

SB

275

SFIN

FILE

A M E N D M E N T # 1

OFFERED IN THE SENATE

BY SENATOR DONLEY

TO: CSSB 275(), version "C" dated 3/25/96

1 Page 1, line 1, following "procedures":

2 Insert "; relating to the employment of Alaska Seafood Marketing Institute
3 employees"

4 Page 1, line 4, following "** Section 1.":

5 Insert "AS 16.51.080 is amended to read:

6 Sec. 16.51.080. EMPLOYMENT OF PERSONNEL. The board may employ
7 and determine the salary of an executive director. The executive director may, with
8 the approval of the board, select and employ additional staff as necessary. However,
9 the institute, including the board and the executive director, may not employ an
10 individual, including an individual for the position of executive director, to work
11 outside the state if the individual is employed at a salary that is equal to or
12 greater than the beginning salary established for a Range ²¹ ~~X~~ Step A, under
13 AS 39.27.011. The executive director and all employees of the board are in the
14 exempt service under AS 39.25.

15 * Sec. 2."

16 Renumber the following bill sections accordingly.

17 Page 17, line 29:

18 Delete "secs. 53 - 55"

19 Insert 'secs. 54 - 56"

20 Page 18, line 7, following "Act.":

Insert "This section does not apply to the employment of employees under sec. 1 of

1 this Act."

2 Page 18, line 9:

3 Delete "sec. 11"

4 Insert "sec. 12"

5 Page 18, line 11:

6 Delete "8 - 13, 15, 19, 24 - 25, 27 - 29, 41 - 43, 45, 47(a), and 48 - 51"

7 Insert "1, 9 - 14, 16, 20, 25, 26, 28 - 30, 42 - 44, 46, 48(a), and 49 - 52"

8 Page 18, line 13:

9 Delete "1 - 7, 14, 16 - 18, 20 - 23, 26, 30, 31, 33 - 40, 44, and 47(b)"

10 Insert "2 - 8, 15, 17 - 19, 21 - 24, 27, 31, 32, 34 - 41, 45, and 48(b)"

11 Page 18, line 15:

12 Delete "Section 32"

13 Insert "Section 33"

14 Page 18, line 16:

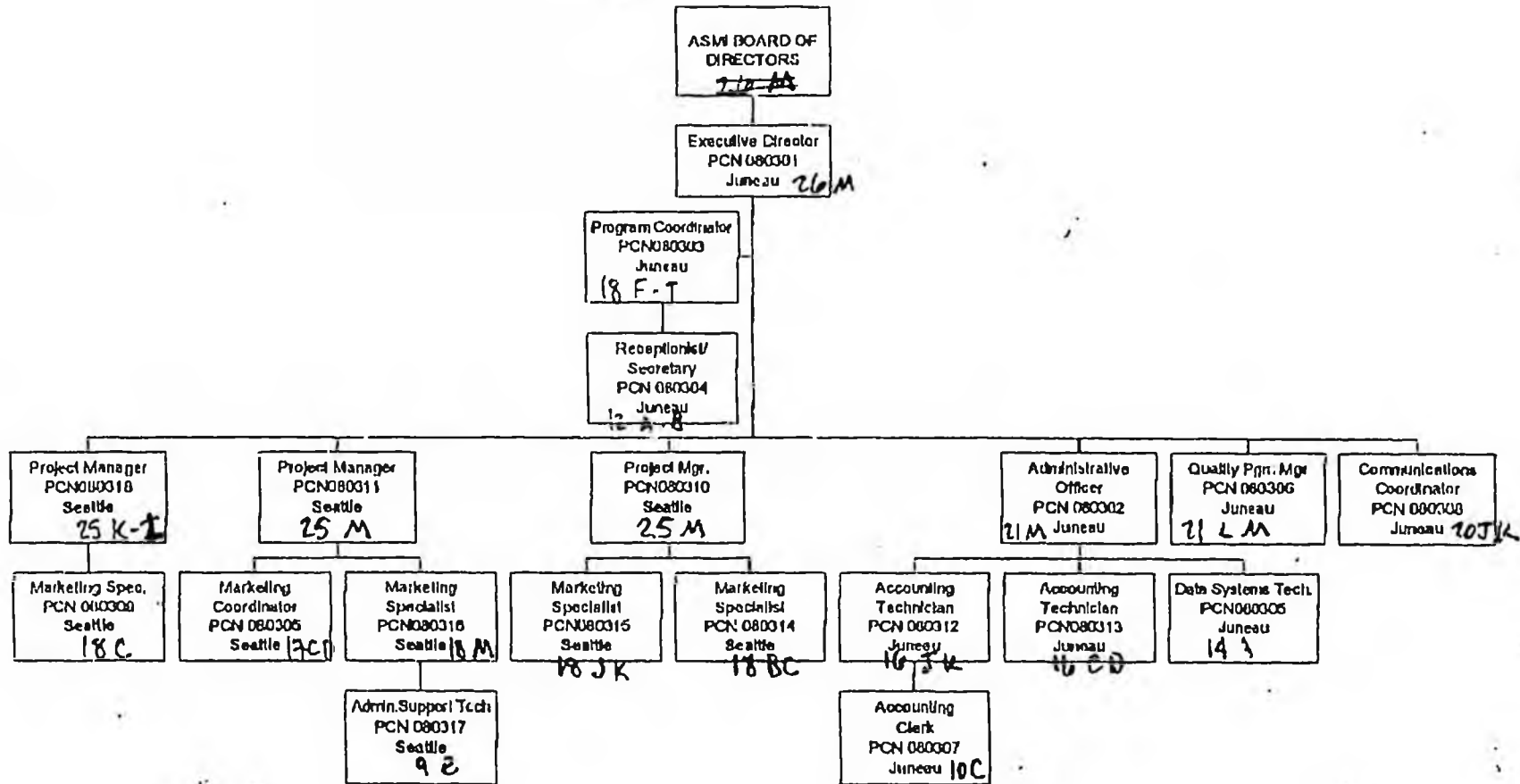
15 Delete "Section 46"

