

**HB**

**482**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 5/2/96

FURTHER:

DATE TURNED INTO OFFICE: 5/06/96

The Finance Committee considered CS FOR HOUSE BILL NO. 482(FIN) am  
 Relating to state procurement and lobbying contracts; efd.

REPORTED OUT OF  
 SFC 5/06/96

and recommends:

be replaced with S CS CS HB 482 (FIN)

adopt previous        CS        (      )

attached amendment(s)

adopt Letter of Intent by        Committee

further referral to the        Committee

**Senate Bill:**  
 same title  
 new title  
**House Bill:**  
 same title  
 technical change  
 new: SCR#       

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓	<i>[Signature]</i>	✓		
<i>[Signature]</i>	✓	<i>[Signature]</i>	✓		
<i>[Signature]</i>	✓	<i>[Signature]</i>	✓		
Co-Chair: <i>[Signature]</i>	✓	Co-Chair:			
Co-Chair: <i>[Signature]</i>	✓	Co-Chair:			

PREVIOUS

**NEW FISCAL NOTE(S):**

Department	Date	Zero	Fiscal
Natural Resources	2/1/96	Ø	
Public Safety	2/5/96	Ø	
Revenue	1/30/96	Ø	
Univ. Alaska	1/31/96	Ø	
DOT/PF	2/2/96		(5.0)
Admin/Leasing	4/24/96	Ø	

**PREVIOUS FISCAL NOTE(S):\***

Department	Date	Zero	Fiscal
Admin/Various	2/7/96	Ø	
Admin/Central Purchasing	2/7/96	Ø	
C&ED/Admin Services	2/1/96	Ø	
C&RA	2/2/96	Ø	
Corrections	2/5/96	Ø	
Education	2/9/96	Ø	
Environmental Conservation	2/1/96	Ø	
Fish & Game	1/30/96	Ø	
Gov.	1/29/96	Ø	
HSS/Admin	2/7/96	Ø	
Labor	1/30/96	Ø	
LAW	1/26/96	Ø	
MVA	2/1/96	Ø	

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

FISCAL NOTE

No. 20  
 Version: CSHB 482 (FIN)  
 (H) Publish Date: 4/26/96

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: \_\_\_\_\_  
 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
TOTAL OPERATING	0	(107.8)	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						
1037 GF/Mental Health						
OTHER						
TOTAL		(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 Bover *Mark Bover*  
 Agency: Administration

Date: 4/24/96

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE  
 For further distribution information, call the Governor's Legislative Office

## 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

pg-3 of 3

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	
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	\$5,539.86	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	
ANCHORAGE	2352/A-C (02)	12/14/96	\$1.11	23,159	\$32,593.37	\$27,704.88	\$4,888.10	0	\$0.00	12	\$58,669.16	
JUNEAU	2153/A/B (11)	08/31/97	\$1.87	8,175	\$15,248.83	\$12,961.50	\$2,287.32	0	\$0.00	12	\$27,447.89	
ANCHORAGE	2360 (21)	12/31/98	\$1.43	26,515	\$37,916.45	\$32,228.98	\$5,687.47	0	\$0.00	10	\$56,874.68	
PALMER	2365 (12)	07/09/96	\$1.90	2,381	\$4,523.90	\$3,845.32	\$678.59	12	\$8,143.02	0	\$0.00	
ANCHORAGE	2338 (12)	04/14/97	\$1.23	1,720	\$2,121.96	\$1,803.67	\$318.29	2.5	\$795.74	9.5	\$3,023.80	
HOMER	2342 (12)	04/24/97	\$1.59	752	\$1,192.67	\$1,013.77	\$178.90	2	\$357.80	10	\$1,789.01	
SOLDOTNA	2356 (12)	11/07/96	\$0.92	5,300	\$4,876.00	\$4,144.60	\$731.40	6	\$4,388.40	6	\$4,388.40	
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 **\$107,823.51**

# FISCAL NOTE

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

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date \_\_\_\_\_ Dept. Affected: DOT&PF  
 Title: State Procurement Practices and Procedures BRU: Department Wide  
 Component: Comm. Ofc.  
 Sponsor: Rules Committee  
 Requester: 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>

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

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

**FUND SOURCE** (Thousands of Dollars)

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**

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 mailings, ITBs 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 Phone: 465-3900  
 Special Assistant  
 Division: Office of the Commissioner Date: \_\_\_\_\_  
 Approved by: *Joseph L. Pribina* Date: 2/2/96  
 Commissioner  
 Agency: Department of Transportation and Public Facilities

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**

For further distribution information, call the Governor's Legislative Office

## FISCAL NOTE ATTACHMENT

HB 482

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

FISCAL NOTE

Io. 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)	FY97	FY98	FY99	FY00	FY01	FY02
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:	FY97	FY98	FY99	FY00	FY01	FY02
FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Marylou Burton, Director Phone: 463-3086  
 Division: Statewide Budget Office Date: 1/31/96  
 Approved by: Marylou Burton, Director Date: 1/31/96  
 Agency: Statewide Budget Office

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

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

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information call the Governor's Legislative Office

**COMMITTEE COPY**

# FISCAL NOTE

15

## 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  
and procedures BRU: DPS Statewide Support  
 Component: Admin Services  
 Sponsor: Rules Committee  
 Requestor: Governor COMPONENT SERIAL NO. 525

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

	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
<b>OPERATING</b>						
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: 465-4336  
 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

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**

**COMMITTEE COPY** or further distribution information call the Governor's Legislative Office

# FISCAL NOTE

No. 14  
 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 and procedures; and providing for an effective date. BRU: Management & Administration  
 Component: Administrative Services  
 Sponsor: Rules Committee  
 Requestor: Governor Knowles Component Serial No. 424

(Thousands of Dollars)

Expenditures/Revenues	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>	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
<b>CHANGE IN REVENUES ( )</b>	0.0	0.0	0.0	0.0	0.0	0.0

(Thousands of Dollars)

FUND SOURCE	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>	0.0	0.0	0.0	0.0	0.0	0.0

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

**POSITIONS**

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 John Knowles Date: 1-Feb-96  
 Agency: Natural Resources

# FISCAL NOTE

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>	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
<b>CHANGE IN REVENUES ( )</b>	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(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	0.0	0.0	0.0

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: Carol Carroll, Director Phone: 465-2406  
 Division: Administrative Services Date: 1-Feb-96  
 Approved by Commissioner: [Signature] Date: 1-Feb-96  
 Agency: Military & Veterans Affairs

**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						
<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						
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 (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. Pegues, 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

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE  
 For further distribution information, call the Governor's Legislative Office

# 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						
---------	--	--	--	--	--	--

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

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE  
 For further distribution information call the Governor's Legislative Office

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

Bill No. 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						
----------------------	--	--	--	--	--	--

CHANGES IN REVENUES ( )						
-------------------------	--	--	--	--	--	--

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

Phone: 465-3082  
Date: 02/06/96  
Date: 2/7/96

**COMMITTEE COPY** PREPARED TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE  
For further distribution information, call the Governor's Legislative Office

# 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>	<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: \$ 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

**COMMITTEE COPY**

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office

# 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  
 Sponsor: Rules Committee Component: Administrative Services  
 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						
----------------------	--	--	--	--	--	--

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

**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 Rece.pts						
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*  
 Division: Administrative Services  
 Approved by Commissioner: \_\_\_\_\_  
 Agency: Fish and Game

Phone: 465-5999  
 Date: 1/30/96  
 Date: 1/30/96

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

**COMMITTEE COPY** further distribution information, call the Governor's Legislative Office

# 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
----------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0
------------------------	-----	-----	-----	-----	-----	-----

**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

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office

# 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
-----------------------------	-----	-----	-----	-----	-----	-----

<b>CHANGE IN REVENUES</b>	0.0	0.0	0.0	0.0	0.0	0.0
---------------------------	-----	-----	-----	-----	-----	-----

**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  

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**

For further distribution information call the Governor's Legislative Office

# FISCAL NOTE

lo. 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						
----------------------	--	--	--	--	--	--

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

**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 W. Pugh Margaret Pugh  
 Agency: Department of Corrections

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

**COMMITTEE COPY** PREPARED TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE  
 For further distribution information, call the Governor's Legislative Office

# 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 BRU: none  
and procedures Component: none  
 Sponsor: Rules Committee  
 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						
<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
----------------------	---	---	---	---	---	---

CHANGE IN REVENUES ( ) Revenue Code						
--	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

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

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

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**

# 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	FY00	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>	
-----------------------------	--

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

**FUND SOURCE**

(Thousands of Dollars)

FUND SOURCE	FY 97	FY 98	FY 99	FY00	FY 01	FY 02
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

Phone: 465-2505

Date: February 1, 1995

Approved by Commissioner: William L. Hensley

Agency: Commerce and Economic Development

Date: 2-1-96

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**

For further distribution information, call the Governor's Legislative Office

**COMMITTEE COPY**

## 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

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
----------------------	---	---	---	---	---	---

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 Bover *[Signature]*  
Agency: Administration

Date: 2/7/96

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office

FISCAL NOTE

HB 482

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

Circulation: 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

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

HB 482

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

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.

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

**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>
<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						
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   Phone:   465-5655    
 Division:   Administrative Services   Date: \_\_\_\_\_

Approved by Commissioner:   Mark Boyer   Date:   2/7/96    
 Agency:   Department of Administration  

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information call the Governor's Legislative Office

**COMMITTEE COPY**

# A FAX

## Alaska State Legislature

Date: 6 May 1996

To: Legal Services - Terri Bannister

Fax #: 2029 Phone #: 2450

From: Sen. Finance Committee - Jerry

Phone #: 4935

Re: please incorporate attached amendments into CS HB 482 (FIN) am  
for final version SCS CS HB 482 (FIN) many thanks! (4-GH2020\G)

Following this page, please find 8 pages(s). If this does not reach you in full, please inform us ASAP.



# THANK YOU

Faxed at  
12:35 p.m.  
proofed w/ Kristens  
and sent to Flour  
midnight

A M E N D M E N T # 1

OFFERED IN THE SENATE

TO: CSHB 482(FIN) am

1 Page 1, following line 4:

2 Insert new bill sections to read:

3 **\*\* Section 1.** AS 24.55.275 is amended to read:

4 Sec. 24.55.275. CONTRACT PROCEDURES. The ombudsman shall adopt  
5 by regulation procedures consistent with AS 36.30 to be followed by the office of the  
6 ombudsman in contracting for services. However, the procedure for requests for  
7 proposals does not apply to contracts for investigations under AS 24.55.100, and the  
8 office of the ombudsman shall comply with AS 36.30.170(b).

9 **\* Sec. 2.** AS 36.30.015(e) is amended to read:

10 (e) The board of directors of the Alaska Railroad Corporation and the board  
11 of directors of the Alaska Aerospace Development Corporation shall adopt procedures  
12 to govern the procurement of supplies, services, professional services, and  
13 construction. The procedures must be substantially equivalent to the procedures  
14 prescribed in this chapter and in regulations adopted under this chapter.  
15 Notwithstanding the other provisions of this subsection, the Alaska Railroad  
16 Corporation and the Alaska Aerospace Development Corporation shall comply  
17 with AS 36.30.170(b).

18 **\* Sec. 3.** AS 36.30.015(f) is amended to read:

19 (f) The board of directors of the Alaska Housing Finance Corporation,  
20 notwithstanding AS 18.56.088, shall adopt regulations under AS 44.62 (Administrative  
21 Procedure Act) and the board of trustees of the Alaska State Pension Investment  
22 Board shall adopt regulations under AS 37.10.240 to govern the procurement of  
23 supplies, services, professional services, and construction for the respective public  
24 corporation and board. The regulations must [(1)] reflect competitive bidding  
25 principles and provide vendors reasonable and equitable opportunities to participate

1 in the procurement process [;] and must [(2)] include procurement methods to meet  
2 emergency and extraordinary circumstances. Notwithstanding the other provisions  
3 of this subsection, the Alaska Housing Finance Corporation and the Alaska State  
4 Pension Investment Board shall comply with AS 36.30.170(b).

5 \* Sec. 4. AS 36.30.015(h) is amended to read:

6 (h) The board of directors of the Alaska Seafood Marketing Institute shall  
7 adopt procedures to govern the procurement of supplies, services, and professional  
8 services. The procedures must be similar to the procedures prescribed in this chapter  
9 and in regulations adopted under this chapter, except that the Alaska Seafood  
10 Marketing Institute shall comply with AS 36.30.170(b).

