



MUNICIPALITY OF ANCHORAGE

Assembly Memorandum

No. AM - 2025

Meeting Date: _____

1 **From:** MAYOR

2
3 **Subject:** AN OMNIBUS ORDINANCE OF THE ANCHORAGE MUNICIPAL
4 ASSEMBLY AMENDING ANCHORAGE MUNICIPAL CODE TITLE
5 7, *PURCHASING AND CONTRACTS AND PROFESSIONAL*
6 *SERVICES* TO UPDATE DEFINITIONS, CLARIFY INFORMATION
7 TO BE REPORTED TO THE ASSEMBLY WHEN SEEKING
8 REQUIRED APPROVALS AND SUBSEQUENT TO CONTRACT
9 AWARDS, UPDATE COMPETITIVE-SOLICITATION AND
10 ASSEMBLY-APPROVAL THRESHOLDS AND REQUIREMENTS,
11 IMPROVE READABILITY, AND ADOPT PROCEDURES
12 RELATED TO GRANTS; AND REPEALING ANCHORAGE
13 MUNICIPAL CODE OF REGULATIONS 7.70 *REGULATIONS*
14 *PERTAINING TO GRANT PROPOSALS.*

15
16 The proposed ordinance submitted with this memorandum would enact
17 changes to modernize and make more efficient title 7, the municipality's
18 purchasing code.

19
20 Anchorage Municipal Charter section 13.09 provides "[t]he assembly by
21 ordinance shall provide for competitive bidding for goods and services and shall
22 make provision for any exceptions." The Assembly has implemented Charter
23 section 13.09 by adopting Anchorage Municipal Code title 7 Purchasing and
24 Contracts and Professional Services.

25
26 In the main, the proposed ordinance addresses eight areas: (1) contents of
27 Assembly approval memoranda; (2) Assembly approval thresholds; (3) rules
28 applicable to legal and single-source procurements; (4) post-award Assembly
29 reporting; (5) required competition thresholds; (6) grants provisions; (7) new rules
30 regarding elections; and (8) general clean-up and readability.

31
32 **1. Assembly Memoranda**

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34 Title 7 requires certain contracts and grants to be submitted to the Assembly
35 for approval, and requires certain information to be provided to the Assembly by
36 memorandum.

37
38 The proposed ordinance, in section 3, would outline with greater clarity the
39 information that must be submitted to the Assembly, for it to make an informed

1 decision.

2
3 **2. Assembly Approval Thresholds**

4
5 The proposed ordinance would also raise the threshold for contracts that
6 must be submitted to the Assembly for prior approval.

7
8 Title 7 contains separate rules for transactions resulting from (1) Invitations
9 to Bid (ITBs); (2) Requests for Proposals (RFPs); (3) “other authorized procedures”
10 (including inter-government agreements, cooperative purchases, and sole-source
11 procurements); (4) Open-Market Procedures; and (5) Grants.

12
13 The required prior-approval-from-the-Assembly thresholds are currently as
14 follows:

15

Procurement Form	Threshold	Year established
ITB/RFP	\$150,000 (previously \$500,000)	2023 (previously 2007)
Sole Source	\$30,000	2001
Other procedures (including grants)	\$50,000	2001

16
17 Title 7’s approval limits do not automatically adjust for inflation and have
18 not been adjusted for inflation since last being increased in 2001 and 2007.

19
20 If adjusted for inflation since 2007 and 2001, the prior approval thresholds,
21 with rounding would be:

22

Procurement Form	Current Threshold	Year established	Inflation-adjusted
ITB/RFP	\$150,000 (previously \$500,000)	2023 (previously 2007)	\$155,000 (\$760,000)
Sole Source	\$30,000	2001	\$53,000
Other procedures (including grants)	\$50,000	2001	\$89,000

23
24 The ordinance submitted with this memorandum proposes to adjust the
25 prior-approval limits as follows:

26

Procurement Form	Current Threshold	Proposed Threshold
ITB/RFP	\$150,000 (previously \$500,000)	\$500,000
Sole source	\$30,000	\$50,000
Other procedures (including grants)	\$50,000	\$50,000

27
28 The proposal is made in light of several considerations.