16 Insert "Section 47"

Effective date: January 1, 1998

*NOTE Range 21A is \$49,800 annually
less 18% is \$40,800*

ALASKA SEAFOOD MARKETING INSTITUTE
ORGANIZATIONAL CHART



25m = (approx) 97,864 /yr. (less WA employee pay differential)

CSSB 275 (STA)
Comparison of Substantive Changes
with Existing Statute

BILL SECTION	CURRENT LAW	SB 275
1	The ombudsman must develop and follow procedures and regulations consistent with AS 36.30 for contracting services.	The 5% Alaska Bidder's Preference must be applied to all bid awards.
2	The Alaska Railroad Corporation and the Alaska Aerospace Development Corporation must adopt and follow procedures substantially equivalent to the Procurement Code.	The 5% Alaska Bidder's Preference must be applied to all bid awards.
3	The Alaska Housing Finance Corporation shall adopt and follow regulations that reflect competitive bidding principles and provide vendors reasonable and equitable opportunities to compete in the procurement process.	The 5% Alaska Bidder's Preference must be applied to all bid awards.
4	The Alaska Seafood Marketing Institute shall adopt and follow procedures similar to the procurement code.	The 5% Alaska Bidder's Preference must be applied to all bid awards.
5	The Legislative Council must adopt and publish procedures based on competitive principles consistent with the Procurement Code.	The 5% Alaska Bidder's Preference must be applied to all bid awards.
6	The Court System must adopt and publish procedures based on competitive principles consistent with the Procurement Code and adapted to the special needs of the judicial branch.	The 5% Alaska Bidder's Preference must be applied to all bid awards.
9 and 41	A bidder's list of all parties who wish to receive bids or proposals is maintained.	A bidder's list of all parties who wish to receive bids or proposals is maintained, but will not include persons debarred or suspended under procedures that exist in current law.
10	Office leases are acquired through formal ITB or RFP regardless of size.	Small office leases of 3,000 s.f. or less may be acquired by DGS with simplified small purchase procedures, i.e. at least 3 written proposals or quotes.
11	Unable to negotiate rent concessions for lease extensions, unless the lease has an extension option remaining.	Authorizes the extension of existing leases for up to 10 years in return for rent concessions. Similar to a provision of law authorized by the 18th legislature in SB 129.
12 and 16	Bidders must identify all subcontractors for all bid and RFP awards within 5 days of award, subcontractors must have business license, certificate of registration, and contractors are restricted from changing subcontractors except under specified circumstances.	Subcontractors for only construction bids or RFPs must be identified within 5 days of award, must have a business license, certificate of registration, and the subcontractor may not be changed except under the current specified circumstance in the law. The change deletes this requirement for non-construction procurements.