11 \* Sec. 5. AS 36.30.020 is amended to read:

12 Sec. 36.30.020. LEGISLATURE. The Legislative Council shall adopt and  
13 publish procedures to govern the procurement of supplies, services, professional  
14 services, and construction by the legislative branch. The procedures must be based  
15 on the competitive principles consistent with this chapter and must be adapted to the  
16 special needs of the legislative branch as determined by the Legislative Council. The  
17 procedures must be consistent with the provisions of AS 36.30.080(c) - (e) and  
18 36.30.085. Notwithstanding the other provisions of this section, the legislative  
19 agencies subject to the legislative council's regulations shall comply with  
20 AS 36.30.170(b).

21 \* Sec. 6. AS 36.30.030 is amended to read:

22 Sec. 36.30.030. COURT SYSTEM. The administrative director of courts shall  
23 adopt and publish procedures to govern the procurement of supplies, services,  
24 professional services, and construction by the judicial branch. The procedures must  
25 be based on the competitive principles consistent with this chapter and must be  
26 adapted to the special needs of the judicial branch as determined by the administrative  
27 director of courts. The procedures must be consistent with the provisions of  
28 AS 36.30.080(c) - (e) and 36.30.085. Notwithstanding the other provisions of this  
29 section, the judicial branch shall comply with AS 36.30.170(b)."

30 Page 1, line 5:

31 Delete "\*\* Section 1."

1           Insert "\* Sec. 7."

2           Renumber the following bill sections accordingly.

3           Page 9, lines 11 - 25:

4           Delete all material and insert:

5                   "(a) A construction contract under \$100,000, or a contract for supplies,  
6                   services, or professional services, [OR A CONSTRUCTION CONTRACT UNDER  
7                   \$100,000,] may be awarded without competitive sealed bidding or competitive sealed  
8                   proposals, in accordance with regulations adopted by the commissioner. A contract  
9                   may be awarded under this section only when the chief procurement officer [, OR,  
10                   FOR CONSTRUCTION CONTRACTS UNDER \$100,000 OR PROCUREMENTS  
11                   FOR THE STATE EQUIPMENT FLEET, THE COMMISSIONER OF  
12                   TRANSPORTATION AND PUBLIC FACILITIES,] determines in writing that a  
13                   situation exists that makes competitive sealed bidding or competitive sealed proposals  
14                   impractical or contrary to the public interest, except that the attorney general may  
15                   make the determination for services of legal counsel, and the commissioner of  
16                   transportation and public facilities may make the determination for construction  
17                   contracts under \$100,000 or procurements for the state equipment fleet.  
18                   Procurements under this section shall be made with competition that is practicable  
19                   under the circumstance. Except for procurements of supplies, services, professional  
20                   services, or construction that do not exceed the amount for small procurements under  
21                   AS 36.30.320(a) [OR (b)], as applicable, the authority to make a determination  
22                   required by this section may not be delegated."

23          Page 11, line 31:

24           Delete "AS 36.30.520(a)"

25           Insert "AS 36.30.520"

26          Page 11, following line 31:

27           Insert "Sec. 36.30.520. RECORDS OF SINGLE [SOLE] SOURCE AND  
28           EMERGENCY PROCUREMENTS."

1 Page 12, following line 7:

2 Insert a new subsection to read:

3 "(b) The Department of Transportation and Public Facilities and any agency  
4 to whom the commissioner of administration or the commissioner of transportation  
5 and public facilities has delegated procurement authority under AS 36.30.015 shall,  
6 by October 1 of each year, submit to the commissioner of administration records of  
7 the type specified in (a) of this section for emergency procurements made under  
8 AS 36.30.310. The Department of Transportation and Public Facilities shall, even  
9 if procurement authority has been delegated under AS 36.30.015 to another  
10 agency, by October 1 of each year, submit to the commissioner of administration  
11 records of the type specified in (a) of this section for single source procurement  
12 contracts made under AS 36.30.300. The commissioner of administration shall  
13 maintain these records as required by (a) of this section."

14 Page 12, line 29:

15 Delete "amended"

16 Insert "repealed and reenacted"

17 Page 12, line 30, through page 13, line 10:

18 Delete all material and insert:

19 "(a) A protest based on alleged improprieties or ambiguities in a solicitation  
20 must be filed at least 10 days before the due date of the bid or proposal, unless a later  
21 protest due date is specifically allowed in the solicitation. If a solicitation is made  
22 with a shortened public notice period and the protest is based on alleged improprieties  
23 or ambiguities in the solicitation, the protest must be filed before the due date of the  
24 bid or proposal. Notwithstanding the other provisions in this subsection, the protest  
25 of an invitation to bid or a request for proposals in which a pre-bid or pre-proposal  
26 conference is held within 12 days of the due date must be filed before the due date  
27 of the bid or proposal if the protest is based on alleged improprieties or ambiguities  
28 in the solicitation. A protest based upon alleged improprieties in an award of a  
29 contract or a proposed award of a contract must be filed within 10 days after a notice  
30 of intent to award the contract is issued by the procurement officer."

1 Page 15, lines 2 - 3:

2 Delete "by the Office of the Governor for lobbying, public relations or advertising"

3 Insert "of contracts with the media for advertising"

4 Page 15, line 14:

5 Delete "by federal law"

6 Insert "under 41 U.S.C. 251 - 266 [BY LAW]"

7 Page 17, line 7:

8 Delete "secs. 50 - 52"

9 Insert "secs. 56 - 58"

10 Page 17, line 10:

11 Delete "secs. 1 - 41 and 43 - 52"

12 Insert "secs. 1 - 47 and 49 - 58"

13 Page 17, line 12:

14 Delete "secs. 1 - 41 and 43 - 52"

15 Insert "secs. 1 - 47 and 49 - 58"

16 Page 17, lines 13 - 14:

17 Delete "secs. 1 - 41 and 43 - 52"

18 Insert "secs. 1 - 47 and 49 - 58"

19 Page 17, line 16:

20 Delete "secs. 1 - 41 and 43 - 52"

21 Insert "secs. 1 - 47 and 49 - 58"

22 Page 17, line 17:

23 Delete "secs. 1 - 41 and 43 - 52"

24 Insert "secs. 1 - 47 and 49 - 58"

1 Page 17, line 20:

2 Delete "sec. 5"

3 Insert "sec. 11"

4 Page 17, line 22:

5 Delete "Sections 2 - 9, 11, 15, 20, 21, 23 - 25, 37 - 39, 41, 44(a), and 45 - 48"

6 Insert "Sections 8 - 15, 17, 21, 26, 27, 29 - 31, 43 - 45, 47, 50(a), and 51 - 54"

7 Page 17, line 24:

8 Delete "Sections 1, 10, 12 - 14, 16 - 19, 22, 26, 27, 29 - 36, 40, and 44(b)"

9 Insert "Sections 1 - 7, 16, 18 - 20, 22 - 25, 28, 32, 33, 35 - 42, 46, and 50(b)"

10 Page 17, line 26:

11 Delete "Section 28"

12 Insert "Section 34"

13 Page 17, line 27:

14 Delete "Section 43"

15 Insert "Section 49"

moved Sen. Rieger  
w/o objection  
ADOPTED

AMENDMENT #3

OFFERED IN THE SENATE  
TO: CSHB 482(FIN) am

BY SENATOR RIEGER

Delete: Page 16, lines 6 - 10

ADD: Page 16, line 6

SENATE FINANCE  
COMMITTEE  
Amendment Number: 3  
Bill Number: \_\_\_\_\_  
Sponsor: \_\_\_\_\_ Date: \_\_\_\_\_  
Logged In By: \_\_\_\_\_

(b) In this section,

(1) "lobby a municipality" means<sup>to</sup> engage in an activity for the purpose of influencing municipal legislative or administrative action if the activity is substantially the same as activity that would have required registration under AS 24.45.121 if the activity was for the purpose of influencing state legislative or administrative action;

(2) "lobby the state" means to engage in an activity for which registration is required under AS 24.45.121.

*mean's may  
agency of a  
municipality*

moved Sen. Phillips  
w/o objection  
ADOPTED

SENATE FINANCE  
COMMITTEE  
Amendment Number: 7  
Bill Number: \_\_\_\_\_  
Sponsor: \_\_\_\_\_ Date: \_\_\_\_\_  
Logged In By: \_\_\_\_\_

Amendment

TO: CS HB482(FIN)

By Sen. R. Phillips

Page 2, Line 29 to Page 3, Line 17: Delete all material

moved Sen. Sharp  
w/o objection, adopted  
w/ amendments

9-GH2020\G

303 CS FOR HOUSE BILL NO. 482(FIN) ~~am~~

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Amended: 4/30/96

Offered: 4/26/96

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to lobbying contracts of state-related entities and involving  
2 lobbying contracts of state-related entities and state procurement practices and  
3 procedures; and providing for an effective date."

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

5 \* Section 1. AS 36.30.040(b)(4) is amended to read:

6 (4) conditions and procedures for the use of source selection methods  
7 authorized by this chapter, including single [SOLE] source procurements, emergency  
8 procurements, and small procurements;

9 \* Sec. 2. AS 36.30.040(b)(15) is amended to read:

10 (15) a bidder's or offeror's duties under this chapter [AS 36.30.115  
11 AND 36.30.210]; and

12 \* Sec. 3. AS 36.30.050(a) is amended to read:

13 (a) Except for persons debarred or suspended under AS 36.30.635 -  
14 36.30.655, the [THE] commissioner shall establish and maintain current lists of

1 persons who desire to provide supplies, services, professional services, or construction  
2 services to the state.

3 \* Sec. 4. AS 36.30.080 is amended by adding a new subsection to read:

4 (f) When the department is acquiring leased space of 3,000 square feet or less,  
5 the department may procure the leased space using the procedures for small  
6 procurements under AS 36.30.320, providing public notice is given to prospective  
7 offerors in the market area.

8 \* Sec. 5. AS 36.30 is amended by adding a new section to read:

9 Sec. 36.30.083. LEASE EXTENSIONS AUTHORIZED. (a) Notwithstanding  
10 any other provision of this chapter, the department, the Board of Regents of the  
11 University of Alaska, the legislative council, or the court system may extend, for up  
12 to a maximum extension of 10 years, a real property lease that is entered into under  
13 this chapter including procedures and regulations adopted under AS 36.30.005(c),  
14 36.30.020, and 36.30.030 and has at least six months remaining under the lease term,  
15 if a minimum cost savings of

16 (1) 15 percent can be achieved on the rent due under the lease; or

17 (2) 10 percent can be achieved on the rent due under the lease and the  
18 lessor agrees to make modifications of the leased real property to bring the real  
19 property into compliance with the requirements of 42 U.S.C. 12101 - 12213  
20 (Americans with Disabilities Act of 1990).

21 (b) The cost savings under (a) of this section shall be calculated on the  
22 remaining term of the lease and any renewals, including extensions allowed under (a)  
23 of this section.

24 (c) The department, the University of Alaska, the court system, and the  
25 Legislative Affairs Agency shall submit individually an annual report to the Legislative  
26 Budget and Audit Committee detailing the leases extended and the cost savings  
27 achieved by that entity under (a) or (b) of this section. Reports are due August 31 of  
28 each year.

29 \* Sec. 6. AS 36.30.085(d) is amended to read:

30 (d) If the department, Board of Regents, legislative council, or supreme court  
31 intends to enter into or renew a lease-purchase agreement for real property with an

1 annual rent to the department, University of Alaska, legislative council, or  
2 supreme court that is anticipated to exceed \$500,000, or with total lease payments  
3 that exceed \$2,500,000 for the full term of the lease-purchase agreement, the  
4 department, Board of Regents, legislative council, or supreme court shall provide  
5 notice to the legislature. The notice must include the

6 (1) anticipated total construction, acquisition, or other costs of the  
7 project;

8 (2) anticipated annual amount of the rental obligation; and

9 (3) total lease payments for the full term of the lease-purchase  
10 agreement.

11 \* Sec. 7. AS 36.30.085(c) is amended to read:

12 (c) The department, the Board of Regents, the legislative council, or the  
13 supreme court may not enter into a lease-purchase agreement to acquire or improve  
14 real property with an annual rent to the department, University of Alaska,  
15 legislative council, or supreme court that is anticipated to exceed \$500,000, or with  
16 total lease payments that exceed \$2,500,000 for the full term of the lease-purchase  
17 agreement, unless the agreement has been approved by the legislature by law.

