

SCOMM

122:18

ASAB6000-01 RRN: 0205063
RSN: 04558 CPD: 11/03/99

DISTRB RD: 31055 D01

STATE OF ALASKA
STATEWIDE ACCOUNTING SYSTEM
LAA FY 00 AUTH BALANCES BY CC AS OF 10/31/99

PAGE: 5
DATE: 11/03/99

31925632-00 HS TSK FCE PRIVATIZA

COLLOCATION CODE EXPENDITURES BY ACCOUNT

ENTITY NUMBER AND DESCRIPTION	AUTHORIZED	EXPENDED	ENCUMBERED	BALANCE
SNM 70000 TOTAL EXPENDITURES	.00	5,260.97	.00	5,260.97-
SNM 70009 TOT EXPS-PRECLOSING	.00	5,260.97	.00	5,260.97-
SNM 70008 OPERATING ACCT TOTAL	.00	5,260.97	.00	5,260.97-
SNM 70100 GROUP CTRL-PER SER	.00	3,155.76	.00	3,155.76-
SNM 71000 PERSONAL SERVICES	.00	3,155.76	.00	3,155.76-
SNM 71100 WAGES	.00	2,698.08	.00	2,698.08-
SNM 71150 REGULAR DUTY	.00	2,698.08	.00	2,698.08-
SNM 71170 REGULAR COMPENSATION	.00	2,698.08	.00	2,698.08-
SNM 71172 REGULAR PAY	.00	2,698.08	.00	2,698.08-
SNM 71600 BENEFITS	.00	457.68	.00	457.68-
SNM 71770 EMPLR FRINGE BENEFIT	.00	418.56	.00	418.56-
SNM 71790 AK SUPPLEMNTL BENEFIT	.00	165.39	.00	165.39-
SNM 71800 PUBLIC EMPL RETIREMNT	.00	219.35	.00	219.35-
SNM 71820 UNEMPLYMT INSURANCE	.00	17.63	.00	17.63-
SNM 71840 WORKERS' COMP INS	.00	16.19	.00	16.19-
SNM 71795 MEDICARE TAX	.00	39.12	.00	39.12-
SNM 70200 GROUP CTRL - OTHER	.00	2,105.21	.00	2,105.21-
SNM 70201 GC-OTHER-NONGRANT	.00	2,105.21	.00	2,105.21-
SNM 72000 TRAVEL	.00	758.25	.00	758.25-
SNM 72200 TRAVEL TRANSPORTATN	.00	653.25	.00	653.25-
SNM 72240 FIELD TRAVEL	.00	185.00	.00	185.00-
SNM 72250 INSTATE TRANSPORTATN	.00	185.00	.00	185.00-
SNM 72330 BOARDS, COMM'S, LEG	.00	310.00	.00	310.00-
SNM 72333 OUT SESSION TRANSPRT	.00	310.00	.00	310.00-
SNM 72390 NON-EMPLOYEE TRAVEL	.00	158.25	.00	158.25-
SNM 72397 NON-EMPL TRANS REIMB	.00	158.25	.00	158.25-
SNM 72500 PER DIEM/OTHER COSTS	.00	105.00	.00	105.00-
SNM 72630 BOARDS, COMM'S, LEG	.00	63.00	.00	63.00-
SNM 72632 OUT SESSION PER DIEM	.00	63.00	.00	63.00-
SNM 72690 NON-EMPLOYEE TRAVEL	.00	42.00	.00	42.00-
SNM 72691 PER DIEM	.00	42.00	.00	42.00-
SNM 73000 OTHER SRVCS & CHARGE	.00	993.27	.00	993.27-
SNM 73300 COMMUNICATIONS	.00	492.51	.00	492.51-
SNM 73370 DATA COMMUNICATIONS	.00	384.40	.00	384.40-
SNM 73380 POSTAGE	.00	108.11	.00	108.11-
SNM 73500 ADV PRINT & BIND	.00	500.76	.00	500.76-
SNM 73560 PRINTING & BINDING	.00	500.76	.00	500.76-
SNM 74000 SUPPLIES	.00	353.69	.00	353.69-
SNM 74200 OFFICE SUPPLIES	.00	353.69	.00	353.69-
SNM 74220 OFFICE/LIBRARY SUPPLY	.00	353.69	.00	353.69-
SNM 74227 OFFICE FURNITURE	.00	326.94	.00	326.94-
SNM 74229 OFFICE SUPPLIES	.00	26.75	.00	26.75-

*** END OF DATA FOR 31925632-00 ***

PAGE NO: 2
11/03/99 22:05

	DOCUMENT NUMBER	VENDOR/DESCRIPTIONCODE	TRXN NUMBER	WARRANTY NUMBER	SY	LC	DATE PROCESSD	ACTUALS	ENCUMBRANCES	BUDGETS
CC: 31925630										
ACCT: 73380										
ACCT: 73560	AA13140260017	ANCH 9/99 POSTAGE 43010	00	000000000	10/25/99		68.41	0.00	0.00	
ACCT: 74481	AA13123680004	SUZANNE KELLY 31010 26315921	00	000000000	10/19/99		8.00	0.00	0.00	
	AA13085130016	31010 26297472	00	000000000	10/01/99		82.44	0.00	0.00	
SUBTOTAL, CC: 31925630							158.85	0.00	0.00	
GRAND TOTALS							3,538.37	0.00	0.00	