BILL SECTION	CURRENT LAW	SB 275
13	The chief procurement officer must make a determination in writing to shorten formal notice of a bid or RFP to less than 21 days if necessary.	The procurement officer issuing the bid or RFP may make a determination in writing to shorten formal notice of a bid or RFP to less than 21 days if it is advantageous to the state and adequate competition is anticipated.
14	A bidder may receive the award of a bid and then assign the purchase to another lower bidder or supplier. The result can and has been that the state pays as much as 10% more to a bidder receiving the preference than what would have been paid to the second low bidder from whom the state actually receives the goods. The bidder receiving the preference provides no added value because they are not in the line of business. They simply broker their preference to others who supply the state.	<p>To qualify for the employment program, bidder with a disability, or a bidder employing people with disabilities preferences, the bidder must add value if performing a service by actual performance, controlling, managing, or supervising the service to be provided to the state. If bidding on supplies, the bidder must have a documented history of selling the supplies of the general nature solicited by the state to other state agencies, governments, or the general public. If a prospective bidder can't meet the requirement, they can bid, but would not receive the award evaluation preference.</p> <p>A similar provision to limit this practice was included in HB 288 passed by the 19th legislature last session, but vetoed by the Governor for reasons unrelated to this provision.</p>
15	The use of an RFP instead of a bid for purchases including construction may be used when the chief procurement officer determines in writing that a bid is either not practicable or advantageous to the state.	The use of an RFP instead of a bid for services and supplies may be used when the procurement officer determines in writing that use of an RFP is more advantageous to the state. For construction, the written determination is made by the commissioner of DOT/PF.
17	Procurement officer must not disclose proposal contents to competing offerors during negotiations.	Procurement officer must not disclose proposal contents to competing offerors prior to Notice of Intent to Award. This will avoid exposure of proposal contents until after an award decision is made and will uphold the integrity of the process.
18	When an RFP is canceled prior to notice of intent to award, proposals must be retained by the state. After cancellation, the state is obliged to provide copies of the proposals under Freedom of Information and thereby exposes competitor's proposals to one another, making future RFPs problematic.	When an RFP is canceled prior to notice of intent to award, the state will maintain a list of proposals received, but will return the proposals to the proposers.
19	Contracts entered into through competitive sealed proposal must have the amount of the contract on the first page.	Contracts entered into through competitive sealed proposals may state the amount of the contract on any page.
20	A contract with a sole source provider may be entered into only after a written determination by the chief procurement officer based on independently verified and clear and convincing evidence that only one source exists for the purchase. A sole source may not be awarded if a reasonable alternative source exists. Except for small procurements, this determination may not be delegated.	A single source contract may be entered into when the chief procurement officer, or for construction the commissioner of transportation and public facilities, determines in writing, after independent verification of material facts, that award through a bid or RFP is not practical, and award to a single source is in the state's best interest. Except for small procurements, the chief procurement officer or commissioner of transportation may not delegate the determination.

BILL SECTION	CURRENT LAW	SB 275
34	Procurement officer response to a protest – 14 days.	Procurement officer response to a protest – 15 days.
35	A procurement officer's decision on a protest may be extended up to – 26 days.	A procurement officer's decision on a protest may be extended up to – 30 days.
37	The procurement officer's report to the commissioner of administration is due within – 7 days.	The procurement officer's report to the commissioner of administration is due within – 10 days.
38	The protester's report to the commissioner of administration is due within – 7 days.	The protester's report to the commissioner of administration is due within – 10 days.
36	No limitation of a protester's damages if a protest is sustained in whole or in part.	Limits a protester's damages to reasonable bid or proposal preparation costs.
39 and 40	No statute of limitations exists for bringing a contract claim against the state.	A contract claim must be brought within 90 days after the contractor becomes aware of the claim or should have known the basis of the claim. The restriction does not limit a contractor's rights under a disputed billing timely payment rule of AS 36.05.285
42	Operations and protection of assets or disposals of equipment/supplies acquired by DNR through foreclosure or other legal proceedings of agricultural loans are technically subject to the Procurement Code. An example is Matanuska Maid Dairy.	Exempts operations and protection of assets or disposals of equipment/supplies acquired by DNR through foreclosure or other legal proceedings of agricultural loans from the Procurement Code. An example is Matanuska Maid Dairy.
43	The direct purchase of advertising media and livestock purchased by Alaska Correctional Industries are subject to the provisions of the Procurement Code.	Exempts the direct purchase of advertising media and livestock purchased by Alaska Correctional Industries from the provisions of the Procurement Code.
44	The Procurement Code does not prevent purchases through the General Services Administration as provided by law.	Clarifies that it is specifically permissible to purchase from federal GSA supply schedules in accordance with regulations established by the commissioner of administration and as provided by federal law so long as purchases are made from vendors located in the state.

