

ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672

8687 HOUSE LABOR & COMMERCE

**HB**

**482**

Sec 30 Proposed Amendment to bill for CSHB482

(a) A protest based upon alleged improprieties or ambiguities in a solicitation must be filed at least 10 days before the due date of the bid or proposal, unless a later protest deadline is specifically allowed in the solicitation. A protest of a bid or proposal with a shortened public notice, which is based upon alleged improprieties or ambiguities in the solicitation, must be filed prior to the due date of the bid or proposal. A protest of a bid or proposal in which a pre-bid or pre-proposal conference is held within 12 days of the due date, which is based upon alleged improprieties or ambiguities in the solicitation, must be filed prior to the due date of the bid or proposal.

George -  
guy this  
I've given a  
copy to  
Rep Porter's office  
Doug Pethy

# FISCAL NOTE

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

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept Affected: DOT&PF  
 Title: State Procurement Practices and Procedures BRU: Department Wide  
 Component: Comm. Olc.  
 Sponsor: Rules Committee  
 Requester: Governor COMPONENT SERIAL NO. Comm. Olc.

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

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

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other - All CIP Sources						
<b>TOTAL</b>	<b>(5.0)</b>	<b>(5.0)</b>	<b>(5.0)</b>	<b>(5.0)</b>	<b>(5.0)</b>	<b>(5.0)</b>

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

**POSITIONS**

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

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

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

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

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# FISCAL NOTE ATTACHMENT

HB 482

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

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

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

## Section 8

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

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

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

## Section 10

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

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

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

## Section 22

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

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

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

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

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

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

FISCAL NOTE

No. 18

Bill Version: HB 482

(H) Publish Date: 2/9/96

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

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

Department Affected: Administration  
BRU: General Services  
Component: 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 *Dugan Petty*  
Division: General Services

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

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

Date: 2/7/96

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FISCAL NOTE

HB 482

STATE OF ALASKA BILL NO. \_\_\_\_\_  
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

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

to. 17  
Bill Version: HB 482  
(H) 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  
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: Marvlou Burton, Director  
Division: Statewide Budget Office  
  
Approved by: *MB* Marylou Burton, Director  
Agency: Statewide Budget Office

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

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

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

Expenditures/Revenues: (Thousands of Dollars)

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

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

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

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

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

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

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# FISCAL NOTE

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## STATE OF ALASKA 1996 LEGISLATIVE SESSION

Bill Version: HB 482

(H) Publish Date: 2/9/96

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

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

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

**FUNDING: (Thousands of Dollars)**

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

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

**POSITIONS:**

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

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

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

Prepared By: Kenneth E. Bischoff, Director Phone: 465-4336  
 Division: Administrative Services Date: 2/8/96  
 Approved by Commissioner: *Ronald L. Otte* Date: 2/8/96  
 Agency: Ronald L. Otte, Dept. of Public Safety

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# FISCAL NOTE

No. 14

Bill Version: HB 482

(H) Publish Date: 2/9/96

## STATE OF ALASKA 1996 LEGISLATIVE SESSION

Revision Date: Original Dept Affected Natural Resources  
 Title: An Act relating to state procurement practices 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							
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0	
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0	
<b>CHANGE IN REVENUES ( )</b>	0.0	0.0	0.0	0.0	0.0	0.0	

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

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

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

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

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

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

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

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

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# FISCAL NOTL

No. 13

Bill Version: HB 482

(H) Publish Date: 2/9/96

## STATE OF ALASKA 1996 LEGISLATIVE SESSION

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

Expenditures/Revenues (Thousands of Dollars)

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

FUND SOURCE (Thousands of Dollars)

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

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

### POSITIONS

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

### ANALYSIS:

(Attach a separate page if necessary)

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

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

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

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

# FISCAL NOTE

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

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

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

Department Affected: Law  
 BRU: All  
 Component: All

COMPONENT SERIAL NO. 2085, 2087 thru 2092, 2095

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

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	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						
1006 GF/MHTIA						
OTHER						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

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

**POSITIONS:**

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

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

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

Prepared by: Richard I. Pegues, Director  
 Division: Administrative Services

Phone: 465-3672  
 Date: January 26, 1996

Approved by Commissioner: Bruce M. Botelho, Attorney General  
 Agency: Department of Law

Date: January 26, 1996

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# FISCAL NOTE

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

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

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

Department Affected: Labor  
 BRU: All  
 Component: All

COMPONENT SERIAL NO. 340

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

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

CAPITAL						
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CHANGE IN REVENUE						
FUND SOURCE #						

**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	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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STATE OF ALASKA  
1996 LEGISLATIVE SESSION

'0. 10  
Bill Version: HB 482  
(H) Publish Date: 2/9/96

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

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

Expenditures/Revenues:

(Thousands of Dollars)

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

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ( )						
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FUND SOURCE

(Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

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

ANALYSIS: (Attach a separate page if necessary)

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

Prepared by: Janet Clarke  
Division: Administrative Services  
Approved by Commissioner: Karen Perdue, Commissioner  
Agency: Department of Health & Social Services

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

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# FISCAL NOTE

NO. 9

Bill Version: HB 482

(H) Publish Date: 2/9/96

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

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

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

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

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

**FUND SOURCE** (Thousands of Dollars)

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

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

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

No fiscal impact anticipated.

Prepared by: Michael A. Nizich, Director Phone: 465-3876  
 Division: Administrative Services Date: 1/29/96

Approved by Commissioner: Jim Ayers, Chief of Staff Date: 1/29/96  
 Office of the Governor

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# FISCAL NOTE

No. 8

Bill Version: HB 482

(H) Publish Date: 2/9/96

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

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

**Expenditures/Revenues**

(Thousands of Dollars)

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

CAPITAL EXPENDITURES						
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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						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

**POSITIONS**

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

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

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

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

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# FISCAL NOTE

N 7

Bill Version: HB 482

(H) Publish Date: 2/9/96

## STATE OF ALASKA 1996 LEGISLATIVE SESSION

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

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

COMPONENT SERIAL NO. 633

Expenditures/Revenues:

(Thousands of Dollars)

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

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

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

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary.)

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

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

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

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

Date: 2-1-96

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# FISCAL NOTE

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

STATE OF ALASKA  
 1996 LEGISLATIVE SESSION

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

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

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

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

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

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

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

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

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

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

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# FISCAL NOTE

NO. 4

Bill Version: HB 482

(H) Publish Date: 2/9/96

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

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

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

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

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

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

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

**POSITIONS:**

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

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

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

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# FISCAL NOTE

No. 3

Bill Version: HB 482

(H) Publish Date: 2/9/96

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

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

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

Sponsor: Rules  
Requestor: Governor

COMPONENT SERIAL NO. 1028

Expenditures/Revenues (Thousands of Dollars)

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

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

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

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

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

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

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

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## FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. HB 482

ANALYSIS: (continued)

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

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

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

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

FISCAL NOTE

No. 2

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

Bill Version: HB 482

(H) 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
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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. 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 Boyer  
Agency: Administration

Date: 2/7/96

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FISCAL NOTE

HB 482

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

ANALYSIS: (continued)

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

Assumptions:

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

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

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

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

Assumptions:

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

Purchasing Agent III: 20 hours at \$35.24 per hour =	\$705.00
Purchasing Agent IV: 2 hours at \$38.94 per hour =	\$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

