

CLERK'S OFFICE

APPROVED

Date: 2-27-07

ANCHORAGE, ALASKA

AO No. 2007-22

AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AMENDING ANCHORAGE MUNICIPAL CODE TITLE 7, PURCHASING AND CONTRACTS AND PROFESSIONAL SERVICES, SECTION 7.15.040, TO PROVIDE FOR ASSEMBLY APPROVAL OF CONTRACTS OVER \$500,000, AND SECTION 7.20.060, COMPETITIVE SEALED PROPOSALS; NEGOTIATED PROCUREMENT, TO ACCOMMODATE BEST VALUE CONTRACTING.

THE ANCHORAGE ASSEMBLY ORDAINS:

**Section 1:** Anchorage Municipal Code Section 7.15.040, Assembly Approval of Contracts, is amended to read as follows:

A. No contract for supplies, services, professional services or construction whereby the municipality is obligated to pay more than **\$500,000.00** [\$100,000.00] pursuant to a contract awarded through competitive procedures, which are described in sections 7.20.020 through 7.20.040 (bids) and 7.20.060 (proposals), or more than \$30,000.00 pursuant to contracts awarded under section 7.20.080 A-5, or more than \$50,000.00 pursuant to contracts awarded through other authorized procedures, may be executed unless the assembly has approved a memorandum setting forth the essential terms of the contract. To the extent applicable for particular contracts, the following essential terms shall be set forth:

1. The identity of the contractor;
2. The contract price;
3. The nature and quantity of the performance that the municipality shall receive under the contract;
4. The using agency; and
5. The time for performance under the contract.

All contracts awarded through competitive procedures under this subsection A that are more than \$50,000.00 and less than **\$500,000.00** [\$100,000.00] shall be reported to the assembly in an informational memorandum once each month. The report shall contain the information described in subsections 1 through 5 of this subsection.

**Section 2:** Anchorage Municipal Code Section 7.20.060, Competitive Sealed Proposals; Negotiated Procurement, is hereby amended to read as follows:

- A. If the purchasing officer determines that use of competitive sealed bidding is **either** not practicable **or not advantageous**, the municipality may procure supplies, professional

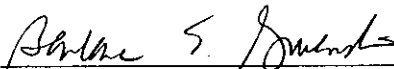
services, general services or construction by competitive sealed proposals under this section.

**Section 3:** This ordinance shall take effect immediately upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly the 27<sup>th</sup> day of February, 2007.

  
Chair of the Assembly

ATTEST:

  
Municipal Clerk

**Municipality of Anchorage**  
**Assembly Memorandum**

**No. AM 50-2007**

**Meeting Date:** February 13, 2007

**From:** Mayor

**Subject: AO 2007-22 — AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AMENDING ANCHORAGE MUNICIPAL CODE TITLE 7, PURCHASING AND CONTRACTS AND PROFESSIONAL SERVICES, SECTION 7.15.040, TO PROVIDE FOR ASSEMBLY APPROVAL OF CONTRACTS OVER \$500,000, AND SECTION 7.20.060, COMPETITIVE SEALED PROPOSALS; NEGOTIATED PROCUREMENT, TO ACCOMMODATE BEST VALUE CONTRACTING.**

Anchorage Municipal Code (AMC) Title 7, Section 7.15.040 A, stipulates that certain contract awards be approved through the Assembly before the Administration enters into a contract with the prospective firm or company. Currently, the code requires that any publicly advertised solicitation issued as an invitation to bid (AMC 7.20.020) or request for proposal (AMC 7.20.060), with an award value greater than \$100,000.00, must be approved by the Assembly prior to the Administration formally executing the agreement or contract.

The proposed ordinance will increase the dollar threshold required for Assembly approval from \$100,000.00 to \$500,000.00 for those proposed contracts resulting from formally advertised solicitations as cited above. This increased threshold will have a number of positive benefits, including 1) a reduction in the cycle times for contract awards, 2) a reduction in the number of assembly actions by approximately 75 memoranda per year, 3) contractors will be provided with a more timely notice to proceed, and 4) the public will ultimately benefit through improved services on time-sensitive projects.