ASAB6000-01 RRN: 0204751
RSN: 04558 CPD: 11/03/99

DISTRB RD: 31055 D02

STATE OF ALASKA
STATEWIDE ACCOUNTING SYSTEM
LAA FY 00 AUTH BALANCES BY CC AS OF 10/31/99

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31925630-00 SHARED TSK FCE PRIVA

COLLOCATION CODE EXPENDITURES BY ACCOUNT

ENTITY NUMBER AND DESCRIPTION	AUTHORIZED	EXPENDED	ENCUMBERED	BALANCE
SNN 70000 TOTAL EXPENDITURES	26,000.00	448.05	.00	25,551.95
SNN 70009 TOT EXPS-PRECLOSING	26,000.00	448.05	.00	25,551.95
SNN 70008 OPERATING ACCT TOTAL	26,000.00	448.05	.00	25,551.95
SNN 70200 GROUP CTRL - OTHER	26,000.00	448.05	.00	25,551.95
SNN 70201 GC-OTHER-NONGRANT	26,000.00	448.05	.00	25,551.95
SNN 72000 TRAVEL	21,800.00	286.00	.00	21,514.00
SNN 72200 TRAVEL TRANSPORTATN	.00	244.00	.00	244.00-
SNN 72390 NON-EMPLOYEE TRAVEL	.00	244.00	.00	244.00-
SNN 72397 NON-EMPL TRANS REIMB	.00	244.00	.00	244.00-
SNN 72500 PER DIET/OTHER COSTS	.00	42.00	.00	42.00-
SNN 72690 NON-EMPLOYEE TRAVEL	.00	42.00	.00	42.00-
SNN 72691 PER DIET	.00	42.00	.00	42.00-
SNN 73000 OTHER SRVCS & CHARGE	4,200.00	79.61	.00	4,120.39
SNN 73300 COMMUNICATIONS	.00	71.61	.00	71.61-
SNN 73380 POSTAGE	.00	71.61	.00	71.61-
SNN 73500 ADV PRINT & BIND	.00	8.00	.00	8.00-
SNN 73560 PRINTING & BINDING	.00	8.00	.00	8.00-
SNN 74000 SUPPLIES	.00	82.44	.00	82.44-
SNN 74400 OPERATING SUPPLIES	.00	82.44	.00	82.44-
SNN 74480 HOUSEHOLD/INSTITUTNL	.00	82.44	.00	82.44-
SNN 74481 FOOD SUPPLIES	.00	82.44	.00	82.44-

NNN END OF DATA FOR 31925630-00 NNN

ASAB6000-01 RRN: 0204751
RSN: 04591 CPD: 12/13/99

DISTRB RD: 31055 D02

STATE OF ALASKA
STATEWIDE ACCOUNTING SYSTEM
LAA FY 00 AUTH BALANCES BY CC AS OF 11/30/99

PAGE: 6
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31925630-00 SHARED TSK FCE PRIVA

COLLOCATION CODE EXPENDITURES BY ACCOUNT

ENTITY NUMBER AND DESCRIPTION	AUTHORIZED	EXPENDED	ENCUMBERED	BALANCE
SMN 70000 TOTAL EXPENDITURES	26,000.00	448.05	.00	25,551.95
SMN 70009 TOT EXPS-PRECLOSING	26,000.00	448.05	.00	25,551.95
SMN 70008 OPERATING ACCT TOTAL	26,000.00	448.05	.00	25,551.95
SMN 70200 GROUP CTRL - OTHER	26,000.00	448.05	.00	25,551.95
SMN 70201 GC-OTHER-NONGRANT	26,000.00	448.05	.00	25,551.95
SMN 72000 TRAVEL	21,800.00	286.00	.00	21,514.00
SMN 72200 TRAVEL TRANSPORTATN	.00	244.00	.00	244.00-
SMN 72390 NON-EMPLOYEE TRAVEL	.00	244.00	.00	244.00-
SMN 72397 NON-EMPL TRANS REIMB	.00	244.00	.00	244.00-
SMN 72500 PER DIEM/OTHER COSTS	.00	42.00	.00	42.00-
SMN 72690 NON-EMPLOYEE TRAVEL	.00	42.00	.00	42.00-
SMN 72691 PER DIEM	.00	42.00	.00	42.00-
SMN 73000 OTHER SRVCS & CHARGE	4,200.00	79.61	.00	4,120.39
SMN 73300 COMMUNICATIONS	.00	71.61	.00	71.61-
SMN 73380 POSTAGE	.00	71.61	.00	71.61-
SMN 73500 ADV PRINT & BIND	.00	8.00	.00	8.00-
SMN 73560 PRINTING & BINDING	.00	8.00	.00	8.00-
SMN 74000 SUPPLIES	.00	82.44	.00	82.44-
SMN 74400 OPERATING SUPPLIES	.00	82.44	.00	82.44-
SMN 74480 HOUSEHOLD/INSTITUTNL	.00	82.44	.00	82.44-
SMN 74481 FOOD SUPPLIES	.00	82.44	.00	82.44-