HB 482

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

Assumptions:

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

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

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

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

Assumption:

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

Calculation:

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

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

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

Assumptions:

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

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

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

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

FISCAL NOTE

HB 482

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

Assumption:

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

Calculations:

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

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

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

Assumptions:

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

Calculations:

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

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

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

Assumptions:

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

Calculations:

FISCAL NOTE

HB 482

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

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

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

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

**Assumptions:**

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

**Calculation:**

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

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

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

**Assumptions:**

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

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

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

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

**Assumptions:**

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

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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

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

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

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

Expenditures/Revenues		(Thousands of Dollars)				
OPERATING EXPENDITUR	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

FUND SOURCE		(Thousands of Dollars)				
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared by: Sharon Barton, Director  
 Division: Administrative Services

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

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

Date: 2/7/96

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TONY KNOWLES  
GOVERNOR

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

HB 482  
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Juneau, Alaska 99811-0001  
(907) 465-3500  
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February 9, 1996

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

Dear Speaker Phillips:

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

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

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

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

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

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

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

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

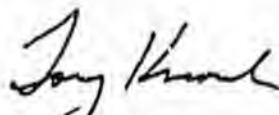
The procurement process is often identified as a barrier to accomplishing the state's business. This bill establishes an innovative procurement track allowing the purchase of new, unique services or supplies or technologies in controlled circumstances without strict adherence to the formal invitation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

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

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

I urge your support of this bill.

Sincerely,



Tony Knowles  
Governor

HB 482  
PROCUREMENT STREAMLINING KEY POINTS

**Simplifies Procurement Procedures**

- Raises the threshold for state's use of simplified small procurement procedures from \$25,000 to \$50,000. (sec. 23)
- Raises the threshold for construction simplified small procurement procedures from \$25,000 to \$100,000. (sec. 23)
- Permits a streamlined simplified protest process for small procurements. (sec. 29)
- Small office leases of up to 5,000 s.f. acquired through simplified small procurement procedures. (secs. 4 and 23)
- Bidders for other than construction contracts will no longer be required to list sub-contractors within five days of award. (secs. 8 and 12)
- Bidders for other than construction contracts are given more latitude to replace sub-contractors. (secs. 8 and 12)
- Proposals will be returned to proposers when an RFP is canceled to prevent disclosure to competitors. (sec. 14)

**Empowers Procurement Officers**

- A procurement officer may shorten the notice period for a purchase if adequate competition is anticipated. (sec. 9)
- Permits greater use of RFPs when advantageous as determined by the procurement officer. (sec. 11)
- Decreases restrictions on entering into a sole source contract by providing greater discretion to contract with a single source when in the state's best interest and award through an formal bid or RFP is not practical. (sec. 16)
- Grants discretion to the Chief Procurement Officer to permit other procurement officers to make determinations to enter into single source and limited competition procurements. (secs. 16 and 17)
- Expands requirement to independently verify material facts in a determination to any state official completing the determination of a single source, limited competition, or emergency contract. (sec. 22)
- Expands penalty for a knowing false statement to any state official making a false statement in an alternate procurement determination. (sec 22)
- Permits the attorney general to determine when a legal services contract meets the requirements for a limited competition procurement. (sec. 17)

**Avoids Uneconomical Contracts and Practices**

- Prevents brokering of bidder preferences. (sec. 10)
- Protects the state from protest damages beyond reasonable bid preparation costs. (sec. 33)
- Removes debarred and suspended bidders from the bidders' list. (secs. 3 and 38)

- Protects the state from untimely contract controversy claims. (secs. 36 and 37)

#### **Streamlines Procurement Practices**

- Permits a streamlined and simplified protest process for small procurements. (sec. 29)
- Exempts the operation and disposal of assets acquired through foreclosure of agricultural loans from the complexities of the state procurement process. (sec. 39)
- Permits purchase of lobbying, public relations, and advertising contracts by the Governor's office and livestock by Alaska Correctional Industries outside the requirements of the procurement code. (sec. 40)
- Makes protest time deadlines more uniform and consistent with court rules. (secs. 31, 32, 34, and 35)
- Places all preference requirements in one part of statute for ease of reference by procurement officers. (secs. 24, 25, 26 and 45)
- Restricts disclosure of proposals until notice of intent to award is issued. (sec. 13)

#### **Encourages Innovation and Better Value**

- Provides for an innovative method of procurement for new, unique requirements; new technology; or to acquisition best value when advantageous to the state. (sec. 19)
- Encourages use of RFPs when appropriate to achieve best value. (sec. 11)
- Allows for economical and convenient purchases from federal supply schedules as authorized by the Federal Acquisition Streamlining Act of 1994. (sec. 41)

#### **Provides Opportunity to Achieve Reductions in Operating Cost**

- Lease rent concessions of at least 10% may be received in return for extensions of existing leases up to 10 years. (sec. 5)
- Lease purchases of real property not exceeding \$500,000 per year or \$2,500,000 for full-term may be entered into without legislative approval or law. (secs. 6 and 7)

As Seen In Computer Digest

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

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

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

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

### **Acquiring Commercial Items**

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

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

### **Simplified Acquisition Threshold**

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

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

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

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

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

### **Protests and Claims**

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

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

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

### **Small Business Procedures**

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

### **Truth in Negotiations**

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

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

# STATE OF ALASKA

TONY KNOWLES, GOVERNOR

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

P.O. BOX 110200  
JUNEAU, ALASKA 99811-0200  
PHONE: (907) 465-2200  
FAX: (907) 465-2135

February 22, 1996

The Honorable Pete Kott, Chair  
House Labor and Commerce Committee  
Alaska State Legislature  
Juneau, Alaska 99801

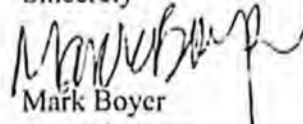
Dear Mr. Chair:

I am writing to request that you schedule for hearing HB 482, "An Act relating to state procurement practices and procedures; and providing for an effective date." This legislation proposes to change state procurement practices to make them more efficient, effective, and economic while preserving public accountability.

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. The Federal Acquisition Streamlining Act of 1994 served as a model for recommendations included in this proposed legislation.

Enclosed is a sectional analysis of HB 482 for your information to use as you begin your deliberations on this important legislation. I look forward to your scheduling this important legislation as soon as possible. For additional information, or any questions, please contact Dugan Petty, Director of the Division of General Services at 465-2250.

