneau Alaska 99811-0001  
(907) 465-3500  
Fax (907) 465 3532

February 9, 1996

HB 482

The Honorable Gail Phillips  
Speaker of the House  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear Speaker Phillips:

Under the authority of Art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that proposes to change state procurement practices to make them more efficient, effective and economic while preserving public accountability.

Today's rapidly changing business environment, coupled with declining state revenue, underscores the importance of streamlining our administrative practices. This bill responds to that need by reducing costs, simplifying procurement practices, focusing on results, and empowering procurement officers to make sound purchasing decisions.

The proposed revisions to the state procurement code set out in this bill are the result of recommendations made by the statewide Procurement Advisory Council, formed by the Department of Administration, to review and streamline statewide procurement practices. The council is made up of private, state and University of Alaska procurement professionals, vendors and small business advocates.

Critics rightfully argue that government procurement is not getting the best value for the public. Some current practices impede an agency's ability to accomplish its business, and are not efficient. This bill seeks to correct these problems by simplifying acquisition of office leases under 5,000 square feet and giving procurement officers the discretion to shorten the solicitation process when adequate competition exists along with the ability to enter into a single source contract when in the best interest of the state.

This bill also would allow state agencies, including the legislative council, University of Alaska and state Supreme Court, to enter into or renew lease-purchase agreements for real property without legislative approval if the annual payment does not exceed \$500,000 and

total lease-purchase payments do not exceed \$2.5 million. This mirrors the threshold lease rates in current statute for which no legislative approval is needed. And this proposal simplifies small procurements by increasing their dollar limit to the levels set in the Federal Acquisition Streamlining Act of 1994.

This bill will result in cost savings for the state because of streamlined acquisition methods and more economic contracts that will allow for lease extensions in return for rent concessions; purchases from General Services Administration supply schedules as authorized in the Federal Acquisition Streamlining Act of 1994; and prevention of preference brokering that adds cost to contracts without adding value.

Contractors and bidders have been critical of the costly and time-consuming protest process under the current procurement code. This bill allows a simplified protest process for small procurement to provide more immediate and less costly redress of procurement actions.

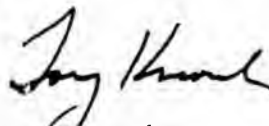
The procurement process is often identified as a barrier to accomplishing the state's business. This bill establishes an innovative procurement track allowing the purchase of new, unique services or supplies or technologies in controlled circumstances without strict adherence to the formal invitation to bid or competitive sealed proposal rules. This permits and encourages a tailored, innovative solution aimed at reducing costs and improving results. This provision also looks to the future through a reporting mechanism that will allow procurement officers to see what works and doesn't work in applying this process for purchasing new services and supplies. That will help build better, faster, and cheaper solutions for tomorrow's procurement culture.

Integrity, competition, and accountability must remain at the very core of our procurement process. With increased discretion for procurement officers, increased accountability is also expected. Anyone making a false statement or providing false evidence in the alternate source selection process would be guilty of a class A misdemeanor.

The changes offered in this bill simplify and streamline state procurement practices and will result in more efficiency and cost savings in the acquisition of services and supplies.

I urge your support of this bill.

Sincerely,



Tony Knowles  
Governor

HOUSE COMMITTEE REPORT

4/15/96

Final

(7)  
Date Referred to Committee: March 28, 1996

FURTHER REFERRALS:

Date of Committee Action: 4-13-96

The STATE AFFAIRS Committee considered:

HB 482

HOUSE BILL NO. 482

STATE PROCUREMENT PRACTICES & PROCEDURES

"An Act relating to state procurement practices and procedures; and providing for an effective date."

recommends it be replaced with the following committee substitute CSHB 482 (sta)  the same title  a new title

additional referral to \_\_\_\_\_ Committee  
 attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) \_\_\_\_\_ (2)  fiscal note(s) DOT Admin  
2/9/96

zero fiscal note(s) \_\_\_\_\_ (17)  zero fiscal note(s) Adm, Univ, Rev, PS,  
DOR, MVA, Law, Labor, HSS, Gov, FIG  
DEC, DOE, Corrections, CRA, Comm

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Jeannette James</i>	James			✓	
<i>Brian Porter</i>	Porter	✓			
<i>Green</i>	Green	✓			
<i>Ivan</i>	Ivan	✓			
<i>Willis</i>	Willis	✓			
<i>Scott Ogan</i>	OGAN AMSP Lease Pkgs				✱
		(4)	(1)	(1)	