*** END OF DATA FOR 31925630-00 ***

ASAB6000-01 RRN: 0205063 DISTRB RD: 31055 D01 STATE OF ALASKA
 RSN: 04591 CPD: 12/13/99 STATEWIDE ACCOUNTING SYSTEM
 LAA FY 00 AUTH BALANCES BY CC AS OF 11/30/99

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31925632-00 HS TSK FCE PRIVATIZA

COLLOCATION CODE EXPENDITURES BY ACCOUNT

ENTITY NUMBER AND DESCRIPTION	AUTHORIZED	EXPENDED	ENCUMBERED	BALANCE
SNN 70000 TOTAL EXPENDITURES	.00	7,990.70	.00	7,990.70-
SNN 70009 TOT EXPS-PRE CLOSING	.00	7,990.70	.00	7,990.70-
SNN 70008 OPERATING ACCT TOTAL	.00	7,990.70	.00	7,990.70-
SNN 70100 GROUP CTRL-PER SER	.00	5,881.19	.00	5,881.19-
SNN 71000 PERSONAL SERVICES	.00	5,881.19	.00	5,881.19-
SNN 71100 WAGES	.00	5,028.24	.00	5,028.24-
SNN 71150 REGULAR DUTY	.00	5,028.24	.00	5,028.24-
SNN 71170 REGULAR COMPENSATION	.00	5,028.24	.00	5,028.24-
SNN 71172 REGULAR PAY	.00	5,028.24	.00	5,028.24-
SNN 71600 BENEFITS	.00	852.95	.00	852.95-
SNN 71770 EMPLR FRINGE BENEFIT	.00	780.05	.00	780.05-
SNN 71790 AK SUPPLEMNTL BENEFIT	.00	308.23	.00	308.23-
SNN 71800 PUBLIC EMPL RETIREMNT	.00	408.80	.00	408.80-
SNN 71820 UNEMPLYMT INSURANCE	.00	32.85	.00	32.85-
SNN 71840 WORKERS' COMP INS	.00	30.17	.00	30.17-
SNN 71795 MEDICARE TAX	.00	72.90	.00	72.90-
SNN 70200 GROUP CTRL - OTHER	.00	2,109.51	.00	2,109.51-
SNN 70201 GC-OTHER-NONGRANT	.00	2,109.51	.00	2,109.51-
SNN 72000 TRAVEL	.00	758.25	.00	758.25-
SNN 72200 TRAVEL TRANSPORTATN	.00	653.25	.00	653.25-
SNN 72240 FIELD TRAVEL	.00	185.00	.00	185.00-
SNN 72250 INSTATE TRANSPORTATN	.00	185.00	.00	185.00-
SNN 72330 BOARDS, COMM'S, LEG	.00	310.00	.00	310.00-
SNN 72333 OUT SESSION TRANSPRT	.00	310.00	.00	310.00-
SNN 72390 NON-EMPLOYEE TRAVEL	.00	158.25	.00	158.25-
SNN 72397 NON-EMPL TRANS REIMB	.00	158.25	.00	158.25-
SNN 72500 PER DIEM/OTHER COSTS	.00	105.00	.00	105.00-
SNN 72630 BOARDS, COMM'S, LEG	.00	63.00	.00	63.00-
SNN 72632 OUT SESSION PER DIEM	.00	63.00	.00	63.00-
SNN 72690 NON-EMPLOYEE TRAVEL	.00	42.00	.00	42.00-
SNN 72691 PER DIEM	.00	42.00	.00	42.00-
SNN 73000 OTHER SRVCS & CHARGE	.00	997.57	.00	997.57-
SNN 73300 COMMUNICATIONS	.00	496.81	.00	496.81-
SNN 73320 TELEPHONE	.00	4.30	.00	4.30-
SNN 73325 TOLL COSTS TOTAL	.00	4.30	.00	4.30-
SNN 73321 TOLL COSTS - VENDOR	.00	4.30	.00	4.30-
SNN 73370 DATA COMMUNICATIONS	.00	384.40	.00	384.40-
SNN 73380 POSTAGE	.00	108.11	.00	108.11-
SNN 73500 ADV PRINT & BIND	.00	500.76	.00	500.76-
SNN 73560 PRINTING & BINDING	.00	500.76	.00	500.76-
SNN 74000 SUPPLIES	.00	353.69	.00	353.69-
SNN 74200 OFFICE SUPPLIES	.00	353.69	.00	353.69-
SNN 74220 OFFICE/LIBRARY SUPPLY	.00	353.69	.00	353.69-
SNN 74227 OFFICE FURNITURE	.00	326.94	.00	326.94-

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31925632-00 HS TSK FCE PRIVATIZA

COLLOCATION CODE EXPENDITURES BY ACCOUNT

ENTITY NUMBER AND DESCRIPTION	AUTHORIZED	EXPENDED	ENCUMBERED	BALANCE
SNN 74229 OFFICE SUPPLIES	.00	26.75	.00	26.75-
*** END OF DATA FOR 31925632-00 ***				

714 4th Avenue, Suite 302B
Fairbanks, Alaska 99701
Phone: 459-2100
Fax: 451-7274

Doyon Properties, Inc.