Sincerely

  
Mark Boyer  
Commissioner

MB/nn

Enclosure

cc: Pat Pourchot, Legislative Liaison  
Office of the Governor

Dugan Petty, Director  
Division of General Services

David Koivuniemi, Asst. Commissioner  
Department of Administration

Alison Elgee, Deputy Commissioner  
Department of Administration

Sam Kito, Special Assistant  
Department of Transportation and  
Public Facilities

## HB 482

### Comparison of Substantive Changes

BILL SECTION	CURRENT LAW	HB 482
3 and 38	A bidders' list of all parties who wish to receive bids or proposals is maintained.	A bidders' list of all parties who wish to receive bids or proposals is maintained, but will not include persons debarred or suspended under procedures that exist in current law.
4	Office leases are acquired through formal ITB or RFP regardless of size.	Small office leases of 5,000 s.f. or less may be acquired by DGS with simplified small purchase procedures i.e. at least 3 written proposals or quotes.
5	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.
6 and 7	A lease purchase of real property must be noticed to the legislature and receive approval in law.	A lease purchase of real property with an annual rent of \$500,000 or less or with a total rent of up to \$2,500,000 could be entered into without notice or law. Transactions with a higher amount require legislative notice and approval in law.
8 and 12	Bidders must identify all subcontractors for all bid and RFP awards within 5 days of award, subcontractors must have business license, certificate of registration, and contractors are restricted from changing subcontractors except under specified circumstances.	Subcontractors for only construction bids or RFPs must be identified within 5 days of award, must have a business license, certificate of registration and the subcontractor may not be changed except under the current specified circumstance in the law. The change deletes this requirement for non-construction procurements.
9	The chief procurement officer must make a determination in writing to shorten formal notice of a bid or RFP to less than 21 days if necessary.	The procurement officer issuing the bid or RFP may make a determination in writing to shorten formal notice of a bid or RFP to less than 21 days if it is advantageous to the state and adequate competition is anticipated.
10	A bidder may receive the Alaska bidders' preference and other preferences in the award of a bid and then assign the purchase to another lower bidder or supplier. The result can and has been that the state pays as much as 10% more to a bidder receiving the preference than what would have been paid to the second low bidder from whom the state actually receives the goods. The bidder receiving the preference provides no added value because they are not in the line of business. They simply broker their preference to others who supply the state.	To qualify for the Alaska bidders' preference or any other preferences dependent upon the application of the Alaska bidders' preference, the bidder must have maintained a place of business for 6 months that regularly provides the supplies, services, or construction of the general nature solicited by the agency. If a prospective bidder can't meet the requirement, they can bid but would not receive the award evaluation preference.  A similar provision was included in HB 288 passed by the 19th legislature last session, but vetoed by the Governor for reasons unrelated to this provision.
11	The use of an RFP instead of a bid for purchases including construction may be used when the chief procurement officer determines in writing that a bid is either not practicable or advantageous to the state.	The use of an RFP instead of a bid for services and supplies may be used when the procurement officer determines in writing that use of an RFP is more advantageous to the state. For construction the written determination is made by the commissioner of DOT/PF.
13	Procurement officer must not disclose proposal contents to competing offerors during negotiations.	Procurement officer must not disclose proposal contents to competing offerors prior to Notice of Intent to Award. This will avoid exposure of proposal contents until after an award decision is made and will

BILL SECTION	CURRENT LAW	HB 482
		uphold the integrity of the process.
14	When an RFP is canceled prior to notice of intent to award, proposals must be retained by the state. After cancellation, the state is obliged to provide copies of the proposals under Freedom of Information and thereby exposes competitors proposals to one another, making future RFPs problematic.	When an RFP is canceled prior to notice of intent to award, the state will maintain a list of proposals received, but will return the proposals to the proposers.
15	Contracts entered into through competitive sealed proposal must have the amount of the contract on the first page.	Contracts entered into through competitive sealed proposals may state the amount of the contract on any page.
16	A contract with a sole source provider may be entered into only after a written determination by the chief procurement officer based on independently verified and clear and convincing evidence that only one source exists for the purchase. A sole source may not be awarded if a reasonable alternative source exists. Except for small procurements, this determination may not be delegated.	A single source contract may be entered into when the chief procurement officer, or for construction the commissioner of transportation and public facilities, determines in writing that award through a bid or RFP is not practical, and award to a single source is in the state's best interest. The chief procurement officer or commissioner of transportation is not barred from delegating the determination.
17	Determinations to use the limited competition procurement process require a written determination by the chief procurement officer and the determination may not be delegated.	Limited competition procurements may be delegated. The attorney general would make limited competition determinations for legal services contracts.
19	No innovative purchasing method exists. Purchases may only be made through a formal bid, RFP, small procurement procedures, sole source, limited competition or emergency procedures.	Permits the use of an innovative procurement as method of source selection for new, unique requirements, new technology, or to achieve best value only after: 1. the chief procurement officer, or commissioner of DOT/PF for construction, determines the innovative method is advantageous to the state, 2. the department of law approves the procurement plan as to form. The procurement is subject to the public notice requirements and subject to all protest requirements, but not bound by the formal bid or RFP requirements of statute.
22	Requires the chief procurement officer to independently examine material facts when making a determination for an alternate procurement (sole source, limited competition, or emergency). If the chief procurement officer knowingly makes a false statement, he or she would be guilty of a class A misdemeanor.	Expands the requirement to independently examine the material facts to any state official making a determination for an alternate procurement (single source, limited competition, or emergency). If the state official knowingly makes a false statement, he or she would be guilty of a class A misdemeanor.
23	Formal bids or RFPs are required for all purchases and construction over \$25,000. Under this threshold, more simplified small procurement procedures may be used.	Formal bids or RFPs are required for all purchases over \$50,000, and \$100,000 for construction. Under this threshold more simplified small procurement procedures may be used.
28	Records of innovative procurements not required.	Records of innovative procurements shall be kept by the department of administration.
29	The two tiered protest process applies to all procurements regardless of dollar amount.	The two tiered protest process applies to all procurements except small procurements. The commissioner of administration is permitted to establish simplified procedures for protests of small procurements.
30	A protest of an award of a contract must be filed within 10 days of the notice of intent to award. Statute is silent on protest of a solicitation.	A protest of a solicitation must be filed 10 days before bid or RFP opening.  A protest of an award remains unchanged.
31	Procurement officer response to a protest -- 14 days.	Procurement officer response to a protest -- 15 days.

BILL SECTION	CURRENT LAW	HB 482
32	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.
34	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.
35	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.
33	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.
36 and 37	No statute of limitations exists for bringing a contract claim against the state.	A contract claim must be brought within 30 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
39	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.
40	Lobbying, public relations, and advertising contracts of the Governor's office, and livestock purchased by Alaska Correctional Industries are subject to the provisions of the Procurement Code.	Exempts lobbying, public relations, and advertising contracts of the Governor's office and livestock purchased by Alaska Correctional Industries from the provisions of the Procurement Code.
41	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.

## PROCUREMENT BILL SECTION ANALYSIS

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

Section 2 revises the reference to the Commissioner's authority to adopt regulations governing the listing of subcontractors consistent with the amendment in Sections 11 and 43.

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

Section 4 adds a new subsection to AS 36.30.080, which will allow the Department of Administration (department), at its option, to procure lease space of 5000 square feet or less utilizing the more simplified procedures for small procurement under AS 36.30.320. It is the experience of the department that smaller office leases may be acquired more efficiently and quicker without the use of formal competitive bidding processes.

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

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

Section 8 amends AS 36.30.130(a) by allowing a procurement officer, rather than only the chief procurement officer, to determine, in writing, when a shorter period than 21 days notice may be shortened, taking into account whether shorter notice is advantageous and still provides for adequate competition. This section improves efficiency by permitting the procurement officer making the purchase to exercise the discretion to reduce the circulation period.