This proposed ordinance will not change current law and practice concerning other action items that now require Assembly approval, such as: Grant awards greater than \$50,000.00; non-competitive awards greater than \$50,000.00; proprietary or sole source awards greater than \$30,000.00; lobbying contracts; waiver of irregularities on proposed contracts greater than \$50,000.00; or contract change order approvals.

This proposed ordinance also amends the monthly reporting currently provided by Purchasing Department to require inclusion of the additional contracts that will be affected through passage of this ordinance.

Section 2 of the proposed ordinance provides the necessary language to allow the administration to utilize Best Value Contracting procedures within the context of AMC Section 7.20.060, Request for Proposals; Negotiated Procurement.

Best Value Contracting is a procurement method that allows construction projects or services to be solicited and awarded based upon a combination of price, technical factors, and contractor qualifications. Currently, bid documents for construction projects and services that are fully engineered are solicited through competitive sealed bidding procedures, and award is made solely on the lowest responsive and responsible bidder as stipulated in AMC 7.20.020. The use of competitive sealed bidding is very traditional in the public arena and is still the preferred method for routine construction and public work projects. However, there are times when complex projects, or projects requiring unique services, need other considerations to be assessed to minimize impacts to a project, or need consideration of additional factors that will add to a more successful project completion. When these projects arise, award criteria, in addition to the low bid price, are needed to ensure that the public receives the best value and that the project will be successful in meeting expectations. These considerations may include the contractors' direct prior experience, certain process knowledge, key sub-contractor experience, scheduling and quality control/assurance programs, safety and claims history, and past performance reviews.

The procurement method of "blending" both price and other technical evaluations to an otherwise traditional construction project is referred to as Best Value Contracting. The solicitation document in Best Value Contracting is issued as a Request for Proposal and incorporates the traditional fully engineered drawings and specifications, and also requires other specific documentation and/or data to be submitted for consideration as part of the contract award process. The award criteria of a best value contract will normally maintain 60% of the evaluation for the actual price of the work, and not more than 40% to be assessed for technical and/or qualification-based information. The resulting recommendation for award is calculated based upon the highest ranked proposer (contractor) who is competitive both in price and technical qualifications.

To insure that the Municipality has legal authority to utilize best value contracting when deemed appropriate, model legal language is added to AMC 7.20.060 (A) in the attached ordinance.

For informational purposes, the modified language for AMC 7.20.060 (A) is consistent with language specifically provided for in the American Bar Association's Model Procurement Code (ABA Code) for State and Local Governments. Title 7 of the AMC was derived from the original draft ABA Code in 1978.

Based upon the above information, it is recommended that the Assembly approve Ordinance No. AO 2007-22 amending AMC Title 7, Section 7.15.040 (Assembly Approval of Contracts) by increasing the dollar threshold requiring Assembly approval to those contracts greater than \$500,000.00 that have been publicly advertised and solicited in accordance with AMC 7.20.020 and 7.20.060; and providing for changes to AMC 7.20.060 (Request for Proposals; Negotiated Procurement) to allow for best value contracting methods for the Municipality.

Respectfully submitted:

Bart Mauldin, Purchasing Officer



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY INFORMATION MEMORANDUM

NO. AIM 34-2007

**Meeting Date:** February 27, 2007

**From:** Assemblymember Coffey

**Subject:** Summary of Economic Effects for AO 2007-22

Attached to this memo is the Summary of Economic Effects for AO 2007-22, regarding AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AMENDING ANCHORAGE MUNICIPAL CODE TITLE 7, PURCHASING AND CONTRACTS AND PROFESSIONAL SERVICES, SECTION 7.15.040, TO PROVIDE FOR ASSEMBLY APPROVAL OF CONTRACTS OVER \$500,000, AND SECTION 7.20.060, COMPETITIVE SEALED PROPOSALS; NEGOTIATED PROCUREMENT, TO ACCOMMODATE BEST VALUE CONTRACTING.