Fax

To: Marco Pignalberi

From: Bill Allen

Fax: (907) 269-0223

Date: December 8, 1999

Phone: (907) 269-0222

Pages: 37

Re: Statement of opinion to the Committee **CC:**
on Privatization

Comments:

Decemember 2, 1999

Dear Commissioner Bill Allen

This is the statement of opinion to the Committee on Privatization of State Printing Services (including UAF). It will mostly bring attention to UAF Printing Services because of its large size and direct impact on the state private sector economy. This is not to exclude, though, DOT facilities and other state printing and copying services.

By the time a 1994 state law corrected the legislative intent regarding state printing, the University of Alaska Fairbanks campus had built up a print shop as large as any other in the Fairbanks area. Since 1994, UAF has managed to subvert state law, to a large extent, aided by a Board of Regents Printing Standards policy. The 1996 Legislative Audit Report took the University to task in this regards.

The committee recognizes the need for in-house duplicating for State agencies, but we question if any agency can operate large scale duplicating and printing facilities as effective as the private sector.

We feel all State printing services should be privatized, including UAF Printing Services as well as DOT printing and copying offices.

Reason #1. As a general rule private sector printing plants are less expensive to operate than government facilities. This includes, but is not limited to, such items government rarely takes into consideration. For example, what about all the fringe benefits (free tuition to students of parents working for UAF), the true cost of space occupied by printing facilities (if this space was used for classroom space wouldn't that be more efficient use of the building?), paying retirement benefits and other such costs.

Reason #2. The intent of the law (HCS CSSB 212) is written to put printing and copying into the hands of the private sector. Quoted from Sec. 44.99.2000 says "The publications of a state agency shall be produced at a private sector facility located in the state when practicable." See attached copy of law.

Reason #3. If students of UAF need on-hands experience and access to modern equipment, it stands to reason that the private sector would be the best place for this. We feel confident that the private sector is willing to cooperate.

Reason #4. The entire process of bidding requires the private sector to be very competitive. The establishment of a sole source print shop does just the reverse. This is a major reason why the legislature generally supports privatization.

Reason #5. There are some procedural problems with UAF Printing Services. The first is that administratively it is under Purchasing and there is the potential for Printing Services seeing bids of private sector shops before bid openings. The second issue is that private sector shops are not awarded state preference points against UAF Printing Services.

Reason #6. Copying services are controlled by UAF Printing Services and are used as a revenue source. This seems to cost other departments extra money in an effort to make UAF Printing Services self-sufficient.

Support for Reason #1

The bidding process through the private sector is the reason the largest printing buyer in the world - the United States Government - established the Government Printing Office. This office does not print, but contracts with printers all over the United States to receive the best product for the best price. The US Government has closed down printing facilities all over the US and the world, to simply save money. If the largest printing buyer in the world does this, why should the State of Alaska or UAF feel they can be more efficient.

As stated in the reason above. We feel that the true costs involved with running a print shop are not always included. We doubt that all fringe benefits are added as expenses. Such costs as free tuition to UAF employees, retirement monies, all travel costs, the true cost of space used by printing plants in state or university buildings (to include heating, utilities, parking space) and equipment amortization are costs that must be included. State government should do what it does best. Let the private sector do what it does best - provide efficient services. So often government builds upon itself and although the process builds a larger government, it certainly does not build a more efficient and cost effective government.

Support for Reason #2.

Prior to 1990 the laws were fairly quiet about the establishment of printing services, but HB75 which was signed June 14, 1990 did spell out that all printing was to be done in a state facility. In discussion with one of the writers of that bill, Senator Drue Pearce, the intent was to specify a private sector facility in the state of Alaska; therefore, the final wording of the bill was in error. The UAF printing services took this as a mandate to increase their facilities and equipment to do the printing for UAF and state agencies.

Then in 1994, the law was corrected to be the intent of the lawmakers. The law says "the publications of a state agency shall be produced at a private sector facility located in the state where practicable." It was obvious that the university was not following these guidelines. A Legislative Audit was ordered and finished on April 16, 1996. Since that time, to the best of our knowledge, jobs over the \$2500 threshold have been bid and other arbitrary restrictions removed resulting in savings to the University of Alaska. Prior to that audit, jobs were not always bid.

See the attached copy of the Legislative Audit.

One state print shop in Juneau has since been closed, however DOT regional centers still have a full copy shop for their publications. We question this to be within the spirit of the law.

It might be pointed out that the total dollar billing by Printing Services has gone down, demonstrating that it is harder for them to compete with the private sector.

FY 94	\$1,056,943.25
FY 95	1,030,203.55
FY 96	999,971.46
FY 97	873,341.12
FY 98	859,891.41

We do not know if this includes copy revenues as well as printing revenues.

UAF Printing Services are mandated to be self-supporting. This is a complicated issue. This committee does not have access to UAF accounting to know how they compute costs.

Support of Reason #3

The University Administration claims the UAF Printing Services is partially justified because of services to UAF students. This committee feels that getting students into the work force and actual job situations would be of greater value than going through UAF Printing Service on campus. A program could be developed with private industry to have the students work with experienced tradesman to achieve desired results. Through casual conversation with past and present UAF print shop employees, we believe the claim that UAF students have an opportunity to learn the printing trade is over-exaggerated. We disagree with the statement that such opportunities are not available from the private sector.