18 \* Sec. 8. AS 36.30.115 is amended to read:

19 Sec. 36.30.115. SUBCONTRACTORS FOR CONSTRUCTION  
20 CONTRACTS. (a) Within five working days after the identification of the apparent  
21 low bidder for a construction contract, the apparent low bidder shall submit a list of  
22 the subcontractors the bidder proposes to use in the performance of the construction  
23 contract. The list must include the name and location of the place of business for each  
24 subcontractor, [AND] evidence of each [THE] subcontractor's valid Alaska business  
25 license, and [. A BIDDER FOR A CONSTRUCTION CONTRACT SHALL ALSO  
26 SUBMIT] evidence of each subcontractor's registration under AS 08.18. If a  
27 subcontractor on the list did not have a valid Alaska business license and a valid  
28 certificate of registration under AS 08.18 at the time the bid was opened, the bidder  
29 may not use the subcontractor in the performance of the contract, and shall replace the  
30 subcontractor with a subcontractor who had a valid Alaska business license and a valid  
31 certificate of registration under AS 08.18 at the time the bid was opened.

1 (b) The apparent low [A] bidder for a construction contract may replace  
2 a listed subcontractor if the subcontractor

- 3 (1) fails to comply with AS 08.18;  
4 (2) files for bankruptcy or becomes insolvent;  
5 (3) fails to execute a contract with the bidder involving performance  
6 of the work for which the subcontractor was listed and the bidder acted in good faith;  
7 (4) fails to obtain bonding;  
8 (5) fails to obtain insurance acceptable to the state;  
9 (6) fails to perform the contract with the bidder involving work for  
10 which the subcontractor was listed;  
11 (7) must be substituted in order for the prime contractor to satisfy  
12 required state and federal affirmative action requirements;  
13 (8) refuses to agree or abide with the bidder's labor agreement; or  
14 (9) is determined by the procurement officer not to be a responsible  
15 subcontractor.

16 (c) If a bidder for a construction contract fails to list a subcontractor or lists  
17 more than one subcontractor for the same portion of work and the value of that work  
18 is in excess of half of one percent of the total bid, the bidder shall be considered to  
19 have agreed to perform that portion of work without the use of a subcontractor and to  
20 have represented the bidder to be qualified to perform that work.

21 (d) A bidder for a construction contract who attempts to circumvent the  
22 requirements of this section by listing as a subcontractor another contractor who, in  
23 turn, sublets the majority of the work required under the contract violates this section.

24 (e) If a construction contract is awarded to a bidder who violates this section,  
25 the procurement [PURCHASING] officer may

- 26 (1) cancel the contract; or  
27 (2) after notice and a hearing, assess a penalty on the bidder in an  
28 amount that does not exceed 10 percent of the value of the subcontract at issue.

29 \* Sec. 9. AS 36.30.130(a) is amended to read:

30 (a) The procurement officer shall give adequate public notice of the invitation  
31 to bid at least 21 days before the date for the opening of bids. If the procurement

1 officer determines [A DETERMINATION IS MADE] in writing that a shorter notice  
2 period is advantageous [NECESSARY] for a particular bid and adequate  
3 competition is anticipated, the 21-day period may be shortened. [THE  
4 DETERMINATION SHALL BE MADE BY THE CHIEF PROCUREMENT OFFICER  
5 FOR BIDS FOR SUPPLIES, SERVICES, OR PROFESSIONAL SERVICES. THE  
6 DETERMINATION SHALL BE MADE BY THE COMMISSIONER OF  
7 TRANSPORTATION AND PUBLIC FACILITIES FOR BIDS FOR  
8 CONSTRUCTION OR ACQUISITION OF PROPERTY FOR THE STATE  
9 EQUIPMENT FLEET.] Notice shall be published in the Alaska Administrative  
10 Journal. The time and manner of notice must be in accordance with regulations  
11 adopted by the commissioner of administration. When practicable, notice may include

12 (1) publication in a newspaper calculated to reach prospective bidders  
13 located in the state;

14 (2) notices posted in public places within the area where the work is  
15 to be performed or the material furnished; and

16 (3) notices mailed to all active prospective contractors on the  
17 appropriate list maintained under AS 36.30.050

18 (A) if the contractors are located in the state;

19 (B) upon request, if the contractors are not located in the state.

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

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

25 \* Sec. 11. AS 36.30.200 is amended to read:

26 Sec. 36.30.200. CONDITIONS FOR USE. (a) Except as otherwise provided  
27 in this chapter, or unless specifically exempted by law, an agency contract shall be  
28 awarded by competitive sealed proposals if it is not awarded by competitive sealed  
29 bidding. [CONSTRUCTION MAY ONLY BE PROCURED BY COMPETITIVE  
30 SEALED PROPOSALS IF THE CONDITIONS UNDER (c) OF THIS SECTION ARE  
31 MET.]

1 (b) The commissioner may provide by regulation that it is either not  
2 practicable or not advantageous to the state to procure specified types of supplies,  
3 services, or construction by competitive sealed bidding that would otherwise be  
4 procured by that method. When the [CHIEF] procurement officer [, OR FOR  
5 CONSTRUCTION CONTRACTS OR PROCUREMENTS FOR THE STATE  
6 EQUIPMENT FLEET, THE COMMISSIONER OF TRANSPORTATION AND  
7 PUBLIC FACILITIES,] determines in writing with particularity that the use of  
8 competitive sealed proposals is more [BIDDING IS EITHER NOT PRACTICABLE  
9 OR NOT] advantageous to the state than competitive sealed bidding, a contract may  
10 be entered into by competitive sealed proposals [IN ACCORDANCE WITH THE  
11 REGULATIONS. WHEN IT IS DETERMINED THAT IT IS PRACTICABLE BUT  
12 NOT ADVANTAGEOUS TO USE COMPETITIVE SEALED BIDDING, THE CHIEF  
13 PROCUREMENT OFFICER OR COMMISSIONER OF TRANSPORTATION AND  
14 PUBLIC FACILITIES SHALL SPECIFY WITH PARTICULARITY THE BASIS FOR  
15 THE DETERMINATION].

16 (c) When the commissioner of transportation and public facilities [CHIEF  
17 PROCUREMENT OFFICER] determines that it is advantageous to the state, a  
18 procurement officer may issue a request for proposals requesting the submission of  
19 offers to provide construction in accordance with a design provided by the offeror.  
20 The request for proposals shall require that each proposal submitted contain a single  
21 price that includes the design/build.

22 \* Sec. 12. AS 36.30.210 is repealed and reenacted to read:

23 Sec. 36.30.210. REQUEST FOR PROPOSALS. (a) A request for competitive  
24 sealed proposals must contain the date, time, and place for delivering proposals, a  
25 specific description of the supplies, construction, services, or professional services to  
26 be provided under the contract, and the terms under which the supplies, construction,  
27 services, or professional services are to be provided.

28 (b) An offeror for a construction contract shall submit evidence of the offeror's  
29 registration under AS 08.18. A request for sealed proposals for a construction contract  
30 must require the offeror, no later than five working days after the proposal that is the  
31 most advantageous to the state is identified, to list subcontractors the offeror proposes

1 to use in the performance of the construction contract. The list must include the  
2 information required under AS 36.30.115(a). The provisions of AS 36.30.115(b) - (c)  
3 apply to competitive sealed proposals for construction contracts.

4 (c) A request for proposals must contain that information necessary for an  
5 offeror to submit a proposal or contain references to any information that cannot  
6 reasonably be included with the request. The request must provide a description of the  
7 factors that will be considered by the procurement officer when evaluating the  
8 proposals received, including the relative importance of price and other evaluation  
9 factors.

10 (d) Notice of a request for proposals shall be given in accordance with  
11 procedures under AS 36.30.130. The procurement officer may use additional means  
12 considered appropriate to notify prospective offerors of the intent to enter into a  
13 contract through competitive sealed proposals.

14 (e) The offeror must have a valid Alaska business license at the time  
15 designated, in the request for proposals, for opening of the proposals.

16 \* Sec. 13. AS 36.30.230 is amended to read:

17 Sec. 36.30.230. DISCLOSURE OF PROPOSALS. The procurement officer  
18 shall open proposals so as to avoid disclosure of contents to competing offerors before  
19 notice of intent to award a contract is issued [DURING THE PROCESS OF  
20 NEGOTIATIO √]. A register of proposals containing the name and address of each  
21 offeror shall be prepared in accordance with regulations adopted by the commissioner.  
22 The register and the proposals are open for public inspection after the notice of intent  
23 to award a contract is issued under AS 36.30.365. To the extent that the offeror  
24 designates and the procurement officer concurs, trade secrets and other proprietary data  
25 contained in the proposal documents are confidential.

26 \* Sec. 14. AS 36.30.230 is amended by adding a new subsection to read:

27 (b) If a solicitation is cancelled under AS 36.30.350 after proposals are  
28 received but before a notice of intent to award a contract has been issued under  
29 AS 36.30.365, a protest of the solicitation or of the cancellation of the solicitation has  
30 not been filed by an interested party under AS 36.30.560, and the time specified in  
31 AS 36.30.565(a) for filing such a protest has expired, the procurement officer may

1 return a proposal to the offeror that made the proposal. The procurement officer shall  
2 keep a list of returned proposals in the file for the solicitation.

3 \* Sec. 15. AS 36.30.260 is amended to read:

4 Sec. 36.30.260. CONTRACT EXECUTION. A contract awarded under  
5 competitive sealed proposals must contain

6 (1) a statement of the amount of the contract [STATED ON ITS  
7 FIRST PAGE];

8 (2) the date for the supplies to be delivered or the dates for  
9 construction, services, or professional services to begin and be completed;

10 (3) a description of the supplies, construction, services, or professional  
11 services to be provided; and

12 (4) certification by the project director for the contracting agency, the  
13 head of the contracting agency, or a designee that sufficient money is [FUNDS ARE]  
14 available in an appropriation to be encumbered for the amount of the contract.

15 \* Sec. 16. AS 36.30.300 is repealed and reenacted to read:

16 Sec. 36.30.300. SINGLE SOURCE PROCUREMENTS. (a) A contract may  
17 be awarded for supplies, services, professional services, or construction without  
18 competitive sealed bidding, competitive sealed proposals, or other competition in  
19 accordance with regulations adopted by the commissioner. A contract may be awarded  
20 under this section only when the chief procurement officer or, for construction  
21 contracts or procurements for the state equipment fleet, the commissioner of  
22 transportation and public facilities determines in writing that

23 (1) it is not practicable to award a contract by competitive sealed  
24 bidding under AS 36.30.100, competitive sealed proposals under AS 36.30.200, or  
25 limited competition under AS 36.30.305; and

26 (2) award of the contract under this section is in the state's best interest.

27 (b) The using agency shall submit written evidence to support a request for a  
28 single source procurement. The commissioner of administration or the commissioner  
29 of transportation and public facilities, as appropriate, may also require the submission  
30 of cost or pricing data in connection with an award under this section.

31 (c) To the extent practicable, the procurement officer shall negotiate with the

1 single source to obtain contract terms advantageous to the state.

2 (d) Procurement requirements may not be aggregated or structured so as to  
3 constitute a purchase under this section or to circumvent the source selection  
4 procedures required by AS 36.30.100 - 36.30.270.

5 (e) Except for procurements of supplies, services, professional services, or  
6 construction that do not exceed the amount for small procurements under  
7 AS 36.30.320(a) as applicable, the authority to make a determination required by this  
8 section may not be delegated, even if the authority to contract is delegated under  
9 AS 36.30.015(a) and (b).

10 \* Sec. 17. AS 36.30.305(a) is amended to read:

11 (a) A contract for supplies, services, professional services, or a construction  
12 contract under \$100,000, may be awarded without competitive sealed bidding or  
13 competitive sealed proposals, in accordance with regulations adopted by the  
14 commissioner. A contract may be awarded under this section only when the chief  
15 procurement officer, or, for construction contracts under \$100,000 or procurements for  
16 the state equipment fleet, the commissioner of transportation and public facilities, or,  
17 for services of legal counsel, the attorney general, determines in writing that a  
18 situation exists that makes competitive sealed bidding or competitive sealed proposals  
19 impractical or contrary to the public interest. Procurements under this section shall be  
20 made with competition that is practicable under the circumstances  
21 [CIRCUMSTANCE. EXCEPT FOR PROCUREMENTS OF SUPPLIES, SERVICES,  
22 PROFESSIONAL SERVICES, OR CONSTRUCTION THAT DO NOT EXCEED THE  
23 AMOUNT FOR SMALL PROCUREMENTS UNDER AS 36.30.320(a) OR (b),  
24 AS APPLICABLE, THE AUTHORITY TO MAKE A DETERMINATION  
25 REQUIRED BY THIS SECTION MAY NOT BE DELEGATED].

