

MEMORANDUM



DATE: November 2, 2022

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

SUBJECT: Adjustment to Purchasing Threshold

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From time-to-time, it behooves CBJ to review purchasing thresholds to ensure that these thresholds strike the right balance between administrative burden and best value purchasing through public competition. CBJ 53.50 defines how most CBJ agencies are required to conduct purchases. Although there some nuanced differences between bids and proposals, purchasing is generally conducted as follows:

Under \$5,000	Reasonable and practical procedures
\$5,000 to \$50,000	Informal public solicitation of bids/proposals
\$50,000+	Formal sealed bid/proposal

There is significant variation among other government purchasers in Alaska. The State of Alaska's thresholds are higher, while the municipalities somewhat herd together.

	Juneau	Kenai Borough	State of Alaska	Anchorage Muni	Fairbanks North Star Borough	City of Fairbanks	City of Ketchikan
Reasonable/Practical Procedures	Under \$5,000	Under \$5,000	Under \$10,000			Under \$1,000	
Verbal Quotes			\$10,000 to \$50,000	Under \$50,000	Under \$40,000	\$1,000 to \$5,000	Under \$10,000
Written Quotes		\$5,000 to \$40,000	\$50,000 to \$100,000			\$5,000 to \$25,000	\$10,000 to \$50,000
Informal Public Solicitation	\$5,000 to \$50,000						
Formal sealed bid	\$50,000+	\$40,000+	\$100,00+	\$50,000+	\$40,000+	\$25,000	\$50,000+

One conspicuous difference is that CBJ's code does not allow for any purchasing over \$5,000 using verbal or written quotes without a public solicitation. For all purchases over \$5,000, CBJ buyers must conduct an informal public solicitation for goods or services. Most CBJ agencies find the requirement of public solicitation to be an administrative burden that increases overhead cost for purchasing without realizing significant cost savings.

I am proposing to add a new threshold category to the purchasing code that would allow for three written quotes as the allowable purchasing method between \$5,000 and \$25,000. This change would bring CBJ more in line with our peers in the state, and it would diminish the administrative burden of smaller purchases.

Under \$5,000	Reasonable and practical procedures
\$5,000 to \$25,000	Three written quotes (without public solicitation)
\$25,000 to \$50,000	Informal public solicitation of bids/proposals
\$50,000+	Formal sealed bid/proposal

If the Assembly Finance Committee is supportive of this concept, I request that it direct staff to draft an ordinance that would allow three written quotes to be the allowable purchasing method for all purchases between \$5,000 and \$25,000. Such an ordinance would be introduced and brought back to the Assembly Finance Committee for further review.