One stated justification for UAF Printing Services is having on campus consulting on design, color and layout from Printing Services. The Private Sector also provides such services.

A companion justification is that of the on-campus network and being able to electronically send files. The private sector printing shops would be more than happy to pick and deliver files and in fact do so now. The private sector has also has internet and other electronic capabilities, also.

Support of Reason #4.

Bidding does provide competition which keeps prices down.

The UAF Subcommittee mentioned that a national company visited the campus three year ago as a potential bidder to operate their plant. To our knowledge, the private sector printing businesses in the Fairbanks area have never been invited to participate in such a study. Why not? No one knows the local economy, sources of supply etc. better than local suppliers.

Support of Reason #5.

It seems a strange administrative procedure to have purchasing and one of the bidders(UAF Printing Services) both under the same office. This is not to say that UAF Printing Services has prior access to bidding prices, but the issue is certainly a potential conflict of interest. This should be addressed by the current University Administration.

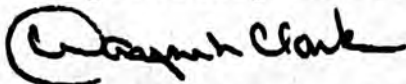
There is a concern, also, when printing bids are awarded by UAF Purchasing, whether the private sector shops that have Class II and III state preferences under the Alaska Bidders Program are being considered. This committee questions if UAF Printing Services is eligible for these preferential points. This certainly could be the difference of awarding a job to the private sector or UAF Printing Services. It is generally understood that if state money is used, then state bidding policies are to be followed.

UAF Purchasing policy currently is that since this is a state facility competing against printing companies within the state, this program does not apply. However, the private sector printing companies go through a qualifying process to become a member of the program. UAF Printing Service has not gone through this process of being qualified. This committee suggests that all private sector printing companies that are qualified under this program be given these preferential points when bidding against UAF Printing Services or out-of-state private sector printing plants.

Support of Reason #6.

It is this committee's understanding that the UAF Printing Services controls many of the copy machines on campus and charges each user 5.5 cents per copy or 11 cents for a two sided copy. If this is the practice, then it appears that UAF Printing Services is charging more than costs to support their printing plant.

Respectfully submitted,



Committee on Private Sector Printing
Wayne L. Clark, Secretary

Members
Charles L. Gray
Paul J. Massey
Wayne L. Clark

11/11/2011



LAWS OF ALASKA

1994

Source
HCS CSSB 212(L&C) am H

Chapter No.
59

AN ACT

Relating to the giving of procurement notices; changing the content of the required procurement reports to the legislature by the commissioner of administration; relating to publications produced by state agencies; establishing an innovative construction procurement methods pilot program; and establishing legislative findings, a legislative purpose, and legislative intent for state procurement; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

Approved by the Governor: May 24, 1994.

Actual Effective Date: Section 3 takes effect August 22, 1998; remainder of Act takes effect August 22, 1994

AN ACT

1 Relating to the giving of procurement notices; changing the content of the required
2 procurement reports to the legislature by the commissioner of administration; relating to
3 publications produced by state agencies; establishing an innovative construction procurement
4 methods pilot program; and establishing legislative findings, a legislative purpose, and
5 legislative intent for state procurement; and providing for an effective date.

6
7 *** Section 1. FINDINGS, PURPOSE, AND INTENT. (a)** The legislature finds that
8 (1) the state needs to develop and maintain a strong, stable, and prosperous
9 economy based on private investment;
10 (2) the existence of a strong and healthy free enterprise system is directly
11 related to the well-being and competitive strength of Alaskan businesses and to the opportunity
12 for Alaskan businesses to have free entry into the business market and to grow and expand;

Chapter 59

1 (3) the use of products manufactured, grown, or produced in Alaska
2 strengthens, stabilizes, and diversifies Alaska's economy;

3 (4) when governmental agencies purchase and use out-of-state products and
4 services, they reduce job-creating investments and limit the growth of the economy of Alaska;

5 (5) contracts are frequently awarded to out-of-state firms, even though Alaskan
6 suppliers, manufacturers, and providers of services are more accessible and responsive to the
7 needs of Alaska's business community than their out-of-state counterparts;

8 (6) there is a need for Alaska to examine its purchasing practices in order to
9 ensure that state agencies support Alaskan businesses by making every reasonable effort to
10 identify available Alaskan goods and services and to foster bidding by local and resident
11 businesses and labor forces, including union and nonunion labor;

12 (7) state agencies should look outside Alaska for goods and services only if
13 they have provided notice of the procurement in Alaska.

14 (b) The legislature declares that the purpose of this Act is to foster a procurement
15 process where Alaskan businesses obtain a fair proportion of Alaska's total procurement
16 contracts by providing Alaskan businesses with a fair, equitable, and competitive bid process.