26 \* Sec. 18. AS 36.30.305(d) is amended to read:

27 (d) Single [SOLE] source procurements may not be made under this section.

28 \* Sec. 19. AS 36.30 is amended by adding a new section to read:

29 Sec. 36.30.308. INNOVATIVE PROCUREMENTS. (a) A contract may be  
30 awarded for supplies, services, professional services, or construction using an  
31 innovative procurement process, with or without competitive sealed bidding or

1 competitive sealed proposals, in accordance with regulations adopted by the  
2 commissioner. A contract may be awarded under this section only when the chief  
3 procurement officer, or, for construction contracts or procurements of the state  
4 equipment fleet, the commissioner of transportation and public facilities, determines  
5 in writing that it is advantageous to the state to use an innovative competitive  
6 procurement process in the procurement of new or unique requirements of the state,  
7 new technologies, or to achieve best value.

8 (b) The procurement officer shall submit a procurement plan to the Department  
9 of Law for review and approval as to form before issuing the notice required by (c)  
10 of this section.

11 (c) A procurement under this section is subject to the requirements of  
12 AS 36.30.130.

13 (d) Nothing in this section precludes the adoption of regulations providing for  
14 the use of bonuses instead of preferences in a procurement of construction.

15 \* Sec. 20. AS 36.30 is amended by adding new sections to read:

16 Sec. 36.30.311. EMPLOYMENT AND YOUTH JOB TRAINING PROGRAM  
17 PROCUREMENTS. A procurement of products manufactured or services provided by  
18 an employment program of the state or an accredited youth education and employment  
19 program may be made without competitive sealed bidding or competitive sealed  
20 proposals, in accordance with regulations adopted by the commissioner.

21 Sec. 36.30.313. CORRECTIONAL INDUSTRIES PROCUREMENTS. A  
22 procurement of products or services provided by the correctional industries program  
23 established under AS 33.32 may be made without competitive sealed bidding or  
24 competitive sealed proposals, in accordance with regulations adopted by the  
25 commissioner.

26 \* Sec. 21. AS 36.30.315 is amended to read:

27 Sec. 36.30.315. FALSE STATEMENTS IN DETERMINATIONS [BY  
28 CHIEF PROCUREMENT OFFICER]; CRIMINAL PENALTY. (a) In a determination  
29 made by a state official [THE CHIEF PROCUREMENT OFFICER] under  
30 AS 36.30.300 - 36.30.310, the state official making the determination [CHIEF  
31 PROCUREMENT OFFICER] shall independently examine the material facts of the

1 procurement and independently determine whether the procurement is eligible for the  
2 procurement method requested.

3 (b) If a state official [THE CHIEF PROCUREMENT OFFICER] knowingly  
4 makes a false statement in a determination made [BY THE CHIEF PROCUREMENT  
5 OFFICER] under AS 36.30.300 - 36.30.310, the state official [CHIEF  
6 PROCUREMENT OFFICER] is guilty of a class A misdemeanor.

7 \* Sec. 22. AS 36.30.320(a) is amended to read:

8 (a) A procurement for supplies, services, or professional services  
9 [CONSTRUCTION] that does not exceed an aggregate dollar amount of \$50,000,  
10 construction that does not exceed an aggregate dollar amount of \$100,000, or lease  
11 of space that does not exceed 3,000 square feet [\$25,000] may be made in  
12 accordance with regulations adopted by the commissioner for small procurements.

13 \* Sec. 23. AS 36.30 is amended by adding a new section to read:

14 Sec. 36.30.331. DELIVERY OF SUPPLIES. Supplies purchased under this  
15 chapter shall be delivered at a location within the state unless the department  
16 determines that a point of delivery outside the state would be in the best interest of the  
17 state. A bid or proposal involving the procurement of supplies must specify the  
18 delivery location and must state that the price is the delivered price at that location.

19 \* Sec. 24. AS 36.30 is amended by adding a new section to read:

20 Sec. 36.30.333. PROCUREMENT OF PAPER. Except as otherwise required  
21 under AS 36.15.050, AS 36.30.322 - 36.30.332, and 36.30.334 - 36.30.338, when a  
22 state agency purchases paper, at least 25 percent of the quantity purchased must be  
23 recycled paper unless recycled paper is not available for the purchase or unless, after  
24 application of the procurement preference under AS 36.30.339, the recycled paper is  
25 more expensive than the nonrecycled paper.

26 \* Sec. 25. AS 36.30 is amended by adding a new section to read:

27 Sec. 36.30.335. PRODUCT PREFERENCES. This chapter does not modify  
28 AS 36.15.010 and 36.15.020 regarding preference for Alaska forest products, or  
29 AS 36.15.050 and 36.15.060 regarding preference for Alaska agricultural and fisheries  
30 products, except as provided in AS 36.30.170(b), (c), (e) - (h), and 36.30.339.

31 \* Sec. 26. AS 36.30.520(a) is amended to read:

1 (a) The commissioner shall maintain for a minimum of five years a record  
2 listing all single [SOLE] source procurement contracts made under AS 36.30.300 and  
3 emergency procurements made under AS 36.30.310. The record must contain

4 (1) each contractor's name;

5 (2) the amount and type of each contract; and

6 (3) a listing of the supplies, services, professional services, or  
7 construction procured under each contract.

8 \* Sec. 27. AS 36.30 is amended by adding a new section to read:

9 Sec. 36.30.522. RECORDS OF INNOVATIVE PROCUREMENTS. The  
10 commissioner and the contracting agency shall keep a file for each contract awarded  
11 under an innovative procurement process under AS 36.30.308. The file is subject to  
12 inspection under the same standards as described in AS 36.30.140(b) and 36.30.230.  
13 The file kept by the commissioner must contain a summary of the information in the  
14 file of the contracting agency. The file kept by the contracting agency must contain

15 (1) a copy of the contract;

16 (2) the written determination under AS 36.30.308(a);

17 (3) the procurement plan as approved as to form by the Department of  
18 Law;

19 (4) the record of notice under AS 36.30.130; and

20 (5) the record of respondents to solicitation.

21 \* Sec. 28. AS 36.30 is amended by adding a new section to article 9 to read:

22 Sec. 36.30.550. APPLICABILITY OF PROTEST AND APPEAL  
23 PROCEDURES. (a) Except for small procurements made under AS 36.30.320, the  
24 provisions of AS 36.30.560 - 36.30.615 apply to a solicitation, a proposed contract  
25 award, and an award of a contract for supplies, services, professional services, or  
26 construction.

27 (b) The commissioner shall adopt regulations providing for protest and appeal  
28 procedures of small procurements made under AS 36.30.320.

29 \* Sec. 29. AS 36.30.565(a) is amended to read:

30 (a) A protest based upon alleged improprieties or ambiguities in a  
31 solicitation must be filed at least 10 days before the due date of the bid or

1           proposal, unless a later protest deadline is specifically allowed in the solicitation.  
2           A protest of a bid or proposal with a shortened public notice, which is based upon  
3           alleged improprieties or ambiguities in the solicitation, must be filed prior to the  
4           due date of the bid or proposal. Notwithstanding the other provisions in this  
5           subsection, a protest of a bid or proposal in which a pre-bid or pre-proposal  
6           conference is held within 12 days of the due date, which is based upon alleged  
7           improprieties or ambiguities in the solicitation, must be filed prior to the due date  
8           of the bid or proposal. A protest based upon alleged improprieties in an award of  
9           a contract or a proposed award of a contract must be filed within 10 days after a notice  
10          of intent to award the contract is issued by the procurement officer.

11       \* Sec. 30. AS 36.30.580(a) is amended to read:

12               (a) The procurement officer of the contracting agency shall issue a written  
13               decision containing the basis of the decision within 15 [14] days after a protest has  
14               been filed. A copy of the decision shall be furnished to the protester by certified mail  
15               or other method that provides evidence of receipt.

16       \* Sec. 31. AS 36.30.580(b) is amended to read:

17               (b) The time for a decision may be extended up to 30 [26] days for good cause  
18               by the commissioner of administration, or, for protests involving construction or  
19               procurements for the state equipment fleet, the commissioner of transportation and  
20               public facilities. If an extension is granted, the procurement officer shall notify the  
21               protester in writing of the date that [OF] the decision is due.

22       \* Sec. 32. AS 36.30.585 is amended by adding a new subsection to read:

23               (c) Notwithstanding (a) and (b) of this section, if a protest is sustained in  
24               whole or part, the protester's damages are limited to reasonable bid or proposal  
25               preparation costs.

26       \* Sec. 33. AS 36.30.605(a) is amended to read:

27               (a) The procurement officer of the contracting agency shall file a complete  
28               report on the protest and decision with the commissioner of administration or the  
29               commissioner of transportation and public facilities, as appropriate, within 10 [SEVEN]  
30               days after a protest appeal is filed. The procurement officer shall furnish a copy of  
31               the report to the protester and to interested parties that have requested a copy of the

1 appeal under AS 36.30.595(b).

2 \* Sec. 34. AS 36.30.605(c) is amended to read:

3 (c) The protester may file comments on the protest report with the  
4 commissioner of administration or the commissioner of transportation and public  
5 facilities, as appropriate, within 10 [SEVEN] days after the report is received. The  
6 protester shall provide copies of the comments to the procurement officer and to  
7 interested parties that have requested a copy of the appeal under AS 36.30.595(b).

8 \* Sec. 35. AS 36.30.620(a) is amended to read:

9 (a) A contractor shall file a claim concerning a contract awarded under this  
10 chapter with the procurement officer. The contractor shall certify that the claim is  
11 made in good faith, that the supporting data are accurate and complete to the best of  
12 the contractor's knowledge and belief, and that the amount requested accurately  
13 reflects the contract adjustment for which the contractor believes the state is liable.  
14 Except for a lease rate adjustment called for in the lease, a claim under this  
15 section must be filed within 90 days after the contractor becomes aware of the  
16 basis of the claim or should have known the basis of the claim, whichever is  
17 earlier. A lease rate adjustment called for in the lease must be filed prior to the  
18 expiration date of the lease.

19 \* Sec. 36. AS 36.30.620 is amended by adding a new subsection to read:

20 (g) This section does not apply to payment disputes governed by  
21 AS 37.05.285.

22 \* Sec. 37. AS 36.30.655 is amended to read:

23 Sec. 36.30.655. LIST OF PERSONS DEBARRED OR SUSPENDED. The  
24 commissioner shall maintain a list of all persons debarred or suspended from  
25 consideration for award of contracts. The commissioner shall remove a person  
26 debarred or suspended from the lists of contractors under AS 36.30.0, 0 for the  
27 period of debarment or suspension.

28 \* Sec. 38. AS 36.30.850(b)(23) is amended to read:

29 (23) operation and protection of assets or disposals of equipment  
30 and supplies acquired through foreclosure or other legal proceedings relating to [OF]  
31 loans issued under AS 03.10;

1 \* Sec. 39. AS 36.30.850(b) is amended by adding new paragraphs to read:

2 (34) procurements by the Office of the Governor for lobbying, public  
3 relations or advertising;

4 (35) purchases of livestock by a correctional industries program  
5 established under AS 33.32.

6 \* Sec. 40. AS 36.30.910 is amended to read:

7 Sec. 36.30.910. PURCHASES THROUGH GENERAL SERVICES  
8 ADMINISTRATION. Notwithstanding any other provision of this chapter, [THIS  
9 CHAPTER DOES NOT PREVENT] purchasing through the general services  
10 administration or from federal supply schedules of the general services  
11 administration may be made without competitive sealed bidding, competitive  
12 sealed proposals, or other competition, so long as the purchasing is from persons  
13 located in the state in accordance with regulations adopted by the commissioner  
14 for purchases under this section and as provided by federal law.

15 \* Sec. 41. AS 36.30.990 is amended by adding a new paragraph to read:

16 (22) "state official" means a public employee, public officer, or official  
17 of an agency.

18 \* Sec. 42. AS 44.99 is amended by adding a new section to article 1 to read:

19 Sec. 44.99.030. LOBBYING CONTRACTS PROHIBITED. (a)

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

23 (1) Alaska Aerospace Development Corporation;

24 (2) Alaska Commercial Fishing and Agriculture Bank;

25 (3) Alaska Energy Authority;

26 (4) Alaska Housing Finance Corporation;

27 (5) Alaska Industrial Development and Export Authority;

28 (6) Alaska Medical Facility Authority;

29 (7) Alaska Mental Health Trust Authority;

30 (8) Alaska Municipal Bond Bank Authority;

31 (9) Alaska Permanent Fund Corporation;

- 1 (10) Alaska Railroad Corporation;
- 2 (11) Alaska Science and Technology Foundation;
- 3 (12) Alaska Seafood Marketing Institute;
- 4 (13) Alaska Student Loan Corporation;
- 5 (14) Alaska Tourism Marketing Council.