CHAIR'S SIGNATURE Jeannette James

b  
(7)

HOUSE COMMITTEE REPORT

3/28/96

Date Referred to Committee: February 9, 1996

FURTHER REFERRALS:

State Affairs  
Finance

Date of Committee Action: 3-21-96

The LABOR AND COMMERCE Committee considered:

HB 482

HOUSE BILL NO. 482

STATE PROCUREMENT PRACTICES & PROCEDURES

"An Act relating to state procurement practices and procedures; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 482 (L&C)  the same title  a new title

additional referral to \_\_\_\_\_ Committee  
 attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_ APPROVES PREVIOUS: (Dept/Date) Admin, DOI  
fiscal note(s) (2)  fiscal note(s) 2/9/96

zero fiscal note(s) \_\_\_\_\_ (17)  zero fiscal note(s) (2) Admin, CED, CRA, CORR., Ed., OGC, EGG, GOV, H&S, Labor, Law, MVA, DNR, P.S. REV, UofA 2/9/96

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<u>Pete Kott</u> Kott			<input checked="" type="checkbox"/>	
<u>James Sanders</u> Sanders			<input checked="" type="checkbox"/>	
<u>Beverly Masek</u> Masek			<input checked="" type="checkbox"/>	
<u>Brian Porter</u> Porter			<input checked="" type="checkbox"/>	
<u>Gene Kubina</u> Kubina	<input checked="" type="checkbox"/>			
<u>K. Elton</u> Elton				<input checked="" type="checkbox"/>
<u>Nancy Rokeberg</u> Rokeberg			<input checked="" type="checkbox"/>	
	(1)		(5)	(1)

CHAIR'S SIGNATURE Pete Kott  
Kott

As Seen In Computer Digest

## **Understanding the Federal Acquisition Streamlining Act**

By David M. Nadler\*  
David\_M.\_Nadler@tismllp.com  
(202) 828-2281

On October 13, 1994, President Clinton signed into law the Federal Acquisition Streamlining Act of 1994 ("FASA"). While those who now do business with the federal government may be aware of these changes, those seeking federal contracts are well served by a closer look at these reforms.

The comprehensive acquisition reform legislation streamlines the federal government's \$200 billion-a-year acquisition system and dramatically changes the way the government performs its contracting functions. Generally, the statute seeks to: (1) increase the government's reliance on commercial goods and services; (2) streamline the procurement process for high-volume, low-value acquisitions; (3) improve access by small businesses to government contracting opportunities; (4) improve the bid protest process; and (5) extend the Truth in Negotiations Act to civilian agencies and raise to \$500,000 the threshold for submitting certified cost or pricing data under that Act.

### **Acquiring Commercial Items**

A key provision in FASA is the strongly stated preference for buying commercial "off-the-shelf" items, rather than purchasing through the detailed bidding process for government-unique items. To encourage the private sector to sell to the government, the statute defines commercial items more broadly and eliminates numerous statutory requirements for purchases of such items.

The definition of commercial items is expanded to include items that are sold in substantial quantities in the commercial marketplace, such as computer software. Also included in the definition are commercial items that are based on evolving technology that may not be currently available in the marketplace, but will be available in time to satisfy government requirements. In addition, the FASA reduces impediments to the government's purchase of commercial items by exempting such purchases from over thirty statutes that contain requirements unique to government procurements. The goal of these changes is to simplify the procurement process for companies who do not ordinarily sell to the government.

### **Simplified Acquisition Threshold**

The FASA also raises the threshold for the government's use of simplified acquisition procedures from \$25,000 to \$100,000. This change is significant because more than ninety percent of annual federal procurement transactions are below \$100,000. Thus, by raising the simplified acquisition threshold to \$100,000, FASA vastly streamlines how the government will procure most goods and services.

For simplified acquisitions, government contracting officials can avoid much of the "red tape" that slows down the purchase of goods and services. Simplified acquisition not only lessens the government's burden, but also reduces the time and resources a contractor must spend ensuring that its product meets peculiar government standards.

The increase to the simplified acquisition threshold will be phased in two stages: \$50,000 initially and \$100,000 as agencies make progress toward implementation of an electronic procurement system. By implementing an electronic procurement system, the government hopes to cut down on the excess time and resources needed to conduct the current paper-based system. Accordingly, FASA

requires that within five years, the current paper-based process of providing notice of and response to solicitations will be replaced with a quicker, more efficient, and more easily accessible electronic-based system.