17 (c) It is the intent of the legislature that

18 (1) except as prohibited under AS 36.30.320(d), a state agency shall, when
19 practicable and economically feasible, design procurements in a way that fosters participation
20 by Alaska bidders or offerors;

21 (2) except as prohibited under AS 36.30.320(d), and unless it is anticipated that
22 two or more Alaska bidders or offerors would be capable of performing the procurement, an
23 agency that is proposing a procurement shall, when practicable and economically feasible,
24 divide or otherwise structure the procurement so that it can be performed by Alaska bidders
25 or offerors, if the proposed procurement is too large to be performed by Alaska bidders or
26 offerors, and if the procurement officer determines that Alaska bidders or offerors generally
27 would be capable of performing the procurement if the procurement were reduced in size or
28 otherwise restructured; in this paragraph, "Alaska bidders or offerors" means persons who
29 qualify as Alaska bidders under AS 36.30.170(b); and

30 (3) state agencies that procure investment and brokerage services increase the
31 utilization of brokerage and investment services provided by persons located in the state; in

1 this paragraph, "state agency" includes the University of Alaska, the Alaska Railroad
2 Corporation, the Alaska Housing Finance Corporation, the Alaska Aerospace Development
3 Corporation, the Alaska State Pension Investment Board, and the Alaska permanent fund
4 established under AS 37.13.010, but does not include the state trustees or federal trustees
5 under AS 37.14.450.

6 * Sec. 2. AS 36.30.130(a) is amended to read:

7 (a) The procurement officer shall give adequate public notice of the invitation
8 to bid at least 21 days before the date for the opening of bids. If a determination is
9 made in writing that a shorter notice period is necessary for a particular bid, the
10 21-day period may be shortened. The determination shall be made by the chief
11 procurement officer for bids for supplies, services, or professional services. The
12 determination shall be made by the commissioner of transportation and public facilities
13 for bids for construction or acquisition of property for the state equipment fleet.
14 Notice shall be published in the Alaska Administrative Journal. The time and manner
15 of notice must be in accordance with regulations adopted by the commissioner of
16 administration. When practicable, notice may include

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

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

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

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

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

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

27 (a) The procurement officer shall give adequate public notice of the invitation
28 to bid at least 21 days before the date for the opening of bids. If a determination is
29 made in writing that a shorter notice period is necessary for a particular bid, the
30 21-day period may be shortened. The determination shall be made by the chief
31 procurement officer for bids for supplies, services, or professional services. The

Chapter 59

determination shall be made by the commissioner of transportation and public facilities for bids for construction or acquisition of property for the state equipment fleet. Notice shall be published in the Alaska Administrative Journal. The time and manner of notice must be in accordance with regulations adopted by the commissioner of administration. When practicable, notice may include

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

Sec. 4. AS 36.30.540 is amended to read:

Sec. 36.30.540. REPORT TO LEGISLATURE. The [BEGINNING WITH DECEMBER 1, 1989, THE] commissioner shall biennially report to the legislature concerning procurements by agencies. The report must include

- (1) the records maintained by the commissioner under AS 36.30.510 and the records maintained under AS 36.30.520(a) for the previous two fiscal years;
- (2) recommendations for changes in this chapter or other laws based on implementation of this chapter in the previous two fiscal years;
- (3) a description of any matters that involved litigation concerning this chapter in the previous two fiscal years;
- (4) a list of procurements made under this chapter from out-of-state sources during the previous two fiscal years together with the total number of procurement contracts entered into during that period with out-of-state contractors and the total value of these contracts; this paragraph does not apply to procurements made under AS 36.30.320; and
- (5) a list of procurements made under this chapter from state sources during the previous two fiscal years together with the total number of procurement contracts entered into during that period with state contractors and the total value of these contracts; this paragraph does not apply to procurements made under AS 36.30.320;
- (6) the number of bidders and offerors that bid on or made

proposals for procurements under this chapter, the number of these bidders and offerors that were located in the state, and the number of these bidders and offerors that were located outside the state; this paragraph does not apply to procurements made under AS 36.30.320.

* Sec. 5. AS 44.99.200 is repealed and reenacted to read:

Sec. 44.99.200. PRODUCTION OF PUBLICATIONS. The publications of a state agency shall be produced at a private sector facility located in the state when practicable. The Department of Administration shall establish standards for the production of publications by state agencies, except that the Board of Regents of the University of Alaska shall establish the standards for the university. The standards shall be designed to promote simplicity, low cost, and consistency.

* Sec. 6. AS 44.99.210 is amended to read:

Sec. 44.99.210. DISCLOSURES ON PUBLICATION. If [A PUBLICATION OF A STATE AGENCY IS EXEMPTED UNDER AS 44.99.200(a) FROM BEING PRODUCED AT A STATE-OPERATED FACILITY AND IF] the actual annual costs for ~~a~~ (THE) publication of a state agency that are paid from the general fund exceed \$1,500, or if the actual annual costs of a state agency publication that is a report required by law are paid from a source other than the general fund and exceed \$1,500, the publication must include a statement that gives the name of the agency releasing the publication, the purpose of the publication, the cost for each copy of the publication, and the city and state where the printing was done. The statement must read: "This publication was released by . . . (name of state agency) . . . , produced at a cost of \$ per copy to . . . (statement of purpose) . . . , and printed in (city and state where printed)." If the publication is required by law, the statement must also include: "This publication is required by . . . (appropriate citation to Alaska law)." The statement may include, if applicable, a declaration of the revenue raised by the sale of the publication or from the purchase of advertising in the publication. The statement shall be printed in one conspicuous place in the body of the publication in a type size that is not smaller than 12 [EIGHT] points and shall be placed in a box composed of at least two [ONE] point rule. In this section, "cost for each copy" means the figure that results after dividing the total contract cost of producing the

Chapter 59

publication by the number of copies produced. This section does not apply to a publication that is intended primarily for foreign or other out-of-state use, [OR] to a program for a public ceremony of a state agency, or to materials used by a state agency to develop a market for the agency's services or products.