6 (b) In this section, "lobby" means to communicate directly or through agents  
7 with a public official for the purpose of influencing legislative or administrative action  
8 if a 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 \* Sec. 43. Section 3, ch. 59, SLA 1994, is amended to read:

12 Sec. 3. AS 36.30.130(a) is repealed and reenacted to read:

13 (a) The procurement officer shall give adequate public notice of the invitation  
14 to bid at least 21 days before the date for the opening of bids. If the procurement  
15 officer determines [A DETERMINATION IS MADE] in writing that a shorter notice  
16 period is advantageous [NECESSARY] for a particular bid and adequate  
17 competition is anticipated, the 21-day period may be shortened. [THE  
18 DETERMINATION SHALL BE MADE BY THE CHIEF PROCUREMENT OFFICER  
19 FOR BIDS FOR SUPPLIES, SERVICES, OR PROFESSIONAL SERVICES. THE  
20 DETERMINATION SHALL BE MADE BY THE COMMISSIONER OF  
21 TRANSPORTATION AND PUBLIC FACILITIES FOR BIDS FOR  
22 CONSTRUCTION OR ACQUISITION OF PROPERTY FOR THE STATE  
23 EQUIPMENT FLEET.] Notice shall be published in the Alaska Administrative  
24 Journal. The time and manner of notice must be in accordance with regulations  
25 adopted by the commissioner of administration. When practicable, notice may include

- 26 (1) publication in a newspaper calculated to reach prospective bidders;
- 27 (2) notices posted in public places within the area where the work is  
28 to be performed or the material furnished; and
- 29 (3) notices mailed to all active prospective contractors on the  
30 appropriate list maintained under AS 36.30.050.

31 \* Sec. 44. (a) AS 36.30.015(c), 36.30.090, 36.30.095, 36.30.100(b), 36.30.850(b)(14),

1 and 36.30.900 are repealed.

2 (b) AS 36.30.320(b) is repealed.

3 \* Sec. 45. REVISOR'S CHANGES. The revisor of statutes is requested to change the  
4 heading of art. 5 of AS 36.30 from "Article 5. Preference for Alaska Products." to "Article 5.  
5 Preferences." Additionally, the revisor of statutes is requested to renumber AS 36.30.339 to  
6 AS 36.30.337, to place that section in art. 5 of AS 36.30.

7 \* Sec. 46. TRANSITION: REGULATIONS. Notwithstanding secs. 50 - 52 of this Act,  
8 the commissioner of administration and the commissioner of transportation and public facilities  
9 may proceed to adopt regulations necessary to implement respective changes in law enacted  
10 by secs. 1 - 41 and 43 - 52 of this Act. The regulations take effect under AS 44.62  
11 (Administrative Procedure Act), but not before the effective date of the change in law under  
12 secs. 1 - 41 and 43 - 52 of this Act.

13 \* Sec. 47. APPLICABILITY. Notwithstanding the changes in law made by secs. 1 - 41  
14 and 43 - 52 of this Act, the state agencies may continue to act on or consider a provision of  
15 a solicitation, notice of intent to award, or response to solicitation made before the effective  
16 date of the relevant change in law enacted by secs. 1 - 41 and 43 - 52 of this Act, to the  
17 extent that the provision is not inconsistent with a provision of secs. 1 - 41 and 43 - 52 of this  
18 Act.

19 \* Sec. 48. FIRST LEASE EXTENSION REPORT. Notwithstanding AS 36.30.083(c),  
20 enacted by sec. 5 of this Act, the first lease extension report under AS 36.30.083(c) is due  
21 August 31, 1997, and must cover fiscal year 1997.

22 \* Sec. 49. Sections 2 - 9, 11, 15, 20, 21, 23 - 25, 37 - 39, 41, 44(a), and 45 - 48 of this  
23 Act take effect immediately under AS 01.10.070(c).

24 \* Sec. 50. Sections 1, 10, 12 - 14, 16 - 19, 22, 26, 27, 29 - 36, 40, and 44(b) of this Act  
25 take effect September 30, 1996.

26 \* Sec. 51. Section 28 of this Act takes effect January 1, 1997.

27 \* Sec. 52. Section 43 of this Act takes effect August 22, 1998.

SENATE CS FOR CS FOR HOUSE BILL NO. 482(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to lobbying contracts of state-related entities and involving  
2 lobbying contracts of state-related entities and state procurement practices and  
3 procedures; and providing for an effective date."

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

5 \* Section 1. AS 24.55.275 is amended to read:

6           Sec. 24.55.275. CONTRACT PROCEDURES. The ombudsman shall adopt by  
7 regulation procedures consistent with AS 36.30 to be followed by the office of the  
8 ombudsman in contracting for services. However, the procedure for requests for  
9 proposals does not apply to contracts for investigations under AS 24.55.100, and the  
10 office of the ombudsman shall comply with AS 36.30.170(b).

11 \* Sec. 2. AS 36.30.015(e) is amended to read:

12           (e) The board of directors of the Alaska Railroad Corporation and the board of  
13 directors of the Alaska Aerospace Development Corporation shall adopt procedures to

1 govern the procurement of supplies, services, professional services, and construction. The  
2 procedures must be substantially equivalent to the procedures prescribed in this chapter  
3 and in regulations adopted under this chapter. Notwithstanding the other provisions  
4 of this subsection, the Alaska Railroad Corporation and the Alaska Aerospace  
5 Development Corporation shall comply with AS 36.30.170(b).

6 \* Sec. 3. AS 36.30.015(f) is amended to read:

7 (f) The board of directors of the Alaska Housing Finance Corporation,  
8 notwithstanding AS 18.56.088, shall adopt regulations under AS 44.62 (Administrative  
9 Procedure Act) and the board of trustees of the Alaska State Pension Investment Board  
10 shall adopt regulations under AS 37.10.240 to govern the procurement of supplies,  
11 services, professional services, and construction for the respective public corporation and  
12 board. The regulations must [(1)] reflect competitive bidding principles and provide  
13 vendors reasonable and equitable opportunities to participate in the procurement process  
14 [;] and must [(2)] include procurement methods to meet emergency and extraordinary  
15 circumstances. Notwithstanding the other provisions of this subsection, the Alaska  
16 Housing Finance Corporation and the Alaska State Pension Investment Board shall  
17 comply with AS 36.30.170(b).

18 \* Sec. 4. AS 36.30.015(h) is amended to read:

19 (h) The board of directors of the Alaska Seafood Marketing Institute shall adopt  
20 procedures to govern the procurement of supplies, services, and professional services.  
21 The procedures must be similar to the procedures prescribed in this chapter and in  
22 regulations adopted under this chapter, except that the Alaska Seafood Marketing  
23 Institute shall comply with AS 36.30.170(h).

24 \* Sec. 5. AS 36.30.020 is amended to read:

25 Sec. 36.30.020. LEGISLATURE. The Legislative Council shall adopt and  
26 publish procedures to govern the procurement of supplies, services, professional services,  
27 and construction by the legislative branch. The procedures must be based on the  
28 competitive principles consistent with this chapter and must be adapted to the special  
29 needs of the legislative branch as determined by the Legislative Council. The procedures  
30 must be consistent with the provisions of AS 36.30.080(c) - (e) and 36.30.085.  
31 Notwithstanding the other provisions of this section, the legislative agencies subject

1 to the legislative council's regulations shall comply with AS 36.30.170(b).

2 \* Sec. 6. AS 36.30.030 is amended to read:

3 Sec. 36.30.030. COURT SYSTEM. The administrative director of courts shall  
4 adopt and publish procedures to govern the procurement of supplies, services,  
5 professional services, and construction by the judicial branch. The procedures must be  
6 based on the competitive principles consistent with this chapter and must be adapted to  
7 the special needs of the judicial branch as determined by the administrative director of  
8 courts. The procedures must be consistent with the provisions of AS 36.30.080(c) - (e)  
9 and 36.30.085. Notwithstanding the other provisions of this section, the judicial  
10 branch shall comply with AS 36.30.170(b).

11 \* Sec. 7. AS 36.30.040(b)(4) is amended to read:

12 (4) conditions and procedures for the use of source selection methods  
13 authorized by this chapter, including single [SOLE] source procurements, emergency  
14 procurements, and small procurements;

15 \* Sec. 8. AS 36.30.040(b)(15) is amended to read:

16 (15) a bidder's or offeror's duties under this chapter [AS 36.30.115 AND  
17 36.30.210]; and

18 \* Sec. 9. AS 36.30.050(a) is amended to read:

19 (a) Except for persons debarred or suspended under AS 36.30.635 -  
20 36.30.655, the [THE] commissioner shall establish and maintain current lists of persons  
21 who desire to provide supplies, services, professional services, or construction services  
22 to the state.

23 \* Sec. 10. AS 36.30.080 is amended by adding a new subsection to read:

24 (f) When the department is acquiring leased space of 3,000 square feet or less,  
25 the department may procure the leased space using the procedures for small procurements  
26 under AS 36.30.320, providing public notice is given to prospective offerors in the  
27 market area.

28 \* Sec. 11. AS 36.30 is amended by adding a new section to read:

29 Sec. 36.30.083. LEASE EXTENSIONS AUTHORIZED. (a) Notwithstanding  
30 any other provision of this chapter, the department, the Board of Regents of the  
31 University of Alaska, the legislative council, or the court system may extend, for up to

1 a maximum extension of 10 years, a real property lease that is entered into under this  
2 chapter including procedures and regulations adopted under AS 36.30.005(c), 36.30.020,  
3 and 36.30.030 and has at least six months remaining under the lease term, if a minimum  
4 cost savings of

5 (1) 15 percent can be achieved on the rent due under the lease; or

6 (2) 10 percent can be achieved on the rent due under the lease and the  
7 lessor agrees to make modifications of the leased real property to bring the real property  
8 into compliance with the requirements of 42 U.S.C. 12101 - 12213 (Americans with  
9 Disabilities Act of 1990).

10 (b) The cost savings under (a) of this section shall be calculated on the remaining  
11 term of the lease and any renewals, including extensions allowed under (a) of this section.

12 (c) The department, the University of Alaska, the court system, and the  
13 Legislative Affairs Agency shall submit individually an annual report to the Legislative  
14 Budget and Audit Committee detailing the leases extended and the cost savings achieved  
15 by that entity under (a) or (b) of this section. Reports are due August 31 of each year.

16 \* Sec. 12. AS 36.30.115 is amended to read:

17 Sec. 36.30.115. SUBCONTRACTORS FOR CONSTRUCTION  
18 CONTRACTS. (a) Within five working days after the identification of the apparent  
19 low bidder for a construction contract, the apparent low bidder shall submit a list of the  
20 subcontractors the bidder proposes to use in the performance of the construction  
21 contract. The list must include the name and location of the place of business for each  
22 subcontractor, [AND] evidence of each [THE] subcontractor's valid Alaska business  
23 license, and [. A BIDDER FOR A CONSTRUCTION CONTRACT SHALL ALSO  
24 SUBMIT] evidence of each subcontractor's registration under AS 08.18. If a  
25 subcontractor on the list did not have a valid Alaska business license and a valid  
26 certificate of registration under AS 08.18 at the time the bid was opened, the bidder may  
27 not use the subcontractor in the performance of the contract, and shall replace the  
28 subcontractor with a subcontractor who had a valid Alaska business license and a valid  
29 certificate of registration under AS 08.18 at the time the bid was opened.

30 (b) The apparent low [A] bidder for a construction contract may replace a  
31 listed subcontractor if the subcontractor

- 1 (1) fails to comply with AS 08.18;
- 2 (2) files for bankruptcy or becomes insolvent;
- 3 (3) fails to execute a contract with the bidder involving performance of
- 4 the work for which the subcontractor was listed and the bidder acted in good faith;
- 5 (4) fails to obtain bonding;
- 6 (5) fails to obtain insurance acceptable to the state;
- 7 (6) fails to perform the contract with the bidder involving work for which
- 8 the subcontractor was listed;
- 9 (7) must be substituted in order for the prime contractor to satisfy
- 10 required state and federal affirmative action requirements;
- 11 (8) refuses to agree or abide with the bidder's labor agreement; or
- 12 (9) is determined by the procurement officer not to be a responsible
- 13 subcontractor.