Section 9 tightens the requirements for a bidder to qualify for the Alaska's bidder preference by requiring in addition to the existing standards in AS 36.30.170(b), that the bidder has, for a

period of six months immediately preceding the date of the bid, maintained a place of business within the state that in the normal course of business regularly provides the supplies, services or construction of the general nature solicited by the agency and that is staffed by the bidder or an employee of the bidder. This should eliminate a current practice of a person brokering his or her bidder preference by bidding on a contract for which they do not normally do such business, receiving the preference, then assigning the contract to an entity that would not qualify for the preference.

Section 10 amends AS 36.30.200, to expand the authorized use of competitive sealed proposals. The amendment empowers the procurement officer actually making the purchase to determine, in writing, when use of a competitive sealed proposal to procure a good or service is more advantageous to the state than use of the more restrictive competitive sealed bid. Use of the comparison is often a better method for obtaining best value and incorporating past vendor performance in award criteria. In subsection (c), the chief procurement officer is replaced with the commissioner of transportation and public facilities, as the person who may determine when it is advantageous to the state to issue a request for proposals for submission of offers to provide construction in accordance with a design provided by the offeror (i.e., a design/build offer). Because construction bids and proposals are under the authority of the department of transportation and public facilities, it made little sense to have the chief procurement officer in the department of administration make such a determination.

Section 11 is amended by deleting reference to the subcontractor notification requirements of AS 36.30.115, for purchases of supplies, services, and professional services, but retains this requirement for construction.

Section 12 amends AS 36.30.230 to require that the procurement office not disclose the content of competing offers after proposals are opened until after the notice of intent to award has been issued. By keeping such proposals confidential until a notice of intent is issued, the state is able to utilize its negotiation powers under AS 36.30.240, to obtain best and final offers without jeopardizing the integrity of the competitive process if the proposals were allowed to be made public immediately upon opening as in the case of competitive bids.

Section 13 adds a new subsection to AS 36.30.230, to allow that proposals received in response to a request for proposals be returned to the offeror, without public disclosure, when a solicitation is canceled before a notice of intent to award is issued and no protest of the solicitation or cancellation has been filed within the time allowed. The procurement officer must keep a list of returned proposals. Under current law, the procurement office is required to keep all proposals received and there is no exception for canceled solicitations. This new subsection will allow a new solicitation to occur without competitors' prices having been revealed, thus, increasing the competitiveness and fairness of the process.

Section 14 is a housekeeping measure that deletes the administrative requirement that the amount of the contract must be stated on the first page of the contract. While it may be administratively convenient to have the amount noted on the first page of a contract, there is no legal reason to mandate it in law. This matter is more appropriately handled through the state Administrative Manual.

Section 15 repeals and reenacts AS 36.30.300, dealing with single source procurements. The new provision allows use of the single source procurement when it is determined by the chief procurement officer or, for construction contracts or procurements for the state equipment fleet, the commissioner of transportation and public facilities makes a written determination that it is not practicable to award a contract by one of the competitive methods in AS 36.30 and the award of the contract to a single source is in the state's best interest. This section will make use of the single source provision in the code a more useful tool for procurement units and more workable than the current law.

Section 16 makes use of limited competition consistent with other sections of AS 36.30, namely, noting the attorney general's authority to procure legal services for the state is applicable under limited competition methods. Further, the amendment deletes the nondelegation of a decision to use limited competition so that the chief procurement officer is able to delegate this determination, similar to other delegations.

Section 17 revises limited competition procurements to reflect that single-source procurements may not be entered into under this section.

Section 18 is a new section, AS 36.30.308, authorizing the use of innovative procurement methods in the procurement of new or unique requirements to the state, new technologies, or to achieve best value when determined by the chief procurement officer, or commissioner of transportation and public facilities for construction, that an innovative procurement method is to the state's best advantage. This creates an avenue to develop improved approaches that may achieve savings, improve results, and permits "outside the box" thinking when appropriate.

Section 19 relates to the repeal of AS 36.30.100(1), to permit the purchase of products or services manufactured by an employment program without the use of competitive sealed bidding. This new section, placed in Article 4 (Other Procurement Methods), clarifies that purchases from an employment program are not subject to either competitive sealed bidding or competitive sealed proposal processes, but that the commissioner may adopt regulations governing agencies' purchases from an employment program.

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

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

Section 22 increases the amount for use of small procurement procedures to procurement of supplies or professional services that do not exceed the aggregate dollar amount of \$50,000 and for construction that does not exceed an aggregate dollar amount of \$100,000, and for lease space that does not exceed 5,000 square feet (as noted in section 2 of the bill). This section efficiently expands the use of simplified procurement procedures consistent with the Federal Acquisition Streamlining Act of 1994.

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

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

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

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

Section 29 repeals and reenacts AS 36.30.565 requiring a protest of a solicitation to be filed within 10 days of bid opening and allows a procurement officer to accept a late filed protest provided there is a showing of good cause.

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

Sections 35 and 36 amend AS 36.30.620, regarding contract claims, by requiring a claim to be filed within 30 days after the contractor becomes aware of the basis of the claim or should have known the basis of the claim, whichever is earlier. Under present law, no time limitation for bringing a contract claim is stated. This amendment will force contractors to bring claims expeditiously so that they may be resolved in a timely fashion and the evidence and issues do not become stale, with unnecessary expenses accruing. The time limitation is not applicable to payment disputes governed by AS 37.05.285.

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

Sections 38 and 39 amend AS 36.30.850(b), by exempting from the code 1) procurements by the office of the Governor for lobbying, public relations and advertising, 2) purchases of livestock for correctional industries, and 3) operation and protection of assets or disposals of equipment

and supplies acquired through foreclosure, or other legal proceedings, of agricultural loans under AS 03.10.

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

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

Section 42 preserves the repealer provision in existing statute.

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

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

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

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

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

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

AS 36.30.900 repeals the product preferences references. It is re-enacted in the preferences section.

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

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

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

Sections 47 through 50 provide for effective dates.

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. HB 482

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

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
<b>TOTAL OPERATING</b>	<b>0</b>	<b>(207.8)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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						
<b>TOTAL</b>		<b>(207.8)*</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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: Duqan Pelly *Duqan Pelly*  
 Division: General Services

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

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

Date: 3/15/96

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## FISCAL NOTE

### STATE OF ALASKA BILL NO. HB 482 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**

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. HB 482

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

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

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

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

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

**FUND SOURCE:** (Thousands of Dollars)

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

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

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

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

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

(see attached)

Prepared by: Duqan 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. HB 482  
1996 LEGISLATIVE SESSION

ANALYSIS: (continued)

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

Assumptions:

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

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

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

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

Assumptions:

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

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

- Estimate number of lease extension negotiations: 23

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

FISCAL IMPACT: INCREASED STAFF COSTS \$18,010.00

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

## FISCAL NOTE

### STATE OF ALASKA BILL NO. HB 482 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. HB 482  
1996 LEGISLATIVE SESSION

Assumption:

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

Calculations:

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

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

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

Assumptions:

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

Calculations:

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

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

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

Assumptions:

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

Calculations:

## FISCAL NOTE

### STATE OF ALASKA BILL NO. HB 482 1996 LEGISLATIVE SESSION

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

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

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

#### Assumptions:

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

#### Calculation:

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

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

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

#### Assumptions:

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

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

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

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

#### Assumptions:

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

FISCAL NOTE

STATE OF ALASKA BILL NO. HB 482  
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)

*Amendment number two to HB 482*

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

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

*Amendment number three to HB 482*

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

Sec. 36.30.083. LEASE EXTENSIONS AUTHORIZED. (a) Notwithstanding any other provision of this chapter, the department, the Board of Regents of the University of Alaska, the legislative council, or the court system may extend, for up to a maximum extension of 10 years, a real property lease that is entered into under this chapter including procedures and regulations adopted under AS 36.30.005(c), 36.30.020, and 36.30.030, and has at least 6 months remaining under the lease term, if a minimum cost savings of

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

(2) 10 percent can be achieved on the rent due under the lease and the

lessor agrees to make modifications of the leased real property to bring the real property into compliance with the requirements of 42 U.S.C. 12101 - 12213 (Americans with Disabilities Act of 1990).