* Sec. 7. AS 44.99.230 is repealed.

* Sec. 8. INNOVATIVE CONSTRUCTION PROCUREMENT METHODS PILOT PROGRAM. (a) Within six months after the effective date of this section, the commissioner of transportation and public facilities shall begin a two-year pilot program for the use of innovative methods for the procurement of construction services by using bonuses to replace the preferences required under AS 36.30. The bonuses are to be offered to achieve the purposes of the preferences in AS 36.30 and shall be defined by regulations adopted by the commissioner.

(b) Notwithstanding the provisions of AS 36.30, if the commissioner determines in writing that using innovative construction procurement methods for the procurement of construction contracts would be in the best interests of the state, the commissioner may, by regulation, adopt procedures different than those provided under AS 36.30 as necessary to use bonuses instead of preferences in the procurement of construction contracts. The determination must find that the innovative methods are not contrary to the intent and purposes of AS 36.30, demonstrate that the innovative methods are in the best interests of the state, and describe how the innovative methods modify the procurement methods and procedures of AS 36.30.

(c) Within 15 months after the pilot program begins, the commissioner shall report to the legislature on the construction contracts awarded during the first year of the pilot program. Within 27 months after the pilot program begins, the commissioner shall report to the legislature on the construction contracts awarded during the second year of the pilot program. In a report under this subsection, the information must include for each contract awarded during the period covered by the report

(1) the geographical region where the construction is to be performed; and

(2) whether the contractor is classified as a minority contractor.

(d) The legislature may review the pilot program at any time during the program and may make the program permanent or broaden the scope of the innovative procurement

1 program.

2 (e) In this section.

3 (1) "best interests of the state" means that the proposed action would provide

4 (A) an economic benefit to the private businesses and citizens of the
5 state;

6 (B) an economic benefit to state government; and

7 (C) greater administrative efficiencies than existing procedures provide;

8 (2) "commissioner" means the commissioner of transportation and public
9 facilities.

10 * Sec. 9. APPLICABILITY. AS 36.30.540(6), enacted by sec. 4 of this Act, applies to
11 reports due after the effective date of sec. 4 of this Act.

12 * Sec. 10. Section 3 of this Act takes effect on the date that is four years after the effective
13 date of sec. 2 of this Act.

Audit Report

**DEPARTMENT OF ADMINISTRATION
UNIVERSITY OF ALASKA
PRINTING AND PUBLICATION
EXPENDITURES**

April 16, 1996



Audit Control Number:

02-4533-96

**Division of Legislative Audit
P.O. Box 118900, Juneau, Alaska 99811-8900**

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LEGISLATIVE BUDGET AND AUDIT COMMITTEE

DIVISION OF LEGISLATIVE AUDIT

The Legislative Budget and Audit Committee is a permanent interim committee of the Alaska Legislature. The committee is made up of five senators and five representatives, with one alternate from each legislative chamber. The chairmanship of the committee alternates between the two chambers every legislature.

The committee is responsible for providing the legislature with audits of state government agencies. The programs and activities of state government now cost more than \$5 billion a year. As legislators and administrators try increasingly to allocate state revenues effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by the Division of Legislative Audit helps provide that information.

As a guide to all their work, the Division of Legislative Audit complies with generally accepted auditing standards established by the American Institute of Certified Public Accountants and with government auditing standards established by the U.S.

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Representative John Davies
Representative Gary Davis
Representative Vic Kohring
Representative Mark Hanley (alternate)

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Senator Rick Halford
Senator Steve Rieger
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DIVISION OF LEGISLATIVE AUDIT

Randy S. Welker, CPA
Legislative Auditor
Merle R. Jensen, CPA
Deputy Legislative Auditor

REGENTS POLICY

PART V

FINANCE AND BUSINESS MANAGEMENT CHAPTER VIII

Printing Standards

Printing Standards

05.08.01

Publications produced by and for the University shall be simple, low in cost, and consistent. Publications shall be printed on recycled paper whenever it meets specific printing needs and shall be printed on both sides of the paper. A publication with actual annual general fund production costs in excess of \$1,500 shall contain the disclosure statement if required by A.S. 44.99.200.

Printing at Private Facilities

05.08.02

A University publication shall be produced at a private sector facility located in the state unless: (a) the publication cannot be produced within the time limits established by the University by a private sector facility located in the state; (b) the technical requirements for the publication exceed the capability of private sector facilities located in the state; (c) the publication can be produced at least cost by the University, or (d) in-house xerographic copiers, computer printers or imagers are used to produce the publication.