14 (c) If a bidder for a construction contract fails to list a subcontractor or lists  
15 more than one subcontractor for the same portion of work and the value of that work is  
16 in excess of half of one percent of the total bid, the bidder shall be considered to have  
17 agreed to perform that portion of work without the use of a subcontractor and to have  
18 represented the bidder to be qualified to perform that work.

19 (d) A bidder for a construction contract who attempts to circumvent the  
20 requirements of this section by listing as a subcontractor another contractor who, in turn,  
21 sublets the majority of the work required under the contract violates this section.

22 (e) If a construction contract is awarded to a bidder who violates this section,  
23 the procurement [PURCHASING] officer may

- 24 (1) cancel the contract; or
- 25 (2) after notice and a hearing, assess a penalty on the bidder in an amount
- 26 that does not exceed 10 percent of the value of the subcontract at issue.

27 \* Sec. 13. AS 36.30.130(a) is amended to read:

28 (a) The procurement officer shall give adequate public notice of the invitation to  
29 bid at least 21 days before the date for the opening of bids. If the procurement officer  
30 determines [A DETERMINATION IS MADE] in writing that a shorter notice period is  
31 advantageous [NECESSARY] for a particular bid and adequate competition is

1 anticipated, the 21-day period may be shortened. [THE DETERMINATION SHALL  
2 BE MADE BY THE CHIEF PROCUREMENT OFFICER FOR BIDS FOR SUPPLIES,  
3 SERVICES, OR PROFESSIONAL SERVICES. THE DETERMINATION SHALL BE  
4 MADE BY THE COMMISSIONER OF TRANSPORTATION AND PUBLIC  
5 FACILITIES FOR BIDS FOR CONSTRUCTION OR ACQUISITION OF PROPERTY  
6 FOR THE STATE EQUIPMENT FLEET.] Notice shall be published in the Alaska  
7 Administrative Journal. The time and manner of notice must be in accordance with  
8 regulations adopted by the commissioner of administration. When practicable, notice may  
9 include

10 (1) publication in a newspaper calculated to reach prospective bidders  
11 located in the state;

12 (2) notices posted in public places within the area where the work is to  
13 be performed or the material furnished; and

14 (3) notices mailed to all active prospective contractors on the appropriate  
15 list maintained under AS 36.30.050

16 (A) if the contractors are located in the state;

17 (B) upon request, if the contractors are not located in the state.

18 \* Sec. 14. AS 36.30.170 is amended by adding a new subsection to read:

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

23 \* Sec. 15. AS 36.30.200 is amended to read:

24 Sec. 36.30.200. CONDITIONS FOR USE. (a) Except as otherwise provided in  
25 this chapter, or unless specifically exempted by law, an agency contract shall be awarded  
26 by competitive sealed proposals if it is not awarded by competitive sealed bidding.  
27 [CONSTRUCTION MAY ONLY BE PROCURED BY COMPETITIVE SEALED  
28 PROPOSALS IF THE CONDITIONS UNDER (c) OF THIS SECTION ARE MET.]

29 (b) The commissioner may provide by regulation that it is either not practicable  
30 or not advantageous to the state to procure specified types of supplies, services, or  
31 construction by competitive sealed bidding that would otherwise be procured by that

1 method. When the [CHIEF] procurement officer [, OR FOR CONSTRUCTION  
2 CONTRACTS OR PROCUREMENTS FOR THE STATE EQUIPMENT FLEET, THE  
3 COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES,] determines  
4 in writing with particularity that the use of competitive sealed proposals is more  
5 [BIDDING IS EITHER NOT PRACTICABLE OR NOT] advantageous to the state than  
6 competitive sealed bidding, a contract may be entered into by competitive sealed  
7 proposals [IN ACCORDANCE WITH THE REGULATIONS. WHEN IT IS  
8 DETERMINED THAT IT IS PRACTICABLE BUT NOT ADVANTAGEOUS TO USE  
9 COMPETITIVE SEALED BIDDING, THE CHIEF PROCUREMENT OFFICER OR  
10 COMMISSIONER OF TRANSPORTATION AND PUBLIC FACILITIES SHALL  
11 SPECIFY WITH PARTICULARITY THE BASIS FOR THE DETERMINATION].

12 (c) When the commissioner of transportation and public facilities [CHIEF  
13 PROCUREMENT OFFICER] determines that it is advantageous to the state, a  
14 procurement officer may issue a request for proposals requesting the submission of offers  
15 to provide construction in accordance with a design provided by the offeror. The request  
16 for proposals shall require that each proposal submitted contain a single price that  
17 includes the design/build.

18 \* Sec. 16. AS 36.30.210 is repealed and reenacted to read:

19 Sec. 36.30.210. REQUEST FOR PROPOSALS. (a) A request for competitive  
20 sealed proposals must contain the date, time, and place for delivering proposals, a specific  
21 description of the supplies, construction, services, or professional services to be provided  
22 under the contract, and the terms under which the supplies, construction, services, or  
23 professional services are to be provided.

24 (b) An offeror for a construction contract shall submit evidence of the offeror's  
25 registration under AS 08.18. A request for sealed proposals for a construction contract  
26 must require the offeror, no later than five working days after the proposal that is the  
27 most advantageous to the state is identified, to list subcontractors the offeror proposes to  
28 use in the performance of the construction contract. The list must include the information  
29 required under AS 36.30.115(a). The provisions of AS 36.30.115(b) - (e) apply to  
30 competitive sealed proposals for construction contracts.

31 (c) A request for proposals must contain that information necessary for an offeror

1 to submit a proposal or contain references to any information that cannot reasonably be  
2 included with the request. The request must provide a description of the factors that will  
3 be considered by the procurement officer when evaluating the proposals received,  
4 including the relative importance of price and other evaluation factors.

5 (d) Notice of a request for proposals shall be given in accordance with procedures  
6 under AS 36.30.130. The procurement officer may use additional means considered  
7 appropriate to notify prospective offerors of the intent to enter into a contract through  
8 competitive sealed proposals.

9 (e) The offeror must have a valid Alaska business license at the time designated,  
10 in the request for proposals, for opening of the proposals.

11 \* Sec. 17. AS 36.30.230 is amended to read:

12 Sec. 36.30.230. DISCLOSURE OF PROPOSALS. The procurement officer  
13 shall open proposals so as to avoid disclosure of contents to competing offerors before  
14 notice of intent to award a contract is issued [DURING THE PROCESS OF  
15 NEGOTIATION]. A register of proposals containing the name and address of each  
16 offeror shall be prepared in accordance with regulations adopted by the commissioner.  
17 The register and the proposals are open for public inspection after the notice of intent to  
18 award a contract is issued under AS 36.30.365. To the extent that the offeror designates  
19 and the procurement officer concurs, trade secrets and other proprietary data contained  
20 in the proposal documents are confidential.

21 \* Sec. 18. AS 36.30.230 is amended by adding a new subsection to read:

22 (b) If a solicitation is cancelled under AS 36.30.350 after proposals are received  
23 but before a notice of intent to award a contract has been issued under AS 36.30.365, a  
24 protest of the solicitation or of the cancellation of the solicitation has not been filed by  
25 an interested party under AS 36.30.560, and the time specified in AS 36.30.565(a) for  
26 filing such a protest has expired, the procurement officer may return a proposal to the  
27 offeror that made the proposal. The procurement officer shall keep a list of returned  
28 proposals in the file for the solicitation.

29 \* Sec. 19. AS 36.30.260 is amended to read:

30 Sec. 36.30.260. CONTRACT EXECUTION. A contract awarded under  
31 competitive sealed proposals must contain

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31

- (1) a statement of the amount of the contract [STATED ON ITS FIRST PAGE];
- (2) the date for the supplies to be delivered or the dates for construction, services, or professional services to begin and be completed;
- (3) a description of the supplies, construction, services, or professional services to be provided; and
- (4) certification by the project director for the contracting agency, the head of the contracting agency, or a designee that sufficient money is [FUNDS ARE] available in an appropriation to be encumbered for the amount of the contract.

\* Sec. 20. AS 36.30.300 is repealed and reenacted to read:

Sec. 36.30.300. SINGLE SOURCE PROCUREMENTS. (a) A contract may be awarded for supplies, services, professional services, or construction without competitive sealed bidding, competitive sealed proposals, or other competition in accordance with regulations adopted by the commissioner. A contract may be awarded under this section only when the chief procurement officer or, for construction contracts or procurements for the state equipment fleet, the commissioner of transportation and public facilities determines in writing that

(1) it is not practicable to award a contract by competitive sealed bidding under AS 36.30.100, competitive sealed proposals under AS 36.30.200, or limited competition under AS 36.30.305; and

(2) award of the contract under this section is in the state's best interest.

(b) The using agency shall submit written evidence to support a request for a single source procurement. The commissioner of administration or the commissioner of transportation and public facilities, as appropriate, may also require the submission of cost or pricing data in connection with an award under this section.

(c) To the extent practicable, the procurement officer shall negotiate with the single source to obtain contract terms advantageous to the state.

(d) Procurement requirements may not be aggregated or structured so as to constitute a purchase under this section or to circumvent the source selection procedures required by AS 36.30.100 - 36.30.270.

(e) Except for procurements of supplies, services, professional services, or

1 construction that do not exceed the amount for small procurements under  
2 AS 36.30.320(a) as applicable, the authority to make a determination required by this  
3 section may not be delegated, even if the authority to contract is delegated under  
4 AS 36.30.015(a) and (b).

5 \* Sec. 21. AS 36.30.305(a) is amended to read:

6 (a) A construction contract under \$100,000, or a contract for supplies,  
7 services, or professional services, [OR A CONSTRUCTION CONTRACT UNDER  
8 \$100,000,] may be awarded without competitive sealed bidding or competitive sealed  
9 proposals, in accordance with regulations adopted by the commissioner. A contract may  
10 be awarded under this section only when the chief procurement officer [, OR, FOR  
11 CONSTRUCTION CONTRACTS UNDER \$100,000 OR PROCUREMENTS FOR THE  
12 STATE EQUIPMENT FLEET, THE COMMISSIONER OF TRANSPORTATION AND  
13 PUBLIC FACILITIES,] determines in writing that a situation exists that makes  
14 competitive sealed bidding or competitive sealed proposals impractical or contrary to the  
15 public interest, except that the attorney general may make the determination for  
16 services of legal counsel, and the commissioner of transportation and public  
17 facilities may make the determination for construction contracts under \$100,000 or  
18 procurements for the state equipment fleet. Procurements under this section shall be  
19 made with competition that is practicable under the circumstance. Except for  
20 procurements of supplies, services, professional services, or construction that do not  
21 exceed the amount for small procurements under AS 36.30.320(a) [OR (b)],  
22 as applicable, the authority to make a determination required by this section may not be  
23 delegated.

24 \* Sec. 22. AS 36.30.305(d) is amended to read:

25 (d) Single [SOLE] source procurements may not be made under this section.

26 \* Sec. 23. AS 36.30 is amended by adding a new section to read:

27 Sec. 36.30.308. INNOVATIVE PROCUREMENTS. (a) A contract may be  
28 awarded for supplies, services, professional services, or construction using an innovative  
29 procurement process, with or without competitive sealed bidding or competitive sealed  
30 proposals, in accordance with regulations adopted by the commissioner. A contract may  
31 be awarded under this section only when the chief procurement officer, or, for

1 construction contracts or procurements of the state equipment fleet, the commissioner of  
2 transportation and public facilities, determines in writing that it is advantageous to the  
3 state to use an innovative competitive procurement process in the procurement of new or  
4 unique requirements of the state, new technologies, or to achieve best value.

5 (b) The procurement officer shall submit a procurement plan to the Department  
6 of Law for review and approval as to form before issuing the notice required by (c) of  
7 this section.

8 (c) A procurement under this section is subject to the requirements of  
9 AS 36.30.130.

10 (d) Nothing in this section precludes the adoption of regulations providing for the  
11 use of bonuses instead of preferences in a procurement of construction.

12 \* Sec. 24. AS 36.30 is amended by adding new sections to read:

13 Sec. 36.30.311. EMPLOYMENT AND YOUTH JOB TRAINING PROGRAM  
14 PROCUREMENTS. A procurement of products manufactured or services provided by  
15 an employment program of the state or an accredited youth education and employment  
16 program may be made without competitive sealed bidding or competitive sealed  
17 proposals, in accordance with regulations adopted by the commissioner.