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

(c) The department, the University of Alaska, the court system, and the Legislative Affairs Agency shall submit individually an annual report to the Legislative Budget and Audit Committee detailing the leases extended and the cost savings achieved by that entity under (a) or (b) of this section. The first report is due August 31, 1996, and must cover fiscal year 1997. Subsequent reports are due August 31 of each succeeding year.

*Amendment number four to HB 482*

Sec. 23. AS 36.30.320(a) is amended to read:

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

*Amendment number five to HB 482*

Sec. 36. AS.36.30.620(a) is amended to read:

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

HOUSE COMMITTEE REPORT

(7)  
Date Referred to Committee: February 9, 1996

FURTHER REFERRALS:

State Affairs  
Finance

Date of Committee Action: 3-21-96

The LABOR AND COMMERCE Committee considered:

HB 482

HOUSE BILL NO. 482

STATE PROCUREMENT PRACTICES & PROCEDURES

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

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

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

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

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) Admin (Leasing) 3-15-96

fiscal note(s) \_\_\_\_\_

DOT&F (Dad. Wide)  
(1) Admin; (2) Admin (CP); (3) CED;  
 zero fiscal note(s) (4) CRA; (5) Corrections; (6) Ed. (AS);  
(7) DEC; (8) F&G (AW); (9) Gov.; (10) HSS; (11) Labor;  
(12) Law; (13) MVA; (14) DNR; (15) DPS; (16) DOR; (17) UA;  
(18) Admin (Leasing); (19) DOT&F (Construction).

zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<u>Pete Gatt</u>			✓	
<u>James Sanders</u>			✓	
<u>Kevin Masek</u>			✓	
<u>Bruce Korte</u>			✓	
<u>Gene Kephart</u>	✓			
<u>Neil Poley</u>			✓	✓

CHAIR'S SIGNATURE Pete Gatt

TO : Dugan Petty  
Fax 2189

FROM : G. Dozier  
House L&C

RE : CS HB 482 (L&C)

DATE : 4-5-96

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

# LEGAL SERVICES

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

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

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

## MEMORANDUM

March 27, 1996

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

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

**FROM:** <sup>JB</sup> Theresa Bannister  
Legislative Counsel

This memo accompanies the bill described above.

The following comments are brought to your attention.

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

Representative Pete Kott

March 27, 1996

Page 2

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

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

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

TLB:glc

96-184.glc

Enclosure

J&S Service Company  
800 Mo Grath Road  
Fairbanks, Alaska 99712  
Ph# 1-(907)-457-3850  
Fax 1-(907)-457-7895

2/26/96  
Att: Alaska legislators:

Re: HB482 & SB 275

I understand you are currently discussing change in AS38.30.170 in order to tighten up the Alaska's bidders preference. I personally think its a good idea an as such I would like to make one suggestion.

The part I am referring is section 9 requesting that a bidder within the previous six months have provided supplies similar in nature to those asked for in a current bid.

J&S Service Co. has been in business since 1986, and one of our best customers has been the Alaska Railroad.

As such I have and still do represent companies that manufacture items like rail wheels, axles and locomotive engine power packs.

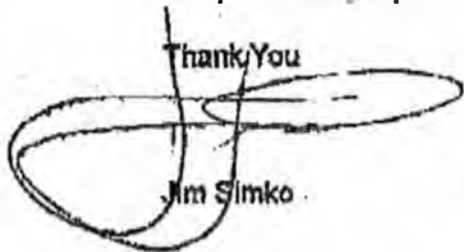
I mention this because these items are normally only put out for bid once a year. In fact partly do to my suggestion the time between bids may even go to 2 an 3 years, if both parties agree to terms.

What would happen in this situation? Also what happens to the "new" company that just started business, which in this industry happens all the time.

As I think back on or the years, seeing all the "brokers" come and go I think that time in itself is the answer.

Those that have made a commitment, and have a real interest in the items and companies they represent are still in business, while those who have not are not.

Thank You



Jim Simko

Post-it Fax Note	7671	Date	# of Pages
To	House Labor & Commerce	From	Jim Simko
Co./Dept.	House State Affairs	Co.	
Phone #	House Finance	Phone #	
Fax #		Fax #	

## CS FOR HOUSE BILL NO. 482(L&amp;C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered:

Referred:

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

A BILL

FOR AN ACT ENTITLED

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

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

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

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

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

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

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

12 (a) Except for persons debarred or suspended under AS 36.30.635 -  
13 36.30.655, the [THE] commissioner shall establish and maintain current lists of  
14 persons who desire to provide supplies, services, professional services, or construction

1 services to the state.

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

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

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

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

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

16 (2) 10 percent can be achieved on the rent due under the lease and the  
17 lessor agrees to make modifications of the leased real property to bring the real  
18 property into compliance with the requirements of 42 U.S.C. 12101 - 12213  
19 (Americans with Disabilities Act of 1990).

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

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

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

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

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

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

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

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

10 \* Sec. 7. AS 36.30.085(e) is amended to read:

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

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

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

31 (b) The apparent low [A] bidder for a construction contract may replace

1 a listed subcontractor if the subcontractor

2 (1) fails to comply with AS 08.18;

3 (2) files for bankruptcy or becomes insolvent;

4 (3) fails to execute a contract with the bidder involving performance  
5 of the work for which the subcontractor was listed and the bidder acted in good faith;

6 (4) fails to obtain bonding;

7 (5) fails to obtain insurance acceptable to the state;

8 (6) fails to perform the contract with the bidder involving work for  
9 which the subcontractor was listed;

10 (7) must be substituted in order for the prime contractor to satisfy  
11 required state and federal affirmative action requirements;

12 (8) refuses to agree or abide with the bidder's labor agreement; or

13 (9) is determined by the procurement officer not to be a responsible  
14 subcontractor.

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

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

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

25 (1) cancel the contract; or

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

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

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

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

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

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

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

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

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

19 \* Sec. 10. AS 36.30.170(b) is amended to read:

20 (b) The procurement officer shall award a contract based on solicited bids to  
21 the lowest responsive and responsible bidder after an Alaska bidder preference of five  
22 percent, an Alaska products preference as described in AS 36.30.322 - 36.30.338, and  
23 a recycled products preference under AS 36.30.339 have been applied. In this  
24 subsection, "Alaska bidder" means a person who

25 (1) holds a current Alaska business license;

26 (2) submits a bid for goods, services, or construction under the name  
27 as appearing on the person's current Alaska business license;

28 (3) has maintained, for a period of six months immediately before  
29 the date of the bid, a place of business within the state that regularly provides in  
30 the normal course of business the supplies, services, or construction of the general  
31 nature solicited by the agency and that is staffed by the bidder or an employee of

1 the bidder [FOR A PERIOD OF SIX MONTHS IMMEDIATELY PRECEDING THE  
2 DATE OF THE BID];

3 (4) is incorporated or qualified to do business under the laws of the  
4 state, is a sole proprietorship and the proprietor is a resident of the state, or is a  
5 partnership and all partners are residents of the state; and

6 (5) if a joint venture, is composed entirely of ventures that qualify  
7 under (1) - (4) of this subsection.