29

1 First, as a general matter, the Assembly's primary control of finances is
2 through appropriations. At the federal level, Congress adopts a budget; it does not
3 thereafter approve individual contracts. Likewise, at the state level, the Alaska
4 State Legislature approves a budget and, similarly, does not thereafter approve
5 individual contracts.

6
7 Local government is, of course, different—but not uniformly so. Alaska
8 Statutes Title 29 *Municipal Government* contains no default rule that requires
9 councils or assemblies to review and approve contracts.

10
11 Some jurisdictions, like the Kenai Peninsula Borough, generally do not
12 require competitively sourced contracts (after ITB or RFP) to receive prior
13 legislative approval at all;¹ the assembly is informed of the procurements by
14 subsequent memorandum.

15
16 Many other local jurisdictions in Alaska *do* require prior legislative approval
17 of certain contracts, but at different thresholds. Fairbanks and the Mat-Su
18 borough's thresholds are generally low, while Juneau's are significantly higher than
19 Anchorage's. See, e.g., CBJC *Competitive sealed bid procedure* (requiring
20 assembly approvals of awards after ITB only "[f]or bids in excess of \$750,000.00
21 for contracts, and \$1,500,000.00 for public improvement contracts."²).

22
23 Second, the revised thresholds are also informed by Anchorage's recent
24 experience.

25
26 In March 2023, the Assembly lowered the prior Assembly approval
27 thresholds for contracts awarded after an ITB or RFP to \$150,000.

28
29 As a result of the March 2023 change, the Municipality prepared and
30 submitted to the Assembly 139 Assembly Memoranda seeking prior approval of
31 contracts with a value of between \$150,000 and \$500,000, to be awarded after ITB
32 or RFP, that would not have been required prior to the March 2023 change.

33
34 The 139 additional Assembly memoranda amounted to 82% of the total
35 number of 168 contract-approval AMs that were submitted to the Assembly in
36 2023.

37
38 On the one hand, this afforded the Assembly an additional measure of
39 control and oversight, though in practice, the Assembly rejected only one of the
40 "additional" 139 memoranda it received (AM 217-2023, an item that would have

¹ See generally Kenai Peninsula Borough Code 5.28 *Procurement and Purchasing* (requiring Borough Assembly approval only of sole-source contracts over \$40,000 [KBPC 5.28.280B.] and certain architectural and engineering contracts related capital projects for the school district [KBPC 5.28.260]), available at:

https://library.municode.com/ak/kenai_peninsula_borough/codes/code_of_ordinances?nodeId=TIT5REFI_CH5.28PRPU

² Available at:

https://library.municode.com/ak/juneau/codes/code_of_ordinances?nodeId=TIT53PRACDI_PTIIOTPR_CH53.50PUSUSE

1 awarded \$310,000 to a private contractor to install police vehicle accessories). It
2 also prompted a post-March 2023 through review of procurement policies, leading
3 to new internal guidance, and new and revised process guides for inter-department
4 use.

5
6 On the other hand, the additional process was not without cost. When an
7 Assembly memorandum is required, contract awards are delayed by a minimum
8 of two weeks (factoring cut-off times to for an item to make the Assembly's regular
9 agenda). In practice, most AMs submitted to the Municipality OnBase agenda-
10 producing system do not make the next closest Assembly meeting, but the one
11 following that, resulting in a more common 3–4-week delay.

12
13 Further, mechanically, AMs sent to the Assembly are received and
14 approved for publication on the agenda by a significant number of offices,
15 consuming additional staff time.

