



APPLICATION OF PREFERENCES

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INTRODUCTION

Certain preferences apply to all supplies and services procured through formal competitive solicitations and small procurement processes. This section contains a list of those preferences and examples of how to calculate and apply them. Before any preferences are applied, the procurement officer must determine that the bid, proposal, or quote is responsive. Prices are adjusted by preferences for evaluation purposes only. Preferences do not affect the contract award amount.

If more than one preference applies to a bid, proposal, or quote, you may total all applicable percentages and deduct them as a combined total. For example, if a bidder qualifies for the 5% Alaska Bidder Preference and the 10% Disability Preference, their bid would be reduced by 10%.

Bidders **must** claim a preference in order for it to be applied. A procurement officer cannot apply a preference that is not claimed, even if the procurement officer knows the vendor would qualify for it.

PREFERENCES

ALASKA BIDDER PREFERENCE

FOUND IN: AS 36.30.321(a)
AS 36.30.990(25)

AMOUNT: 5%

REQUIREMENTS:

The bidder must:

- Hold a current Alaska business license and submit a bid under the name on their business license.
- Have maintained a place of business within the state staffed by the bidder or an employee of the bidder for at least six months immediately preceding the date of the bid.

AND, if the bidder is a:

- CORPORATION, is incorporated in Alaska or are otherwise qualified to do business under the laws of the state.
- SOLE PROPRIETORSHIP, the proprietor must be a resident of the state.
- LIMITED LIABILITY COMPANY organized under AS 10.50, all members must be residents of the state.
- PARTNERSHIP under AS 32.05, 32.06, or 32.11, all partners must be residents of the state.
- JOINT VENTURE, the joint venture must be composed entirely of ventures that qualify as Alaska bidders.

ALASKA OFFERORS PREFERENCE

FOUND IN: 2 AAC 12.260(e)

AMOUNT: 10% of Total Available Points

REQUIREMENTS:

The bidder must qualify as an Alaska bidder.

NOTES:

This preference is **only** applicable under a competitive sealed proposal (RFP) or informal proposal process when a numerical rating system is used.

The amount of the preference must be calculated inclusively, **not** added on, when determining the total number of points available for evaluating proposals. For instance, if the total available points, including the preference, will be 150 points, then the Alaska Offeror Preference will be worth 15 points, leaving 135 points for other evaluation factors.

ALASKA VETERAN PREFERENCE

FOUND IN: AS 36.30.321(f)

AMOUNT: 5% / \$5,000 MAX

REQUIREMENTS:

The bidder must qualify as an Alaska bidder AND, if the bidder is a:

- CORPORATION, is wholly owned by individuals, and a majority of the individuals are Alaska veterans.
- SOLE PROPRIETORSHIP, is owned by an Alaska veteran.
- LIMITED LIABILITY COMPANY organized under AS 10.50, a majority of the members are Alaska veterans.
- PARTNERSHIP under AS 32.06 or 32.11, a majority of the partners are Alaska veterans.

An Alaska veteran is a resident of the state who served in one of the following services and who was separated from service under a condition that was not dishonorable:

- The armed forces of the United States, including a reserve unit of the United States armed forces.
- The Alaska Territorial Guard, the Alaska Army National Guard, the Alaska Air National Guard, or the Alaska Naval Militia.

NOTES:

The preference does not require verification, but a procurement officer may choose to request a copy of the bidder's DD Form 214 or NGB Form 22 discharge certificate if necessary to verify qualifications. Questions about discharge certification can be directed to the Office of Veterans Affairs at (907) 428-6016.

ALASKA PRODUCTS PREFERENCE

FOUND IN: AS 36.30.328
AS 36.30.332
3 AAC 92.090

AMOUNT: 3% / 5% / 7%

REQUIREMENTS:

- **Class I (3%):** Materials and supplies with value added in the state that are more than 25 percent and less than 50 percent produced or manufactured in the state.
- **Class II (5%):** Materials and supplies with value added in the state that are 50 percent or more and less than 75 percent produced or manufactured in the state.
- **Class III (7%):** Materials and supplies with value added in the state that are 75 percent or more produced or manufactured in the state.

NOTES:

The applicable preference percentage is only applied to the qualifying product itself. Cost such as transportation, postage, delivery, etc. are not to be included in the value of the product qualifying for the preference.