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Bill No. 1
Version: SB 275
(S) 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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1008 GF/MHTIA						
Other (please specify)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY98) 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

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

Expenditures/Revenues:

(Thousands of Dollars)

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

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

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

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

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

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

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

3
Bill Version: SB 275
(S) Publish Date: 2/19/96

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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FD SOURCE						
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FUNDING: (Thousands of Dollars)	FY97	FY98	FY99	FY00	FY01	FY02
1002 FEDERAL FUNDS						
1003 GF MATCH						
1004 GENERAL FUND						
1006 GF/MHTIA						
OTHER						
TOTAL FUNDING	0.0	0.0	0.0	0.0	0.0	0.0

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: *MB* Marylou Burton, Director Date: 1/31/96
 Agency: Statewide Budget Office

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

FISCAL NOTE

No. 4
 Bill Version: SB 275
 (S) Publish Date: 2/9/96

STATE OF ALASKA
 1996 LEGISLATIVE SESSION

Dept. Affected: <u>DOT&PF</u> BRU: <u>Department Wide</u> Component: <u>Comm. Ofc</u>	COMPONENT SERIAL NO. <u>Comm. Ofc</u>
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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							
TOTAL OPERATING	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	
CAPITAL EXPENDITURES							
CHANGE IN REVENUES ()							

FUND SOURCE		(Thousands of Dollars)					
1102 Federal Receipts							
1103 GF Match							
1104 GF	5.0	5.0	(5.0)	(5.0)	(5.0)	(5.0)	
1105 GF Program Receipts							
1106 GF MHTIA							
Other - All CIP Sources							
TOTAL	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	

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

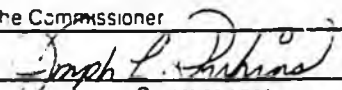
POSITIONS							
FULL-TIME	0	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary!

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

Other than that, savings resulting from passage of this act will be in the form of reduced costs for Contractual items, such as postage for mailing 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 Special Assistant	Phone: 465-3900
Division:	Office of the Commissioner	Date: _____
Approved by:	 Commissioner	Date: 2/2/96
Agency:	Department of Transportation and Public Facilities	

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FISCAL NOTE ATTACHMENT

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

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CS SB #275 (STA)

Revision Date: <u>4/3/96</u>	Dept. Affected: <u>DOT&PF</u>
Title: <u>"An Act relating to state procurement practices and procedures; and providing for an effective date."</u>	BRU: <u>Office of the Commissioner</u>
Sponsor: <u>Senate Rules</u>	Component: <u>Commissioner's Office</u>
Requester: <u>JUD, FIN</u>	COMPONENT SERIAL NO. <u>#530</u>

Expenditures/Revenues (Thousands of Dollars)

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

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

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other - All CIP Sources						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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)

(See Attachment)

New DOT&PF
Replacement
for #4?

Prepared by: <u>Loren Rasmussen, P.E., Acting Director</u>	Phone: <u>465-3900</u>
Division: <u>Engineering and Operations</u>	Date: <u>4/3/96</u>
Approved by: <u>Joseph L. Perkins</u>	Date: <u>4/3/96</u>
Agency: <u>Department of Transportation and Public Facilities</u>	

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FISCAL NOTE ATTACHMENT

For CS SB 275

The passage of this legislation will have a positive and multi-fold effect on the department's project efficiency.

Greater efficiencies will 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:

Section 13

Section 13 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.

Section 15

Section 15 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.

Section 26

Section 26 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.