Prepared By: Steven B. King, Utility Budget Analyst

Reviewed By: Guadalupe Marroquin

Submitted By: Assemblymember Coffey

**MUNICIPALITY OF ANCHORAGE**  
**Summary of Economic Effects -- General Government**

AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AMENDING  
ANCHORAGE MUNICIPAL CODE TITLE 7, PURCHASING AND CONTRACTS AND  
PROFESSIONAL SERVICES, SECTION 7.15.040, TO PROVIDE FOR ASSEMBLY  
APPROVAL OF CONTRACTS OVER \$500,000, AND SECTION 7.20.060, COMPETITIVE  
SEALED PROPOSALS; NEGOTIATED PROCUREMENT, TO ACCOMMODATE BEST  
VALUE CONTRACTING.

AO Number: 2007-22

Title:

Sponsor: Assemblymember Coffey

Preparing Agency: Assembly

Others Impacted: Purchasing Department

**CHANGES IN EXPENDITURES AND REVENUES:**

(In Thousands of Dollars)

	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>
<b>Operating Expenditures</b>					
1000 Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -
2000 Non-Labor	-	-	-	-	-
3900 Contributions					
4000 Debt Service					
<b>TOTAL DIRECT COSTS:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Add: 6000 Charges from Others					
Less: 7000 Charges to Others					
<b>FUNCTION COST:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**REVENUES:**

**CAPITAL:**

**POSITIONS: FT/PT and Temp**

**PUBLIC SECTOR ECONOMIC EFFECTS:**

There are no significant public sector economic effects associated with this ordinance.

**PRIVATE SECTOR ECONOMIC EFFECTS:**

There are no significant private sector economic effects associated with this ordinance.

M.O.A.  
2007 FEB 23 AM 9:52  
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Prepared by: Steven B. King, Utility Budget Analyst

Date prepared: 2/23/2007

Reviewed by: Guadalupe Marroquin

Telephone: 343-4714

Telephone: 343-4376

Municipality of Anchorage  
MUNICIPAL CLERK'S OFFICE  
**Agenda Document Control Sheet**

AO 2007-22

(SEE REVERSE SIDE FOR FURTHER INFORMATION)

<b>1</b>	SUBJECT OF AGENDA DOCUMENT	DATE PREPARED	
	AMEND AMC TITLE 7 - PURCHASING AND CONTRACTS AND PROFESSIONAL SERVICES	1/18/07	
		Indicate Documents Attached	
		<input checked="" type="checkbox"/> AO <input type="checkbox"/> AR <input checked="" type="checkbox"/> AM <input type="checkbox"/> AIM	
<b>2</b>	DEPARTMENT NAME	DIRECTOR'S NAME	
	Assembly	Daniel A. Sullivan, Chairman	
<b>3</b>	THE PERSON THE DOCUMENT WAS ACTUALLY PREPARED BY	HIS/HER PHONE NUMBER	
	Julia Tucker - Assembly Counsel	343-4419	
<b>4</b>	<b>COORDINATED WITH AND REVIEWED BY</b>	<b>INITIALS</b>	<b>DATE</b>
	Mayor		
	Municipal Clerk		
	Municipal Attorney		
	Employee Relations		
	Municipal Manager		
	Anchorage Parks & Recreation		
	Fire		
	Health & Human Services		
	Merrill Field Airport		
	Municipal Light & Power		
	Office of Management and Budget		
	Police		
	Port of Anchorage		
	Office of Economic & Community Development		
	Solid Waste Services		
	Public Transportation		
	Anchorage Water & Wastewater Utility		
	Executive Manager		
	Planning Department		
	Chief Fiscal Officer		
	Heritage Land Bank		
	Information Technology Department		
	Project Management & Engineering		
	Purchasing		
	Other		
<b>5</b>	<b>Special Instructions/Comments</b>		
	Consent Agenda - Introduction		
<b>6</b>	ASSEMBLY HEARING DATE REQUESTED	<b>7</b>	PUBLIC HEARING DATE REQUESTED
	2/13/07		2/27/07

2007 JAN 18 PM 3:36  
 M O A  
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