18 Sec. 36.30.313. CORRECTIONAL INDUSTRIES PROCUREMENTS. A  
19 procurement of products or services provided by the correctional industries program  
20 established under AS 33.32 may be made without competitive sealed bidding or  
21 competitive sealed proposals, in accordance with regulations adopted by the  
22 commissioner.

23 \* Sec. 25. AS 36.30.315 is amended to read:

24 Sec. 36.30.315. FALSE STATEMENTS IN DETERMINATIONS [BY CHIEF  
25 PROCUREMENT OFFICER]; CRIMINAL PENALTY. (a) In a determination made  
26 by a state official [THE CHIEF PROCUREMENT OFFICER] under AS 36.30.300 -  
27 36.30.310, the state official making the determination [CHIEF PROCUREMENT  
28 OFFICER] shall independently examine the material facts of the procurement and  
29 independently determine whether the procurement is eligible for the procurement method  
30 requested.

31 (b) If a state official [THE CHIEF PROCUREMENT OFFICER] knowingly

1 makes a false statement in a determination made [BY THE CHIEF PROCUREMENT  
2 OFFICER] under AS 36.30.300 - 36.30.310, the state official [CHIEF PROCUREMENT  
3 OFFICER] is guilty of a class A misdemeanor.

4 \* Sec. 26. AS 36.30.320(a) is amended to read:

5 (a) A procurement for supplies, services, or professional services  
6 [CONSTRUCTION] that does not exceed an aggregate dollar amount of \$50,000,  
7 construction that does not exceed an aggregate dollar amount of \$100,000, or lease  
8 of space that does not exceed 3,000 square feet [\$25,000] may be made in accordance  
9 with regulations adopted by the commissioner for small procurements.

10 \* Sec. 27. AS 36.30 is amended by adding a new section to read:

11 Sec. 36.30.331. DELIVERY OF SUPPLIES. Supplies purchased under this  
12 chapter shall be delivered at a location within the state unless the department determines  
13 that a point of delivery outside the state would be in the best interest of the state. A bid  
14 or proposal involving the procurement of supplies must specify the delivery location and  
15 must state that the price is the delivered price at that location.

16 \* Sec. 28. AS 36.30 is amended by adding a new section to read:

17 Sec. 36.30.333. PROCUREMENT OF PAPER. Except as otherwise required  
18 under AS 36.15.050, AS 36.30.322 - 36.30.332, and 36.30.334 - 36.30.338, when a state  
19 agency purchases paper, at least 25 percent of the quantity purchased must be recycled  
20 paper unless recycled paper is not available for the purchase or unless, after application  
21 of the procurement preference under AS 36.30.339, the recycled paper is more expensive  
22 than the nonrecycled paper.

23 \* Sec. 29. AS 36.30 is amended by adding a new section to read:

24 Sec. 36.30.335. PRODUCT PREFERENCES. This chapter does not modify  
25 AS 36.15.010 and 36.15.020 regarding preference for Alaska forest products, or  
26 AS 36.15.050 and 36.15.060 regarding preference for Alaska agricultural and fisheries  
27 products, except as provided in AS 36.30.170(b), (c), (e) - (h), and 36.30.339.

28 \* Sec. 30. AS 36.30.520 is amended to read:

29 Sec. 36.30.520. RECORDS OF SINGLE [SOLE] SOURCE AND  
30 EMERGENCY PROCUREMENTS. (a) The commissioner shall maintain for a  
31 minimum of five years a record listing all single [SOLE] source procurement contracts

1 made under AS 36.30.300 and emergency procurements made under AS 36.30.310. The  
2 record must contain

- 3 (1) each contractor's name;  
4 (2) the amount and type of each contract; and  
5 (3) a listing of the supplies, services, professional services, or construction  
6 procured under each contract.

7 (b) The Department of Transportation and Public Facilities and any agency to  
8 whom the commissioner of administration or the commissioner of transportation and  
9 public facilities has delegated procurement authority under AS 36.30.015 shall, by  
10 October 1 of each year, submit to the commissioner of administration records of the type  
11 specified in (a) of this section for emergency procurements made under AS 36.30.310.  
12 The Department of Transportation and Public Facilities shall, even if procurement  
13 authority has been delegated under AS 36.30.015 to another agency, by October 1  
14 of each year, submit to the commissioner of administration records of the type  
15 specified in (a) of this section for single source procurement contracts made under  
16 AS 36.30.300. The commissioner of administration shall maintain these records as  
17 required by (a) of this section.

18 \* Sec. 31. AS 36.30 is amended by adding a new section to read:

19 Sec. 36.30.522. RECORDS OF INNOVATIVE PROCUREMENTS. The  
20 commissioner and the contracting agency shall keep a file for each contract awarded  
21 under an innovative procurement process under AS 36.30.308. The file is subject to  
22 inspection under the same standards as described in AS 36.30.140(b) and 36.30.230. The  
23 file kept by the commissioner must contain a summary of the information in the file of  
24 the contracting agency. The file kept by the contracting agency must contain

- 25 (1) a copy of the contract;  
26 (2) the written determination under AS 36.30.308(a);  
27 (3) the procurement plan as approved as to form by the Department of  
28 Law;  
29 (4) the record of notice under AS 36.30.130; and  
30 (5) the record of respondents to solicitation.

31 \* Sec. 32. AS 36.30 is amended by adding a new section to article 9 to read:

1           Sec. 36.30.550.    APPLICABILITY OF PROTEST AND APPEAL  
2 PROCEDURES. (a) Except for small procurements made under AS 36.30.320, the  
3 provisions of AS 36.30.560 - 36.30.615 apply to a solicitation, a proposed contract  
4 award, and an award of a contract for supplies, services, professional services, or  
5 construction.

6           (b) The commissioner shall adopt regulations providing for protest and appeal  
7 procedures of small procurements made under AS 36.30.320.

8 \* Sec. 33. AS 36.30.565(a) is repealed and reenacted to read:

9           (a) A protest based on alleged improprieties or ambiguities in a solicitation must  
10 be filed at least 10 days before the due date of the bid or proposal, unless a later protest  
11 due date is specifically allowed in the solicitation. If a solicitation is made with a  
12 shortened public notice period and the protest is based on alleged improprieties or  
13 ambiguities in the solicitation, the protest must be filed before the due date of the bid or  
14 proposal. Notwithstanding the other provisions in this subsection, the protest of an  
15 invitation to bid or a request for proposals in which a pre-bid or pre-proposal conference  
16 is held within 12 days of the due date must be filed before the due date of the bid or  
17 proposal if the protest is based on alleged improprieties or ambiguities in the solicitation.  
18 A protest based upon alleged improprieties in an award of a contract or a proposed award  
19 of a contract must be filed within 10 days after a notice of intent to award the contract is  
20 issued by the procurement officer.

21 \* Sec. 34. AS 36.30.580(a) is amended to read:

22           (a) The procurement officer of the contracting agency shall issue a written  
23 decision containing the basis of the decision within 15 [14] days after a protest has been  
24 filed. A copy of the decision shall be furnished to the protester by certified mail or other  
25 method that provides evidence of receipt.

26 \* Sec. 35. AS 36.30.580(b) is amended to read:

27           (b) The time for a decision may be extended up to 30 [26] days for good cause  
28 by the commissioner of administration, or, for protests involving construction or  
29 procurements for the state equipment fleet, the commissioner of transportation and public  
30 facilities. If an extension is granted, the procurement officer shall notify the protester in  
31 writing of the date that [OF] the decision is due.

1 \* Sec. 36. AS 36.30.585 is amended by adding a new subsection to read:

2 (c) Notwithstanding (a) and (b) of this section, if a protest is sustained in whole  
3 or part, the protester's damages are limited to reasonable bid or proposal preparation  
4 costs.

5 \* Sec. 37. AS 36.30.605(a) is amended to read:

6 (a) The procurement officer of the contracting agency shall file a complete report  
7 on the protest and decision with the commissioner of administration or the commissioner  
8 of transportation and public facilities, as appropriate, within 10 [SEVEN] days after a  
9 protest appeal is filed. The procurement officer shall furnish a copy of the report to the  
10 protester and to interested parties that have requested a copy of the appeal under  
11 AS 36.30.595(b).

12 \* Sec. 38. AS 36.30.605(c) is amended to read:

13 (c) The protester may file comments on the protest report with the commissioner  
14 of administration or the commissioner of transportation and public facilities, as  
15 appropriate, within 10 [SEVEN] days after the report is received. The protester shall  
16 provide copies of the comments to the procurement officer and to interested parties that  
17 have requested a copy of the appeal under AS 36.30.595(b).

18 \* Sec. 39. AS 36.30.620(a) is amended to read:

19 (a) A contractor shall file a claim concerning a contract awarded under this  
20 chapter with the procurement officer. The contractor shall certify that the claim is made  
21 in good faith, that the supporting data are accurate and complete to the best of the  
22 contractor's knowledge and belief, and that the amount requested accurately reflects the  
23 contract adjustment for which the contractor believes the state is liable. Except for a  
24 lease rate adjustment called for in the lease, a claim under this section must be filed  
25 within 90 days after the contractor becomes aware of the basis of the claim or  
26 should have known the basis of the claim, whichever is earlier. A lease rate  
27 adjustment called for in the lease must be filed prior to the expiration date of the  
28 lease.

29 \* Sec. 40. AS 36.30.620 is amended by adding a new subsection to read:

30 (g) This section does not apply to payment disputes governed by AS 37.05.285.

31 \* Sec. 41. AS 36.30.655 is amended to read:

1           Sec. 36.30.655. LIST OF PERSONS DEBARRED OR SUSPENDED. The  
2 commissioner shall maintain a list of all persons debarred or suspended from  
3 consideration for award of contracts. The commissioner shall remove a person  
4 debarred or suspended from the lists of contractors under AS 36.30.050 for the  
5 period of debarment or suspension.

6 \* Sec. 42. AS 36.30.850(b)(23) is amended to read:

7                   (23) operation and protection of assets or disposals of equipment and  
8 supplies acquired through foreclosure or other legal proceedings relating to [OF] loans  
9 issued under AS 03.10;

10 \* Sec. 43. AS 36.30.850(b) is amended by adding new paragraphs to read:

11                   (34) procurements of contracts with the media for advertising;

12                   (35) purchases of livestock by a correctional industries program  
13 established under AS 33.32.

14 \* Sec. 44. AS 36.30.910 is amended to read:

15           Sec. 36.30.910. PURCHASES THROUGH GENERAL SERVICES  
16 ADMINISTRATION. Notwithstanding any other provision of this chapter, [THIS  
17 CHAPTER DOES NOT PREVENT] purchasing through the general services  
18 administration or from federal supply schedules of the general services  
19 administration may be made without competitive sealed bidding, competitive sealed  
20 proposals, or other competition, so long as the purchasing is from persons located  
21 in the state in accordance with regulations adopted by the commissioner for  
22 purchases under this section and as provided under 41 U.S.C. 251 - 266 [BY LAW].

23 \* Sec. 45. AS 36.30.990 is amended by adding a new paragraph to read:

24                   (22) "state official" means a public employee, public officer, or official  
25 of an agency.

26 \* Sec. 46. AS 44.99 is amended by adding a new section to article 1 to read:

27           Sec. 44.99.030. LOBBYING CONTRACTS PROHIBITED. (a)

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

31                   (1) Alaska Aerospace Development Corporation;

- 1 (2) Alaska Commercial Fishing and Agriculture Bank;  
2 (3) Alaska Energy Authority;  
3 (4) Alaska Housing Finance Corporation;  
4 (5) Alaska Industrial Development and Export Authority;  
5 (6) Alaska Medical Facility Authority;  
6 (7) Alaska Mental Health Trust Authority;  
7 (8) Alaska Municipal Bond Bank Authority;  
8 (9) Alaska Permanent Fund Corporation;  
9 (10) Alaska Railroad Corporation;  
10 (11) Alaska Science and Technology Foundation;  
11 (12) Alaska Seafood Marketing Institute;  
12 (13) Alaska Student Loan Corporation;  
13 (14) Alaska Tourism Marketing Council.

14 (b) In this section,

15 (1) "lobby a municipality or an agency of a municipality" means to  
16 engage in an activity for the purpose of influencing municipal legislative or  
17 administrative action if the activity is substantially the same as activity that would have  
18 required registration under AS 24.45.121 if the activity was for the purpose of  
19 influencing state legislative or administrative action;

20 (2) "lobby the state or an agency of the state" means to engage in an  
21 activity for which registration is required under AS 24.45.121.