Construction Projects

- 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 = \$699.5K

FISCAL NOTE

5
 Bill Version: SB 275
 (S) Publish Date: 2/19/96

STATE OF ALASKA
 1996 LEGISLATIVE SESSION

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
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
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 (Thousands of Dollars)

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

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Barton Prepared by: Sharon Barton, Director
 Division: Administrative Services

Phone: 465-5655
 Date: _____

Approved by Commissioner: Mark Boyer *MBoyer*
 Agency: Department of Administration

Date: 2/19/96

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FISCAL NOTE

J. 6

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Bill Version: SB 275
(S) Publish Date: 2/9/96

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
TOTAL OPERATING	0	0	0	0	0	0

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

FUND SOURCE:

(Thousands of Dollars)

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

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

POSITIONS:

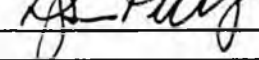
FULL-TIME						
PART-TIME						
TEMPORARY						

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 
Division: General Services

Phone: 465-2250
Date: _____

Approved by Commissioner: Mark Bover 
Agency: Administration

Date: 2/7/96

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FISCAL NOTE

STATE OF ALASKA BILL NO. SB 275
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 =	\$78.00
Total staff: 22 hours	\$783.00

- Estimate number of lease extension negotiations: 23

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

FISCAL IMPACT: INCREASED STAFF COSTS \$18,010.00

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

FISCAL NOTE

STATE OF ALASKA BILL NO. SB275 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

STATE OF ALASKA BILL NO. SB 275
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 =	\$8,489.00
		\$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 =	\$1,209.00
	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

STATE OF ALASKA BILL NO. SB 275 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) = \$6,402.50

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

STATE OF ALASKA BILL NO. SB 275
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)
	TOTAL FISCAL IMPACT	(\$2,798.00)

FISCAL NOTE

v. 7

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Bill Version: SB 275

(S) Publish Date: 2/9/96

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: 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	(207.8)	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	(207.8)	0	0	0	0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
TOTAL		(207.8)*	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 10% of the amount that would be paid for rent can be achieved. Concessions of at least 5% 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
Division: General Services

Phone: 465-2250

Date: _____

Approved by Commissioner: Mark Bover
Agency: Administration

Date: 2/7/96

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FISCAL NOTE

STATE OF ALASKA BILL NO. SB 215 1996 LEGISLATIVE SESSION

ANALYSIS: (continued)

Twenty-three 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 10% 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 10% 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 60% of the maximum potential for savings in FY 97 and FY 98, savings can be achieved in excess of \$100,000.00 in FY 97 and \$200,000.00 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:

- 18 leases are renegotiated for FY 97
- 7 leases were renegotiated for FY 98
- 60% of the leases result in 10% savings reduction
 - FY 97 \$204,509.25 Maximum potential savings x 60% = \$122,700.00
 - FY 98 \$346,284.45 Maximum potential savings x 60% = \$207,800.00

Updated # 7

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. CSSB 275(STA)

Revision Date: _____
Title: "An Act relating to state procurement practices and procedures; and providing for an effective date."
Sponsor: _____
Requestor: (S) STA

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	(207.8)	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	(207.8)	0	0	0	0

CAPITAL EXPENDITURES						
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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		(207.8)*	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 10% of the amount that would be paid for rent can be achieved. Concessions of at least 5% 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
Division: General Services

Phone: 465-2250
Date: _____

Approved by Commissioner: Mark Boyer
Agency: Administration

Date: 4/3/96

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FISCAL NOTE

STATE OF ALASKA BILL NO. CSSB 275(STA)
1996 LEGISLATIVE SESSION

ANALYSIS: (continued)

Twenty-three 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 10% 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 10% 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 60% of the maximum potential for savings in FY 97 and FY 98, savings can be achieved in excess of \$100,000.00 in FY 97 and \$200,000.00 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:

- 18 leases are renegotiated for FY 97
- 7 leases were renegotiated for FY 98
- 60% of the leases result in 10% savings reduction
 - FY 97 \$204,509.25 Maximum potential savings x 60% = \$122,700.00
 - FY 98 \$346,284.45 Maximum potential savings x 60% = \$207,800.00

FISCAL NOTE

No. 8
 Bill Version: SB 275
 (S) 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						
TOTAL OPERATING						

CAPITAL EXPENDITURES						
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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	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

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 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 U. Pugh Margaret Pugh
 Agency: Department of Corrections

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

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

9
Bill Version: SB 275
(S) Publish Date: 2/9/96

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

Department Affected: Law
BRU: All
Component: All

COMPONENT SERIAL NO. 2085, 2087 thru 2092, 2095

EXPENDITURES/REVENUES:

(Thousands of Dollars)

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

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

FUND SOURCE:

(Thousands of Dollars)

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

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

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

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

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

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FISCAL NOTE

.o. 10

Bill Version: SB 275

(S) 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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 97	FY 98	FY 99	FY 100	FY 01	FY 02
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact anticipated.