Eventually, the government's electronic bulletin board will be the only place to see a synopsis of contracting opportunities below \$250,000.

### **Protests and Claims**

FASA also addresses issues relating to bid protests and contractor claims. Under certain circumstances, contractors can file formal challenges or bid protests, against unfavorable terms in a government solicitation or to contest the government's decision to award a contract to a competitor. The FASA strives to reduce the number of bid protests by requiring that prospective contractors who are not selected for award be given information about the government's decision in a more timely fashion.

FASA now provides that within five days after the government receives a request for information, unsuccessful offerors will be debriefed by the government and told why their offer was not accepted and the basis for the government's selection decision.

Under certain circumstances, contractors can file claims against the government for increased costs caused by the government's actions during performance of the contract. FASA increases the threshold for requiring that contract claims be certified from \$50,000 to \$100,000. The statute also reduces the time period for bringing suit in the United States Court of Federal Claims from twelve months to ninety days after receiving a contracting officer's decision on the claim. This will make the time period for filing suit in the court consistent with that for filing in the agency boards of contract appeals.

### **Small Business Procedures**

The government has adopted policies designed to assist various types of small and disadvantaged businesses and to ensure that Congress' socio-economic objectives are met. To implement these policies, under certain circumstances, the government may provide contracting preferences for small businesses, small disadvantaged businesses, women-owned businesses, and contractors performing in a labor surplus area. This effort has been expanded by the FASA. The statute provides that civilian agencies, as well as the Defense Department, set-aside certain contracts to ensure that five percent of federal contracts are awarded to small disadvantaged businesses. The statute also creates a five percent women-owned business contracting goal.

### **Truth in Negotiations**

FASA raises the Truth in Negotiations Act ("TINA") threshold for submitting certified cost or pricing data from \$100,000 to \$500,000. The statute also extends TINA's application from the Defense Department to civilian agencies. TINA is generally designed to ensure that when the government buys at a price that has not been tested in the competitive marketplace, the government is put on an equal footing with its contractors. Raising the threshold to \$500,000 for certified cost or pricing data is intended to reduce the risk of inaccurate cost or pricing data submissions and to lessen the contractor's burden of compiling such data.

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\* David M. Nadler is a partner in the Washington, D.C. law firm of Dickstein, Shapiro & Morin, L.L.P., where he specializes in federal, state and local government contracts matters. He can be contacted at 202-828-2281 or via the Internet [David\\_M.\\_Nadler@DSMLLP.com](mailto:David_M._Nadler@DSMLLP.com).

# *the Blomfield co*

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April 16, 1996

Sent via Fax: 465-2418

Representative Mark Hanley, Co- Chairperson  
House Finance Committee  
State Capital  
Juneau, AK 99801-1182

Re: House Bill No. 482

Dear Rep. James:

The Blomfield Company manages numerous State leases representing approximately 17% of the statewide leasing budget. I have reviewed House Bill No. 482 as it pertains to 36.30.320 Lease Extensions Authorized.

The bill, as originally proposed, allows 10 year renewals in return for 10% reductions in rents.

Please be aware that a 10% reduction in total rents is considerably more than it appears. Rents should be viewed in 2 components:

- 1) Building operating costs - taxes, insurance, janitorial, utilities, management, maintenance, and replacement (35% of total rents)
- 2) Mortgage payments and owner profit (65% of total rents)


It is not feasible for a developer to reduce operating costs on projects without reducing the degree of service to the user. Therefore the entire rent reduction must be achieved through mortgage payments and owner profit reductions. Simple math shows a 10% reduction in total rents requires a 15% reduction in mortgage payments and owner profit. A 15% reduction requires a 23% reduction in mortgage payments and owner profit.

In today's financial market a 15% reduction in developer profit and debt service (10% reduction in total rents) is marginally achievable. A 23% (15% reduction in total rents) reduction is unachievable. Since January 1996 interest rates have gone up dramatically, further limiting developers ability to reduce rents.

Many State Leases were re-written under past legislation and rental reductions were achieved. If the current legislation is too restrictive these landlords may not be able to participate in this new program.

I strongly urge the committee to give the tools to the Department of Administration to negotiate hard with landlords to achieve savings to the State of Alaska, but not overly restrict them in their efforts. We support the bill as originally written.

Sincerely,



Tony Blomfield