16
17 An additional factor informing the recommendation to adjust the prior-
18 approval limits is the need to free staff time in the Purchasing Department to
19 accommodate a significant SAP change (the migration to S4/HANA, which will
20 require the development and implementation of wholly new purchasing module).
21 The Administration is concerned that, at its current staffing level, the Department
22 will not be able to shoulder both the increased workloads that followed after the
23 March 2023 amendments, and successfully implement a new system.

24 25 **3. Rules Applicable to Legal And Single-Source Procurements.**

26
27 The proposed ordinance also would move rules applicable to the
28 procurement of legal services out of AMC 7.20.060, and into a new AMC 7.20.100;
29 and adopt new subsections in AMC 7.20.080, including to cover “single source”
30 procurements (such as where a department has determined standardize
31 equipment [ex: all graders are Caterpillars] or is purchasing new licenses for
32 existing software products [ex. licenses for Acrobat must be purchased from
33 Adobe]). Both changes largely conform to the Municipality's existing practices, but
34 would make applicable rules clearer and/or permit targeted approval thresholds.
35 In addition, new subsections would be added to address assembly aides and
36 contractors performing work of confidential, policy making, or sensitive nature.

37 38 **4. Post-Award Assembly Reporting.**

39
40 While the ordinance submitted with this memorandum proposes efficiency-
41 improving changes to the prior-approval thresholds, it does not diminish – and in
42 fact expands – the required level of post-award reporting to the Assembly.

43
44 In the main, that takes two forms.

45
46 First, expanded AMC 7.15.040B would newly require monthly reporting of
47 intergovernmental, utility, and school district contracts that did not require prior
48 Assembly approval, and that resulted in an award in excess of \$50,000.

49
50 Second, the same section would also newly require annual reporting of
51 actual spending under non-encumbering “term” contracts approved by the

1 assembly, where funds were expended by more than a single department. The
 2 municipality has regularly, and for years, entered into a number of contracts for “as
 3 needed” services – project management, snow plowing, snow hauling, security,
 4 communications expertise, etc. These contracts are approved by the Assembly
 5 for a “not to exceed” amount, because the precise level of needed service is not
 6 knowable at the time of contract award. (The municipality may have a low or high
 7 snow year; may have a higher or lower need for security services depending, for
 8 example, on the number of special or extended Assembly meetings; or may have
 9 more or *no* need for crisis-communications support.) Charges made against the
 10 approved contract can only come from an Assembly-approved budget
 11 appropriation, but where an awarded contract (such as for communications
 12 services) may be used by any of several departments, the Administration
 13 understands that annual reporting on how the contract was *actually* used is of
 14 interest to the Assembly. Pre-award reporting would also newly be required to
 15 surface the maximum size of a purchase order that could be issued under a non-
 16 encumbering contract. The ordinance would also clarify that non-encumbering
 17 contracts of this sort are (despite being possibly \$0 contracts) generally subject to
 18 Assembly pre-approval based on their maximum possible value, and require the
 19 Assembly to approve the maximum size of a purchase order that could be issued
 20 under such contracts.

21
 22 The ordinance would also put into Code the requirement to submit to the
 23 Assembly a monthly sole source report. Presently, the Assembly receives a
 24 monthly sole source report only because the Assembly requested, via Assembly
 25 Informational Memorandum 26-88, that such a report be submitted.

26 27 **5. Required Competition Thresholds.**

28
 29 The ordinance submitted with this memorandum would adjust the
 30 thresholds that obligate the municipality to procure goods or services by ITB, RFP,
 31 or simplified “open market” procedures. Presently, non-construction contracts may
 32 be procured from a proprietary source or non-competitively if for less than \$5,000,
 33 or if for construction services, for less than \$10,000 (if the price is “fair and
 34 reasonable”). These limits were set in 2001, by AO 2001-122, and if adjusted for
 35 inflation would be as depicted below.