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

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

15 (b) The commissioner may provide by regulation that it is either not  
16 practicable or not advantageous to the state to procure specified types of supplies,  
17 services, or construction by competitive sealed bidding that would otherwise be  
18 procured by that method. When the [CHIEF] procurement officer [, OR FOR  
19 CONSTRUCTION CONTRACTS OR PROCUREMENTS FOR THE STATE  
20 EQUIPMENT FLEET, THE COMMISSIONER OF TRANSPORTATION AND  
21 PUBLIC FACILITIES.] determines in writing with particularity that the use of  
22 competitive sealed proposals is more [BIDDING IS EITHER NOT PRACTICABLE  
23 OR NOT] advantageous to the state than competitive sealed bidding, a contract may  
24 be entered into by competitive sealed proposals [IN ACCORDANCE WITH THE  
25 REGULATIONS. WHEN IT IS DETERMINED THAT IT IS PRACTICABLE BUT  
26 NOT ADVANTAGEOUS TO USE COMPETITIVE SEALED BIDDING, THE CHIEF  
27 PROCUREMENT OFFICER OR COMMISSIONER OF TRANSPORTATION AND  
28 PUBLIC FACILITIES SHALL SPECIFY WITH PARTICULARITY THE BASIS FOR  
29 THE DETERMINATION].

30 (c) When the commissioner of transportation and public facilities [CHIEF  
31 PROCUREMENT OFFICER] determines that it is advantageous to the state, a

1 procurement officer may issue a request for proposals requesting the submission of  
2 offers to provide construction in accordance with a design provided by the offeror.  
3 The request for proposals shall require that each proposal submitted contain a single  
4 price that includes the design/build.

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

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

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

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

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

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

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

31 Sec. 36.30.230. DISCLOSURE OF PROPOSALS. The procurement officer

1 shall open proposals so as to avoid disclosure of contents to competing offerors before  
2 notice of intent to award a contract is issued [DURING THE PROCESS OF  
3 NEGOTIATION]. A register of proposals containing the name and address of each  
4 offeror shall be prepared in accordance with regulations adopted by the commissioner.  
5 The register and the proposals are open for public inspection after the notice of intent  
6 to award a contract is issued under AS 36.30.365. To the extent that the offeror  
7 designates and the procurement officer concurs, trade secrets and other proprietary data  
8 contained in the proposal documents are confidential.

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

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

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

18 Sec. 36.30.260. CONTRACT EXECUTION. A contract awarded under  
19 competitive sealed proposals must contain

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

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

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

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

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

30 Sec. 36.30.300. SINGLE SOURCE PROCUREMENTS. (a) A contract may  
31 be awarded for supplies, services, professional services, or construction without

1 competitive sealed bidding, competit. sealed proposals, or other competition in  
2 accordance with regulations adopted by the commissioner. A contract may be awarded  
3 under this section only when the chief procurement officer or, for construction  
4 contracts or procurements for the state equipment fleet, the commissioner of  
5 transportation and public facilities determines in writing that

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

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

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

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

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

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

20 (a) A contract for supplies, services, professional services, or a construction  
21 contract under \$100,000, may be awarded without competitive sealed bidding or  
22 competitive sealed proposals, in accordance with regulations adopted by the  
23 commissioner. A contract may be awarded under this section only when the chief  
24 procurement officer, or, for construction contracts under \$100,000 or procurements for  
25 the state equipment fleet, the commissioner of transportation and public facilities, or,  
26 for services of legal counsel, the attorney general, determines in writing that a  
27 situation exists that makes competitive sealed bidding or competitive sealed proposals  
28 impractical or contrary to the public interest. Procurements under this section shall be  
29 made with competition that is practicable under the circumstances  
30 [CIRCUMSTANCE. EXCEPT FOR PROCUREMENTS OF SUPPLIES, SERVICES,  
31 PROFESSIONAL SERVICES, OR CONSTRUCTION THAT DO NOT EXCEED THE

1 AMOUNT FOR SMALL PROCUREMENTS UNDER AS 36.30.320(a) OR (b),  
2 AS APPLICABLE, THE AUTHORITY TO MAKE A DETERMINATION  
3 REQUIRED BY THIS SECTION MAY NOT BE DELEGATED].

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

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

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

7 Sec. 36.30.308. INNOVATIVE PROCUREMENTS. (a) A contract may be  
8 awarded for supplies, services, professional services, or construction using an  
9 innovative procurement process, with or without competitive sealed bidding or  
10 competitive sealed proposals, in accordance with regulations adopted by the  
11 commissioner. A contract may be awarded under this section only when the chief  
12 procurement officer, or, for construction contracts or procurements of the state  
13 equipment fleet, the commissioner of transportation and public facilities, determines  
14 in writing that it is advantageous to the state to use an innovative competitive  
15 procurement process in the procurement of new or unique requirements of the state,  
16 new technologies, or to achieve best value.

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

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

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

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

25 Sec. 36.30.311. EMPLOYMENT PROGRAM PROCUREMENTS. A  
26 procurement of products manufactured or services provided by an employment  
27 program of the state may be made without competitive sealed bidding or competitive  
28 sealed proposals, in accordance with regulations adopted by the commissioner.

29 Sec. 36.30.313. CORRECTIONAL INDUSTRIES PROCUREMENTS. A  
30 procurement of products or services provided by the correctional industries program  
31 established under AS 33.32 may be made without competitive sealed bidding or

1 competitive sealed proposals, in accordance with regulations adopted by the  
2 commissioner.

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

4 Sec. 36.30.315. FALSE STATEMENTS IN DETERMINATIONS [BY  
5 CHIEF PROCUREMENT OFFICER]; CRIMINAL PENALTY. (a) In a determination  
6 made by a state official [THE CHIEF PROCUREMENT OFFICER] under  
7 AS 36.30.300 - 36.30.310, the state official making the determination [CHIEF  
8 PROCUREMENT OFFICER] shall independently examine the material facts of the  
9 procurement and independently determine whether the procurement is eligible for the  
10 procurement method requested.

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

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

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

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

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

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

28 Sec. 36.30.333. PROCUREMENT OF PAPER. Except as otherwise required  
29 under AS 36.15.050, AS 36.30.322 - 36.30.332, and 36.30.334 - 36.30.338, when a  
30 state agency purchases paper, at least 25 percent of the quantity purchased must be  
31 recycled paper unless recycled paper is not available for the purchase or unless, after

1 application of the procurement preference under AS 36.30.339, the recycled paper is  
2 more expensive than the nonrecycled paper.