A listing of qualified products may be found at the following website:

<http://www.commerce.state.ak.us/oed/prodpref/prodpref.htm>

RECYCLED PRODUCTS PREFERENCE

FOUND IN: AS 36.30.324
AS 36.30.337

AMOUNT: 5%

REQUIREMENTS:

AS 36.30.337(a) states, "In the evaluation of a bid or proposal for an agency procurement of products, the agency shall decrease the bid or proposal by five percent if the bid or proposal indicates that the product being purchased will be recycled products."

NOTES:

The Division of General Services (on behalf of DOA) maintains a listing of qualified recycled products – as well as the minimum acceptable recycled content for those products. Currently, paper products are the only items on the list.

The Recycled Products preference is applied to the entire bid price.

EMPLOYMENT PROGRAM PREFERENCE

FOUND IN: AS 36.30.321(b)
AS 36.30.311

AMOUNT: 15%

REQUIREMENTS:

The bidder must:

- Qualify as an Alaska bidder.
- Offer services through an employment program, which is a nonprofit program to increase employment opportunities for individuals with physical or mental disabilities that constitute substantial handicap to employment.

NOTES:

In order to qualify for this preference, the bidder must add value by actually performing, controlling, managing, and supervising the services provided, or the bidder must have sold supplies of the general nature solicited to other state agencies, governments, or the general public.

A bidder may not claim more than one of the disability related preferences for the same bid.

ALASKANS WITH DISABILITIES PREFERENCE

FOUND IN: AS 36.30.321(d)

AMOUNT: 10%

REQUIREMENTS:

The bidder must qualify as an Alaska bidder AND, if the bidder is a:

- CORPORATION, is whole owned by individuals and each of the individuals is a person with a disability.
- SOLE PROPRIETORSHIP, is owned by a person with a disability.
- LIMITED LIABILITY COMPANY organized under AS 10.50, each of the members is a person with a disability.
- PARTNERSHIP under AS 32.06 or 32.11, each of the partners is a person with a disability.
- JOINT VENTURE, the joint venture must be composed entirely of ventures that qualify as Alaska bidders.

NOTES:

In order to qualify for this preference, the bidder must add value by actually performing, controlling, managing, and supervising the services provided, or the bidder must have sold supplies of the general nature solicited to other state agencies, governments, or the general public.

A bidder may not claim more than one of the disability related preferences for the same bid.

QUALIFYING FOR DISABILITY RELATED PREFERENCES

The Division of Vocational Rehabilitation in the Department of Labor and Workforce Development maintains a listing of qualified employment programs and individuals who qualify as persons with a disability at the following website:

<http://www.labor.alaska.gov/dvr/preflist.pdf>

As evidence of an individual's or a business's right to a certain preference, the Division of Vocational Rehabilitation will issue a certification letter. To take advantage of the employment program or disabilities preferences described above, an individual or business must be on the appropriate Division of Vocational Rehabilitation list, at the time the bid is opened, and must attach a copy of their certification letter to their bid. The bidder's failure to provide the certification letter mentioned above with their bid will cause the state to disallow the preference.

LOCAL AGRICULTURAL & FISHERIES PRODUCTS PREFERENCE

FOUND IN: AS 36.15.050

AMOUNT: 7%

REQUIREMENTS:

Agricultural, dairy, timber, or lumber products harvested in Alaska, or in the case of fisheries products, harvested or processed within the jurisdiction of Alaska.

EXAMPLES

ALASKA BIDDER PREFERENCE

In this example, we'll apply the 5% Alaska Bidder Preference to each qualifying price.

STEP 1

List the raw bid prices:

Bidder #1	\$6,100
Bidder #2	\$6,700
Bidder #3	\$6,900

STEP 2

Determine which bidders qualify for the 5% Alaska Bidder Preference:

Bidder #1	No Preference	0%
Bidder #2	Alaska Bidder	5%
Bidder #3	Alaska Bidder	5%

STEP 3

Calculate the amount of the applicable preference for each bid by multiplying the total preference by the corresponding raw bid price:

Bidder #2	\$6,700	x	5% (.05)	=	\$335.00
Bidder #3	\$6,900	x	5% (.05)	=	\$345.00

STEP 4

List all bid prices, subtracting the amount of the Alaska Bidder Preference calculated in Step 3, as appropriate:

Bidder #1	\$6,100.00	No Preference
Bidder #2	\$6,365.00	(\$6,700 - \$335.00)
Bidder #3	\$6,555.00	(\$6,900 - \$345.00)

STEP 5

Identify the lowest priced bid. In this example, **Bidder #1** is the lowest at \$6,100.00 and would get the award, provided it is a responsible and responsive bid.