22 \* Sec. 47. Section 3, ch. 59, SLA 1994, is amended to read:

23 Sec. 3. AS 36.30.130(a) is repealed and reenacted to read:

24 (a) The procurement officer shall give adequate public notice of the invitation to  
25 bid at least 21 days before the date for the opening of bids. If the procurement officer  
26 determines [A DETERMINATION IS MADE] in writing that a shorter notice period is  
27 advantageous [NECESSARY] for a particular bid and adequate competition is  
28 anticipated, the 21-day period may be shortened. [THE DETERMINATION SHALL  
29 BE MADE BY THE CHIEF PROCUREMENT OFFICER FOR BIDS FOR SUPPLIES,  
30 SERVICES, OR PROFESSIONAL SERVICES. THE DETERMINATION SHALL BE  
31 MADE BY THE COMMISSIONER OF TRANSPORTATION AND PUBLIC

1 FACILITIES FOR BIDS FOR CONSTRUCTION OR ACQUISITION OF PROPERTY  
2 FOR THE STATE EQUIPMENT FLEET.] Notice shall be published in the Alaska  
3 Administrative Journal. The time and manner of notice must be in accordance with  
4 regulations adopted by the commissioner of administration. When practicable, notice  
5 may include

6 (1) publication in a newspaper calculated to reach prospective bidders;

7 (2) notices posted in public places within the area where the work is to  
8 be performed or the material furnished; and

9 (3) notices mailed to all active prospective contractors on the appropriate  
10 list maintained under AS 36.30.050.

11 \* Sec. 48. (a) AS 36.30.015(c), 36.30.090, 36.30.095, 36.30.100(b), 36.30.850(b)(14), and  
12 36.30.900 are repealed.

13 (b) AS 36.30.320(b) is repealed.

14 \* Sec. 49. REVISOR'S CHANGES. The revisor of statutes is requested to change the heading  
15 of art. 5 of AS 36.30 from "Article 5. Preference for Alaska Products." to "Article 5.  
16 Preferences." Additionally, the revisor of statutes is requested to renumber AS 36.30.339 to  
17 AS 36.30.337, to place that section in art. 5 of AS 36.30.

18 \* Sec. 50. TRANSITION: REGULATIONS. Notwithstanding secs. 54 - 56 of this Act, the  
19 commissioner of administration and the commissioner of transportation and public facilities may  
20 proceed to adopt regulations necessary to implement respective changes in law enacted by secs.  
21 7 - 45 and 47 - 56 of this Act. The regulations take effect under AS 44.62 (Administrative  
22 Procedure Act), but not before the effective date of the change in law under secs. 7 - 45 and 47 -  
23 56 of this Act.

24 \* Sec. 51. APPLICABILITY. Notwithstanding the changes in law made by secs. 1 - 45 and  
25 47 - 56 of this Act, the state agencies may continue to act on or consider a provision of a  
26 solicitation, notice of intent to award, or response to solicitation made before the effective date  
27 of the relevant change in law enacted by secs. 1 - 45 and 47 - 56 of this Act, to the extent that the  
28 provision is not inconsistent with a provision of secs. 1 - 45 and 47 - 56 of this Act.

29 \* Sec. 52. FIRST LEASE EXTENSION REPORT. Notwithstanding AS 36.30.083(c),  
30 enacted by sec. 11 of this Act, the first lease extension report under AS 36.30.083(c) is due  
31 August 31, 1997, and must cover fiscal year 1997.

- 1    \* Sec. 53. Sections 8 - 13, 15, 19, 24, 25, 27 - 29, 41 - 43, 45, 48(a), and 49 - 52 of this Act  
2 take effect immediately under AS 01.10.070(c).
- 3    \* Sec. 54. Sections 1 - 7, 14, 16 - 18, 20 - 23, 26, 30, 31, 33 - 40, 44, and 48(b) of this Act  
4 take effect September 30, 1996.
- 5    \* Sec. 55. Section 32 of this Act takes effect January 1, 1997.
- 6    \* Sec. 56. Section 47 of this Act takes effect August 22, 1998.

AMENDMENT #2

OFFERED IN THE SENATE

BY SENATOR DONLEY

TO: CSHB 482(FIN) am

1 Page 1, line 5, following "§ Section 1.":

2 Insert "AS 16.51.080 is amended to read:

3 Sec. 16.51.080. EMPLOYMENT OF PERSONNEL. The board may employ  
4 and determine the salary of an executive director. The executive director may, with  
5 the approval of the board, select and employ additional staff as necessary. However,  
6 the institute, including the board and the executive director, may not employ an  
7 individual, including an individual for the position of executive director, to work  
8 outside the state if the individual is employed at a salary that is equal to or  
9 greater than the beginning salary established for a Range 17, Step A, under  
10 AS 39.27.011. The executive director and all employees of the board are in the  
11 exempt service under AS 39.25.

12 \* Sec. 2."

13 Renumber the following bill sections accordingly.

14 Page 17, line 7:

15 Delete "secs. 50 - 52"

16 Insert "secs. 51, 52, and 54"

17 Page 17, line 10:

18 Delete "secs. 1 - 41 and 43 - 52"

19 Insert "secs. 2 - 42, 44 - 52, and 54"

20 Page 17, line 12:

21 Delete "secs. 1 - 41 and 43 - 52"

- 1           Insert "secs. 2 - 42, 44 - 52, and 54"
- 2   Page 17, lines 13 - 14:
- 3           Delete "secs. 1 - 41 and 43 - 52"
- 4           Insert "secs. 2 - 42, 44 - 52, 54"
- 5   Page 17, line 16:
- 6           Delete "secs. 1 - 41 and 43 - 52"
- 7           Insert "secs. 2 - 42, 44 - 52, and 54"
- 8   Page 17, line 17:
- 9           Delete "secs. 1 - 41 and 43 - 52"
- 10          Insert "secs. 2 - 42, 44 - 52, and 54"
- 11   Page 17, line 20:
- 12          Delete "sec. 5"
- 13          Insert "sec. 6"
- 14   Page 17, line 22:
- 15          Delete "Sections 2 - 9, 11, 15, 20, 21, 23 - 25, 37 - 39, 41, 44(a), and 45 - 48"
- 16          Insert "Sections 3 - 10, 12, 16, 21, 22, 24 - 26, 38 - 40, 42, 45(a), and 46 - 49"
- 17   Page 17, line 24:
- 18          Delete "Sections 1, 10, 12 - 14, 16 - 19, 22, 26, 27, 29 - 36, 40, and 44(b)"
- 19          Insert "Sections 2, 11, 13 - 15, 17 - 20, 23, 27, 28, 30 - 37, 41, and 45(b)"
- 20   Page 17, line 26:
- 21          Delete "Section 28"
- 22          Insert "Section 29"
- 23   Page 17, following line 26:
- 24          Insert a new bill section to read:

1     **\*\* Sec. 53. Section 1 of this Act takes effect January 1, 1998."**

2     **Page 17, line 27:**

3             Delete "Section 43"

4             Insert "Section 44"

5     **Renumber the following bill section accordingly.**

*moved Sen. Rieger*  
*WITHDRAWN*  
SENATE FINANCE  
COMMITTEE **5**

Amendment Number: \_\_\_\_\_  
Bill Number: \_\_\_\_\_  
Sponsor: \_\_\_\_\_ Date: \_\_\_\_\_  
Logged In By: \_\_\_\_\_

Amendment

TO: CS HB482(FIN)

By Sen. R. Phillips

Page 15, lines 2 to line 3: Delete "(34) procurements by the Office of the Governor for lobbying, public relations or advertising;"

Insert "(34) procurements of contracts with the media for advertising;"

# LEGAL SERVICES

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

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

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

## MEMORANDUM

April 26, 1996

**SUBJECT:** Proposed CSHB 482(FIN)  
(Work Order No. 9-GH2020\G)

**TO:** Representative Richard Foster  
Representative Mark Hanley  
Co-Chairs, House Finance Committee  
Attn: Shar

**FROM:** *TB*  
Theresa Bannister  
Legislative Counsel

This memo accompanies the above-described bill.

1. Single subject rule. You have asked for an opinion whether the subject of the above-described bill satisfies the single subject requirement of art. II, sec. 13, of the state constitution. In my opinion, under the Alaska court decisions to date, it probably does. However, the single thread that connects the items of lobbying contracts and procurement is very broad and may be risky in light of some comments and dissents in some recent decisions of the Alaska courts.

The single subject of this bill can be described as the "contracts of state entities." The restriction on lobbying is connected to the procurement provisions because they all deal with contracts, and further, with contracts of state entities. However, "contracts" is a broad term and the connection is not a tight one. Alaska's courts have broadly interpreted the single subject requirement and have upheld titles that have a common thread as broad as "land" (Yute Air Alaska, Inc., et al. v. Stephen A. McAlpine, et al., 698 P.2d 1173 (Alaska 1985)) and "taxation" (North Slope Borough v. Sohio Petroleum Corp., 585 P.2d 534, 545 (Alaska 1978)). In addition, the state's courts have never found that an Alaska statute violated the single-subject rule.

However, in recent years, the courts have begun to reevaluate this broad interpretation, and it is not clear whether or not the courts will start requiring more logical connections and interdependence between the sections of a bill than one broad single thread. See Yute, above (dissent and 3-2 decision) and State v. First National Bank of Anchorage, 660 P.2d 406 (Alaska 1982). It is possible that the title to this bill could fail a stricter test because the subjects of lobbying contracts and procurement procedures do not have a tight logical

Representative Richard Oster  
Representative Mark Hanley  
April 26, 1996  
Page 2

interdependence; as an example, many of the entities subject to the lobbying requirement are not even subject to the state's procurement procedures. However, in light of the court decisions this far, I would have to conclude that the single subject of this bill satisfies the single subject requirement.

2. Language of title. Although the title of the above-described bill is satisfactory, it could use some adjustment. The title now reads as follows: "An Act relating to lobbying contracts of state-related entities and involving lobbying contracts of state-related entities and state procurement practices and procedures; and providing for an effective date." As it reads now, it contains redundant parts, because it mentions "lobbying contracts of state-related entities" two times. It is suggested that the first occurrence of the word "lobbying" be deleted and that the second occurrence of "of state-related entities" be deleted. The title would then read as follows: "An Act relating to contracts of state-related entities and involving lobbying contracts and state procurement practices and procedures; and providing for an effective date." These changes would result in the title stating initially the single subject of the entire bill and then reciting the more specific contents of the bill. If you would like this change made, please advise.

3. Amendment of AS 36.30.335. Since the bill adds a new subsection (k) to AS 36.30.170, it would be advisable to amend the reference to AS 36.30.170 in AS 36.30.335 (sec. 25 of the bill) to include the new subsection.

If I may be of further assistance, please advise.

TLB:klb  
96-312.klb

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.

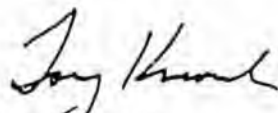
The procurement process is often identified as a barrier to accomplishing the state's business. This bill establishes an innovative procurement track allowing the purchase of new, unique services or supplies or technologies in controlled circumstances without strict adherence to the formal invitation 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

*Cross-Reference to HB 482*

BILL: SB 275      SHORT TITLE: STATE PROCUREMENT PRACTICES &  
PROCEDURES

BILL VERSION:

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

CURRENT STATUS: (S) FIN

STATUS DATE: 4/11/96

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

02/09/96	2347	(S)	READ THE FIRST TIME - REFERRAL(S)
02/09/96	2347	(S)	STA, JUD, FIN
02/09/96	2347	(S)	ZERO FISCAL NOTES (DHSS, REV, UA, ADM-2,
02/09/96	2347	(S)	CORR, LAW, GOV, DOE, F&G, DPS, DCED,
02/09/96	2347	(S)	DEC, LABOR, DNR, DCRA, DMVA)
02/09/96	2347	(S)	FISCAL NOTES (ADM, DOT)
02/09/96	2347	(S)	GOVERNOR'S TRANSMITTAL LETTER
04/02/96	3011	(S)	STA RPT CS 4DP 1NR      SAME TITLE
04/09/96	3091	(S)	ZERO FN TO CS (ADM)
04/02/96	3011	(S)	PREVIOUS FNS (DOT, ADM)
04/02/96	3011	(S)	PREVIOUS ZERO FNS (DHSS, REV, ADM,
04/02/96	3011	(S)	CORR, LAW, GOV, DOE, F&G, DPS, DCED,
04/02/96	3011	(S)	DEC, LABOR, DNR, DCRA, DMVA)
04/11/96	3175	(S)	JUD REFERRAL WAIVED
04/11/96	3175	(S)	REFERRED TO FINANCE