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

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

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

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

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

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

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

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

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

30 Sec. 36.30.550. **APPLICABILITY OF PROTEST AND APPEAL**  
31 **PROCEDURES.** (a) Except for small procurements made under AS 36.30.320, the

1 provisions of AS 36.30.560 - 36.30.615 apply to a solicitation, a proposed contract  
2 award, and a contract for supplies, services, professional services, or construction.

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

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

6 (a) A protest based upon alleged improprieties or ambiguities in a  
7 solicitation must be filed at least 10 days before the due date of the bid or  
8 proposal, unless a later protest deadline is specifically allowed in the solicitation.  
9 A protest of a bid or proposal with a shortened public notice, which is based upon  
10 alleged improprieties or ambiguities in the solicitation, must be filed prior to the  
11 due date of the bid or proposal. Notwithstanding the other provisions in this  
12 subsection, a protest of a bid or proposal in which a pre-bid or pre-proposal  
13 conference is held within 12 days of the due date, which is based upon alleged  
14 improprieties or ambiguities in the solicitation, must be filed prior to the due date  
15 of the bid or proposal. A protest based upon alleged improprieties in an award of  
16 a contract or a proposed award of a contract must be filed within 10 days after a notice  
17 of intent to award the contract is issued by the procurement officer.

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

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

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

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

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

30 (c) Notwithstanding (a) and (b) of this section, if a protest is sustained in  
31 whole or part, the protester's damages are limited to reasonable bid or proposal

1 preparation costs.

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

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

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

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

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

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

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

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

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

30 Sec. 36.30.655. LIST OF PERSONS DEBARRED OR SUSPENDED. The  
31 commissioner shall maintain a list of all persons debarred or suspended from

1 consideration for award of contracts. The commissioner shall remove a person  
2 debarred or suspended from the lists of contractors under AS 36.30.050 for the  
3 period of debarment or suspension.

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

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

8 \* Sec. 39. AS 36.30.850(b) is amended by adding a new paragraph to read:

9 (34) purchases of livestock by a correctional industries program  
10 established under AS 33.32.

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

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

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

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

23 \* Sec. 42. Section 3, ch. 59, SLA 1994, is amended to read:

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

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

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

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

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

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

12 \* Sec. 43. (a) AS 36.30.015(c), 36.30.090, 36.30.095, 36.30.100(b), 36.30.850(b)(14),  
13 and 36.30.900 are repealed.

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

15 \* Sec. 44. REVISOR'S CHANGES. The revisor of statutes is requested to change the  
16 heading of art. 5 of AS 36.30 from "Article 5. Preference for Alaska Products." to "Article 5.  
17 Preferences." Additionally, the revisor of statutes is requested to renumber AS 36.30.339 to  
18 AS 36.30.337, to place that section in art. 5 of AS 36.30.

19 \* Sec. 45. TRANSITION: REGULATIONS. Notwithstanding secs. 49 - 51 of this Act,  
20 the commissioner of administration and the commissioner of transportation and public facilities  
21 may proceed to adopt regulations necessary to implement respective changes in law enacted  
22 by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but  
23 not before the effective date of the change in law in this Act.

24 \* Sec. 46. APPLICABILITY. Notwithstanding the changes in law made by this Act, the  
25 state agencies may continue to act on or consider a provision of a solicitation, notice of intent  
26 to award, or response to solicitation made before the effective date of the relevant change in  
27 law enacted by this Act, to the extent that the provision is not inconsistent with a provision  
28 of this Act.

29 \* Sec. 47. FIRST LEASE EXTENSION REPORT. Notwithstanding AS 36.30.083(c),  
30 enacted by sec. 5 of this Act, the first lease extension report under AS 36.30.083(c) is due  
31 August 31, 1997, and must cover fiscal year 1997.

1     \* Sec. 48. Sections 2 - 9, 11, 15, 20, 21, 23 - 25, 37 - 39, 41, 43(a), and 44 - 47 of this  
2 Act take effect immediately under AS 01.10.070(c).

3     \* Sec. 49. Sections 1, 10, 12 - 14, 16 - 19, 22, 26, 27, 29 - 36, 40, and 43(b) of this Act  
4 take effect September 30, 1996.

5     \* Sec. 50. Section 28 of this Act takes effect January 1, 1997.

6     \* Sec. 51. Section 42 of this Act takes effect August 22, 1998.

**HB**

**483**

## CS FOR HOUSE BILL NO. 483(L&amp;C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered:

Referred:

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

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to employer and employee contribution rates for unemployment  
2 insurance and to the calculation of unemployment insurance benefits; and  
3 providing for an effective date."

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

5 \* Section 1. AS 23.20.290(c) is amended to read:

6 (c) Beginning January 1, 1997 [JANUARY 1, 1981], the rate of contributions  
7 for each employer is 80 [82] percent of the average benefit cost rate multiplied by the  
8 employer's experience factor set out in column C of the table in this subsection  
9 opposite the employer's applicable rate class set out in column A plus the fund  
10 solvency adjustment required under (f) of this section. However, the rate of  
11 contributions for an employer may not be less than one percent or more than six and  
12 one-half percent. The rate of contributions for an employer in rate class 21 may not  
13 be less than 5.4 percent. The rate of contributions for an employer must be rounded  
14 to the nearest 1/100th [ONE-HUNDREDTH] of one percent.

	WORK DRAFT		WORK DRAFT		WORK DRAFT
	COLUMN A		COLUMN B		COLUMN C
	Rate Class		Cumulative		Experience
			Ratable Payroll		Factor
		at least	but less than		
		(percent)	(percent)		
6	1		5		.40
7	2	5	10		.45
8	3	10	15		.50
9	5	20	25		.60
10	6	25	30		.65
11	7	30	35		.70
12	8	35	40		.80
13	9	40	45		.90
14	10	45	50		1.00
15	11	50	55		1.00
16	12	55	60		1.10
17	13	60	65		1.20
18	14	65	70		1.30
19	15	70	75		1.35
20	16	75	80		1.40
21	17	80	85		1.45
22	18	85	90		1.50
23	19	90	95		1.55
24	20	95	99.99		1.60
25	21	99.99			1.65.

26 \* Sec. 2. AS 23.20.290(d) is amended to read:

27 (d) Beginning January 1, 1997 [JANUARY 1, 1981], and for each succeeding  
 28 year thereafter, the rate of contributions payable by each employee of an employer  
 29 who is subject to AS 23.20.165 is 20 [18] percent of the average benefit cost rate as  
 30 determined in (e) of this section rounded to the nearest 1/100th [ONE-TENTH] of one  
 31 percent. However, the rate of contributions for an employee may not be less than one-

1 half percent or more than one percent.