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

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FISCAL NOTE

No. 11
 Bill Version: SB 275
 (S) 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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
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

(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						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

ANALYSIS: (Attach a separate page if necessary.)

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

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

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FISCAL NOTE

No. 12

Bill Version: SB 275

(S) 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						
TOTAL OPERATING	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 Receipts						
1006 GF/MHTIA						
Other						
TOTAL	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

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FISCAL NOTE

No. 13

Version: SB 275

(S) Publish Date: 2/19/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL 1

Revision Date: _____ Dept. Affected: Public Safety
 Title: An Act relating to state procurement practices and procedures BRU: DPS Statewide Support
 Sponsor: Rules Committee Component: Admin Services
 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
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-
CHANGE IN REVENUES ()	-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						
TOTAL	-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 38.30) 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

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FISCAL NOTE

No. 14

Bill Version: SB 275

(S) 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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES						
---------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

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

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

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

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

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

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO.

SB275

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 15

Bill Version: SB 275

(S) Publish Date: 2/19/96

**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
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

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

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

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

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

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

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

Date: 2-1-96

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FISCAL NOTE

 No. 13

 Bill Version: SB 275

 BI (S) 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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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CHANGE IN REVENUE FUND SOURCE #						
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FUNDING:

(Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

 Estimate of current year (FY96) impact: \$ None
ANALYSIS: (Attach a separate page if necessary)

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

 Prepared by: Arbe Williams Phone: 465-2720
 Division: Administrative Services Date: 1/30/96

 Approved by Commissioner: Tom Cashen
 Agency: Department of Labor Date: 1/30/96

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FISCAL NOTE

No. 17

Bill Version: SB 275

BI (S) Publish Date: 2/19/96

STATE OF ALASKA
1996 LEGISLATIVE SESSION

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

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY97	FY98	FY99	FY00	FY01	FY02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	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	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: \$ none

POSITIONS	FY97	FY98	FY99	FY00	FY01	FY02
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

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

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

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

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

FISCAL NOTE

No. 18

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO:

1 Version: SB 275

(S) 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						
TOTAL OPERATING	0	0	0	0	0	0
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						
TOTAL	0	0	0	0	0	0

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

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

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FISCAL NOTI...

No. 19

Bill Version: SB 275

Bill (S) 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							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	
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		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1006 GF/MHTIA							
Other							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	

Estimate of any current year (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. 20

STATE OF ALASKA
1996 LEGISLATIVE SESSION

Bill Version: CSSB 275(STA)
(S) Publish Date: 4/9/96

Revision Date: _____
Title: "An Act relating to state procurement practices and procedures; and providing for an effective date."
Sponsor: _____
Requestor: (S) STA

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
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ()	0	0	0	0	0	0
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FUND SOURCE:

(Thousands of Dollars)

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

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. Savings associated with the bill will take place throughout various aspects of the procurement process.

The changes proposed will reduce the flow of paperwork in the process and lead to greater efficiencies with procurement practices throughout state government.

(see attached)

Prepared by: Dugan Petty
Division: General Services

Phone: 465-2250
Date: _____

Approved by Commissioner: Mark Boyer
Agency: Administration

Date: _____

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FISCAL NOTE

STATE OF ALASKA BILL NO. CSSB 275(STA)
1996 LEGISLATIVE SESSION

ANALYSIS: (continued)

The total net fiscal impact for this division is estimated to be negligible. When the costs and savings of the bill are totaled for Central Purchasing, approximately \$2,363.00 additional staff costs are generated to implement the provision of the bill.

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

SECTION 10 permits the use of simplified small procurement procedures for the acquisition of office space leases that do not exceed 3,000 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 22 leases would be subject to small procurement procedures. These acquisitions are expected to take an average of 27 staff hours.