36

Competition Limit	Current Threshold	Year established	Inflation-adjusted (rounded)
Construction Services	\$10,000	2001	\$17,775
Other	\$5,000	2001	\$8,900

37
 38 The ordinance proposes to adjust the construction-services limit to \$25,000
 39 and the competition limit for other services to \$10,000.

40
 41 For point of comparison, the similar “micro-purchase award”-limit, set
 42 federal government to permit purchase “without soliciting competitive price or rate
 43 quotations” is \$50,000. See 2 CFR 200.320(a)(1)(iv).

44
 45 Likewise, the State of Alaska’s similar threshold is generally \$25,000 (or

1 more). See AAM 81.020 *Selecting the Procurement Procedure (07-24)* (the “level
2 of competition . . . appropriate for concession contracts [is] up to \$25,000; [for]
3 professional services for the Office of the Governor, or legal or hearing officer
4 services, [is] up to \$50,000; for supplies or services while on travel status with or
5 for the Governor [is] no more than \$30,000; or for passenger transportation or fish
6 feed for hatchery use [is] no more than \$30,000.”).³

7

8 **6. Grants.**

9
10 Title 7 requires the Assembly to approve grants in excess of \$50,000, and
11 the ordinance submitted with this memorandum does not propose a change to that
12 limit.

13
14 Title 7 otherwise presently contains few provisions related to grants, but an
15 optional “request for grant proposals” process (roughly mirroring the Title 7 RFP
16 process) has, since 1983, existed in the Anchorage Code of Municipal Regulations
17 at ACMR 7.70 *Regulations Related to Grant Proposals*.

18
19 ACMR 7.70 is the *only* chapter of title 7 regulations that remain on the
20 books—all previous chapters have been repealed and incorporated into Title 7
21 itself.

22
23 Consistent with the ongoing desire to eliminate use of Regulations, and to
24 co-locate all applicable rules into Anchorage’s codified Code of Ordinances, the
25 ordinance submitted with this memorandum proposes to relocate the substance of
26 AMCR 7.70 into new AMC 7.90.

27
28 It also clarifies that because grants are intended to be somewhat “gift-like,”
29 they are not to be used for services, professional services or construction over
30 which the municipality will exercise substantial oversight of character or quality; in
31 those circumstances, a contract should be used

32

33 **7. Elections.**

34
35 Respecting the separation of powers, and recognizing the special nature of
36 elections and AMC 28.10.020,⁴ the ordinance also provides that the municipal
37 clerk may make election-related procurements in certain circumstances.

38

39 **8. General clean-up and Readability.**

³ Available at: <https://doa.alaska.gov/dof/manuals/aam/resource/81.pdf>

⁴ AMC 28.10.020 *Powers and duties of municipal clerk*.

C. Pursuant to Charter § 11.02(a) and notwithstanding any other provision of this Code, the election administrator shall be responsible for the overall administration of municipal elections, including, but not limited to: application of election related information systems, election related systems standards and procedures, acquisitions of election related computer equipment, and related products and services. The election administrator shall receive municipal resources and support from executive branch departments in accordance with subsection 3.20.070G.

1
2 Finally, the ordinance submitted with this memorandum removes gendered
3 language and includes a number of new section headings to improve readability.
4 It also updates provisions to conform to modern practices (such as the change
5 contained in AMC 7.15.030 *Availability of funds*; today, contracts not needing
6 assembly approval cannot be initiated in SAP unless a sufficient source of funds
7 is available; that electronic process now effectively services as an automatic “fund
8 certification” from the CFO; see also new AMC 7.15.070G and H, relating to
9 customary fee-schedule adjustments, and supply-price changes).

10
11 **THE ADMINISTRATION RECOMMENDS APPROVAL.**

12
13 Prepared by: William D. Falsey, Chief Administrative Officer
14 Concur: Chris Hunter, Director, Purchasing Department
15 Concur: Ona R. Brause, Director, Office of Management and
16 Budget
17 Concur: Philippe Brice, Chief Fiscal Officer
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21