2 \* Sec. 3. AS 23.20.350(d) is amended to read:

3 (d) An individual who is eligible under (a) of this section is entitled to receive  
4 the weekly benefit amount set out in column (B) of the table in this subsection that is  
5 opposite the amount set out in column (A) of the individual's base period wages  
6 determined under (c) of this section:

	(A)		(B)
	Base Period Wages		Weekly Benefit Amount
	At least	But less than	
11	0	1,000	\$ 0
12	1,000	1,250	44
13	1,250	1,500	46
14	1,500	1,750	48
15	1,750	2,000	50
16	2,000	2,250	52
17	2,250	2,500	54
18	2,500	2,750	56
19	2,750	3,000	58
20	3,000	3,250	60
21	3,250	3,500	62
22	3,500	3,750	64
23	3,750	4,000	66
24	4,000	4,250	68
25	4,250	4,500	70
26	4,500	4,750	72
27	4,750	5,000	74
28	5,000	5,250	76
29	5,250	5,500	78
30	5,500	5,750	80
31	5,750	6,000	82

	WORK DRAFT	WORK DRAFT	WORK DRAFT
1	6,000	6,250	84
2	6,250	6,500	86
3	6,500	6,750	88
4	6,750	7,000	90
5	7,000	7,250	92
6	7,250	7,500	94
7	7,500	7,750	96
8	7,750	8,000	98
9	8,000	8,250	100
10	8,250	8,500	102
11	8,500	8,750	104
12	8,750	9,000	106
13	9,000	9,250	108
14	9,250	9,500	110
15	9,500	9,750	112
16	9,750	10,000	114
17	10,000	10,250	116
18	10,250	10,500	118
19	10,500	10,750	120
20	10,750	11,000	122
21	11,000	11,250	124
22	11,250	11,500	126
23	11,500	11,750	128
24	11,750	12,000	130
25	12,000	12,250	132
26	12,250	12,500	134
27	12,500	12,750	136
28	12,750	13,000	138
29	13,000	13,250	140
30	13,250	13,500	142
31	13,500	13,750	144

	WORK DRAFT	WORK DRAFT	WORK DRAFT
1	13,750	14,000	146
2	14,000	14,250	148
3	14,250	14,500	150
4	14,500	14,750	152
5	14,750	15,000	154
6	15,000	15,250	156
7	15,250	15,500	158
8	15,500	15,750	160
9	15,750	16,000	162
10	16,000	16,250	164
11	16,250	16,500	166
12	16,500	16,750	168
13	16,750	17,000	170
14	17,000	17,250	172
15	17,250	17,500	174
16	17,500	17,750	176
17	17,750	18,000	178
18	18,000	18,250	180
19	18,250	18,500	182
20	18,500	18,750	184
21	18,750	19,000	186
22	19,000	19,250	188
23	19,250	19,500	190
24	19,500	19,750	192
25	19,750	20,000	194
26	20,000	20,250	196
27	20,250	20,500	198
28	20,500	20,750	200
29	20,750	21,000	202
30	21,000	21,250	204
31	21,250	21,500	206

	WORK DRAFT	WORK DRAFT	WORK DRAFT
1	21,500	21,750	208
2	21,750	22,000	210
3	22,000	22,250	212
4	22,250	<u>22,500</u>	<u>214</u> [212]
5	<u>22,500</u>	<u>22,750</u>	<u>216</u>
6	<u>22,750</u>	<u>23,000</u>	<u>218</u>
7	<u>23,000</u>	<u>23,250</u>	<u>220</u>
8	<u>23,250</u>	<u>23,500</u>	<u>222</u>
9	<u>23,500</u>	<u>23,750</u>	<u>224</u>
10	<u>23,750</u>	<u>24,000</u>	<u>226</u>
11	<u>24,000</u>	<u>24,250</u>	<u>228</u>
12	<u>24,250</u>	<u>24,500</u>	<u>230</u>
13	<u>24,500</u>	<u>24,750</u>	<u>232</u>
14	<u>24,750</u>	<u>25,000</u>	<u>234</u>
15	<u>25,000</u>	<u>25,250</u>	<u>236</u>
16	<u>25,250</u>	<u>25,500</u>	<u>238</u>
17	<u>25,500</u>	<u>25,750</u>	<u>240</u>
18	<u>25,750</u>	<u>26,000</u>	<u>242</u>
19	<u>26,000</u>	<u>26,250</u>	<u>244</u>
20	<u>26,250</u>	<u>26,500</u>	<u>246</u>
21	<u>26,500</u>	<u>26,750</u>	<u>248</u>
22	<u>26,750</u>		<u>248.</u>

23 \* Sec. 4. APPLICABILITY. This Act applies to benefit years for unemployment insurance  
 24 beginning on or after January 1, 1997.

25 \* Sec. 5. This Act takes effect January 1, 1997.

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. CSHB 483(L&C)

Revision Date: \_\_\_\_\_  
 Title: Calculation of Unemployment Insurance Benefits  
 Sponsor: Rules Committee  
 Requestor: House Labor & Commerce

Department Affected: All  
 BRU: All  
 Component: All  
 COMPONENT SERIAL NO. \_\_\_\_\_

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

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES	231.8	467.1	477.7	490.3	502.7	520.4
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>231.8 *</b>	<b>467.1 *</b>	<b>477.7 *</b>	<b>490.3 *</b>	<b>502.7 *</b>	<b>520.4 *</b>

CAPITAL						
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CHANGE IN REVENUE FUND SOURCE #						
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**FUNDING:** (Thousands of Dollars)

1002 Federal Receipts	29.3	59.1	60.4	62.0	63.6	65.8
1003 GF Match						
1004 GF	133.4	268.8	274.9	282.2	289.3	299.5
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other	69.1	139.2	142.4	146.1	149.8	155.1
<b>TOTAL</b>	<b>231.8 *</b>	<b>467.1 *</b>	<b>477.7 *</b>	<b>490.3 *</b>	<b>502.7 *</b>	<b>520.4 *</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

**ANALYSIS:** (Attach a separate page if necessary)  
 The bill revises the unemployment insurance weekly benefit amount schedule to provide a maximum benefit amount of \$248 for benefit years beginning on or after January 1, 1997. The personal services impact is the state portion of the increased benefit payments, i.e., that portion which goes to ex-state employees. Impacts for FY 2001-2002 are extrapolated from data for FY 97-2000.

\* The department is not seeking an additional appropriation. Amounts shown are additional charges against payroll which will occur quarterly as claims are filed. Current UI reimbursements for ex-state employees are .85% of payroll. The new benefit schedule would increase reimbursement less than .1%.

Prepared by: Rebecca Nance, Director Phone: 465-2712  
 Division: Employment Security Division Date: 4/17/96

Approved by Commissioner: Tom Cashen, Commissioner  
 Agency: Department of Labor Date: 4/17/96

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**Employer and Employee Contributions under the Proposal to Cap WBA at \$248  
in 1997, Change the Employer/Employee Tax Share to 80/20, and Round the  
Employee Tax to the nearest 100th %**

	1997	1998
<b>Current Schedule (CS)</b>		
Contributions from Employers	\$101,528,180	\$100,926,503
Contributions from Employees	16,992,164	17,706,404
<b>Proposal</b>		
Contributions from Employers	98,890,146	99,421,458
Contributions from Employees	20,390,597	20,362,365
<b>Changes in the Contribution Amount from the Current Schedule</b>		
<b>Proposal</b>		
Increase or Decrease in Contributions from Employers	(2,638,034)	(1,505,045)
Increase or Decrease in Contributions from Employees	3,398,433	2,655,961
<b>Additional Benefits Costs due to this</b>		
<b>Proposed Benefits Increase</b>	<b>\$6,961,946</b>	<b>\$7,171,886</b>
<b>Additional Annual Benefits Costs for the Average Tax Paying Employer/Employee due to this Proposed Benefits Increase</b>		
Additional Employer Cost	(\$15)	(\$8)
Additional Employee Cost	\$20	\$16
Per Week	\$0.38	\$0.31