Current:	22 leases x \$1,575 =	\$34,650.00
Proposed	22 leases x \$951.48 =	<u>\$20,933.00</u>
Estimated savings:		\$13,717.00

A savings of approximately 3.2 staff months or \$13,717.00 in staff resources is achieved.

FISCAL IMPACT : DECREASED STAFF COSTS (\$13,717)

Section 11 permits the extension of existing leases for up to 10 years if concessions of at least 10% of the amount that would be paid for rent can be achieved. Five 5% concessions could be agreed to with ADA compliance.

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

Assumptions:

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

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

- Estimate number of lease extension negotiations: 23

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

FISCAL NOTE

STATE OF ALASKA BILL NO. CSSB 275(STA)
1996 LEGISLATIVE SESSION

FISCAL IMPACT: INCREASED STAFF COSTS \$18,010.00

Section 13 permits the procurement officer to reduce the circulation period for bids and proposals when there is adequate competition.

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 14 requires a bidder to add value for services, or to have a history of selling a supply that the state is bidding on in order to qualify for the employment program and disabled bidder preference.

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 15 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)

FISCAL NOTE

STATE OF ALASKA BILL NO. CSSB 275(STA)
1996 LEGISLATIVE SESSION

Section 20 permits delegation of the single source determination for only small procurements. Approximately 34 determinations were made by the Chief Procurement Officer in FY 95 that would fit the under \$50,000 range of small procurements.

Assumptions:

- On average, 120 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.
- Estimated number of determinations at \$50,000 and less based on FY 95 is 36.

Calculations:

Current	120 determinations x \$111.94 =	\$13,433.00
Proposed	84 determinations x \$111.94 =	<u>\$9,403.00</u>
Estimated savings:		\$4,030.00

FISCAL IMPACT: DECREASED STAFF COSTS (\$4,030.00)

Section 21 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 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	15.3 determinations x \$111.94 =	<u>\$1,713.00</u>
Savings		\$ 593.00

FISCAL IMPACT: DECREASED STAFF COSTS (\$593.00)

Section 23 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

STATE OF ALASKA BILL NO. CSSB 275(STA)
1996 LEGISLATIVE SESSION

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

FISCAL IMPACT: INCREASED STAFF COST \$1,898.00

Section 26 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: DECREASED STAFF COST (0) Staffing reduced in FY 97 budget decrement

Section 31 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 32 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

STATE OF ALASKA BILL NO. CSSB 275(STA)
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
10		(\$13,717.00)
11	\$18,010.00	
13		(\$138.00)
14	\$1,128.00	
15		(\$454.00)
20		(\$4,030.00)
21		(\$593.00)
23	\$1,898.00	
26		(0)
31	\$259.00	
32		(0)
	TOTAL FISCAL IMPACT	\$2,363.00

TONY KNOWLES
GOVERNOR



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

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 9, 1996

275-

The Honorable Drue Pearce
Senate President
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Pearce:

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

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 2/9/96

FURTHER: Judiciary
Finance

Date of 5-Day Notice: 2/7/96
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 2/2/96

The State Affairs Committee considered SB 275

Relating to state procurement practices and procedures.

JFD

and recommends:

- be replaced with CS SB 275 (STA)
- 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 title
 - 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>	✓				
CHAIR: <i>[Signature]</i>	✓	CHAIR:			

~~PREVIOUS~~
NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
MVA	2/1/96	⊖	
C&RA	2/2/96	⊖	
DNR	2/1/96	⊖	
Labor	1/30/96	⊖	
BEC	2/1/96	⊖	
C&ED	2/1/96	⊖	

- * Administration 2/7/96 *
- APPROPRIATION -- no fiscal note
- C&MB 2/2/96 ⊖
 - H&SS 2/7/96 ⊖

~~NEW PREVIOUS~~
PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
DPS	2/8/96	⊖	
F&G	1/30/96	⊖	
Education	1/29/96	⊖	
Gov. - Admn. Svs.	1/29/96	⊖	
Law	1/26/96	⊖	
Corrections	2/5/96	⊖	

- * DOT/IFP 2/2/96 *
- *include fiscal notes accompanying Governor's bill
- Revenue 1/30/96 ⊖