Printing Regulations

05.08.03

In adopting University Regulations with printing standards designed to promote simplicity, low cost and consistency in accordance with this policy, the President shall consider the standards adopted by the Department of Administration under A.S. 44.99.230. The President shall allow for exceptions to the University standards with written justification. The standards shall not apply to publications used by the University to develop a market for the University's services or products, publications intended primarily for foreign or out-of-state use, programs for public ceremonies, or posters, or printed materials exempted by A.S. 44.99.240(1).

08-19-94

factors above, all three of these non-cost aspects, have served to limit the amount of printing and publication produced in the private sector.

2. Market development exemption has also been employed to avoid use of private sector printers. As reflected by the BOR policy on page 4, the university states "*the standards shall not apply to publications used by the University to develop a market for the University's services or products, publications intended primarily for foreign or out-of-state use, programs for public ceremonies . . .*" The policy has been interpreted by university staff to avoid having to seek private sector competitive bids for certain publications because they are considered marketing items.

university staff to avoid having to seek private sector printing publications because they are considered marketing items.

For example, the UAF Summer Sessions catalog, at a cost of more than \$18,000 for FY 95, was produced by UAF-PS without consideration of private printers. University officials we interviewed felt that this was appropriate under the BOR policy, since the summer sessions catalog not only provides information for prospective students, but is also used as a means to recruit those students. The individuals responsible for producing the catalog were confident that UAF-PS could meet their needs and felt more comfortable working with the in-house facility. For further discussion see Recommendation No. 1.

3. UA policy interpreted in such a way to expand the definition of "cost effective." The BOR policy provides that if a publication can be produced at a less cost by the university, it does not have to be produced by a private sector facility. Some individuals we interviewed indicated that they considered more than the publication price when applying the BOR policy. In their view, their time and effort also represented a university cost and if use of UAF-PS made more efficient use of their time, the total cost to the university would be less. Accordingly, this would allow them to be exempted from utilizing a "private sector" facility.

While the new printing standards have not affected private sector printers in Fairbanks, they have also not affected the private sector printers in Anchorage. Due to the small facility on the University of Alaska Anchorage (UAA) campus, and the large number and diversity of services offered by Anchorage area printing companies, the UAA print shop had a limited impact on the local market. From our discussions with UAA personnel use of the private sector to produce printing and publications has not significantly changed with adoption of the revised statute.

DOA's new policy has resulted in a slight increase in the use of private sector printers

The Department of Administration's (DOA) new procurement policy⁹ has resulted in a slight increase in the use of private sector facilities. Using state accounting system records, we estimate that private sector printing and publication expenditures increased just over 5% from FY 94 to FY 95. After making some adjustments to assist in comparability, we estimate state expenditures for printing and publications increased from just under \$4 million in FY 94, to almost \$4.2 million in FY 95.

We also estimate that private sector printing and publication activity, as measured by expenditures, increased from just over 73% in FY 94 to almost 78% in FY 95. This trend is further illustrated and discussed by the information presented in Table III on the following page. As shown in the table, we estimate state agencies spent over \$5.4 million in printing-related expenditures in FY 94, and just under \$5.4 million in FY 95.

There may be numerous reasons for these changes. However, in our view, unlike the university, the change in procurement procedure and policy was the central contributing factor. The impact of the change in procurement policy was lessened to an extent by a large increase in paper prices, that printers faced during FY 95. State procurement personnel we spoke to commented they thought CD was able to continue as "low bidder" on many jobs because it had a large store of paper bought at volume discount prices through the auspices of the State. As a result, procurement personnel speculated CD was able to hold on to some business due to this competitive advantage.

CD does not have the technological advantages of UAF-PS. The capabilities of the state printing facility in Juneau are less than that available from local printers in the Juneau market. CD is not conveniently accessible to many Anchorage-based state agencies which may make extensive use of the Anchorage market to meet their printing and publication needs. As a result, the shift to private sector facilities was not affected by "customer preferences" involving technological capabilities or convenience as was the case with UAF-PS.

⁹As stated in the Background Information section, the Division of General Services interpreted the "when practicable" language in the amended statute to generally mean "lowest price." Accordingly, the change in procurement policy was a directive to state agencies to obtain printing and publications from whatever vendor, CD included, who could provide what they wanted, when they wanted, at the lowest price.

TONY KNOWLES, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

P.O. BOX 110200
JUNEAU, ALASKA 99811-0200
PHONE: (907) 465-2200
FAX: (907) 465-2138

August 16, 1996

Randy Welker
Legislative Auditor
P.O. Box 113300
Juneau, AK 99811-3300

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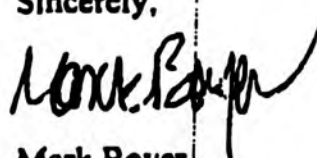
Dear Mr. Welker:

Thank you for the opportunity to comment on Preliminary Audit 02-4533-96. We did not understand that you were expecting a written response to this audit and apologize for any inconvenience our subsequent tardiness may have caused.

This audit contained no recommendations for the Department of Administration. We concur with the analysis and agree with the recommendation for the University of Alaska Board of Regents.

If you have any questions, please call me or Dugan Petty, Director of the Division of General Services.

Sincerely,



Mark Boyer
Commissioner

cc: Dugan Petty
Director
Division of General Services

Sharon Barton
Director
Division of Administrative Services