ALASKA BIDDER + ALASKA PRODUCTS PREFERENCE

In this example, we'll apply the 5% Alaska Bidder Preference and two different classes of the Alaska Products Preference. Remember that the Alaska Products Preference is **only** applied to the price of the qualifying products while the Alaska Bidder Preference applies to the total price.

STEP 1

List the raw bid prices. When applying the Alaska Products Preference, you must be able to determine the price of the qualifying product:

Bidder #1	\$6,500 Product Price	+	\$102 Delivery	=	\$6,602 Total Price
Bidder #2	\$6,700 Product Price	+	\$125 Delivery	=	\$6,825 Total Price
Bidder #3	\$6,900 Product Price	+	\$110 Delivery	=	\$7,010 Total Price

STEP 2

Determine which preferences apply to each bid, and total all applicable preference percentages for each:

Bidder #1	Alaska Bidder + Class I Products Preference	5% Total Price + 3% Product Price
Bidder #2	Alaska Bidder Preference	5% Total Price
Bidder #3	Class III Products Preference	7% Product Price

STEP 3

Calculate the amount of the applicable preference for each bid by multiplying the total preference by the corresponding raw bid price. Bidder #2 requires two calculations, one to apply the Alaska Bidder Preference to the Total Cost and a separate calculation to apply the Alaska Products Preference to the qualifying product price:

Bidder #1	\$6,602 Total Price	x	5% (.05)	=	\$330.10 Alaska Bidder
Bidder #1	\$6,500 Product Price	x	3% (.03)	=	\$195.00 Alaska Products
Bidder #2	\$6,825 Total Price	x	5% (.05)	=	\$341.25 Alaska Bidder
Bidder #3	\$6,900 Product Price	x	7% (.12)	=	\$483.00 Alaska Products

STEP 4

List all bid prices, adjusted where appropriate by the application of the Alaska Bidder Preference and the Alaska Products Preference:

Bidder #1	\$6,076.90	(\$6,602 Total Price - \$330.10 Alaska Bidder - \$195 Alaska Products)
Bidder #2	\$6,483.75	(\$6,825 Total Price - \$341.25 Alaska Bidder)
Bidder #3	\$6,527.00	(\$7,010 Total Price - \$483.00 Alaska Products)

STEP 5

Identify the lowest bid. In the example, **Bidder #1** is the lowest at \$6,076.90 and would get the award, provided it is a responsible and responsive bid.

ALASKA BIDDER PREFERENCE + ALASKA VETERAN PREFERENCE

Here, we see how both the 5% Alaska Bidder Preference and the Alaska Veteran Preference might apply to a set of bids. Remember that the Alaska Veteran Preference is 5% to a MAXIMUM of \$5,000. A good rule to remember when applying the Alaska Veteran Preference is that any qualifying bid of \$100,000 or more will always receive the \$5,000 maximum application and all qualifying bids of \$99,999.99 or less will receive 5%.

STEP 1

List the raw bid prices:

Bidder #1	\$ 99,500
Bidder #2	\$106,700
Bidder #3	\$106,900

STEP 2

Determine which preferences apply to each bid, and total all applicable preference percentages for each. Remember that the Alaska Veteran Preference is 5% to a MAXIMUM of \$5,000:

Bidder #1	Alaska Bidder + Alaska Veteran Preference	10% (5% + 5%)
Bidder #2	Alaska Bidder + Alaska Veteran Preference	5% + \$5,000
Bidder #3	Alaska Bidder Preference	5%

STEP 3

Calculate the amount of the applicable preference for each bid by multiplying the total preference by the corresponding raw bid price. Since the Alaska Veteran Preference cannot exceed \$5,000, simply add \$5,000 to the amount of any other preferences:

Bidder #1	\$ 99,500	x	10% (.10)	=	\$9,995.00
Bidder #2	\$106,700	x	5% (.05)	=	\$5,335.00 + \$5,000.00 = \$10,335.00
Bidder #3	\$106,900	x	5% (.05)	=	\$5,345.00

STEP 4

List all bid prices, adjusted where appropriate by the application of the Alaska Bidder Preference and the Alaska Products Preference:

Bidder #1	\$ 89,505.00	(\$ 99,500 - \$9,995.00)
Bidder #2	\$ 96,365.00	(\$106,700 - \$10,335.00)
Bidder #3	\$101,555.00	(\$106,900 - \$5,345.00)

STEP 5

Identify the lowest bid. In the example, **Bidder #2** is the lowest at \$89,505.00 and would get the award, provided it is a responsible and responsive bid.

ALASKA OFFERORS PREFERENCE

This example shows how to calculate and apply the Alaska Offerors Preference, which is only used under a competitive sealed proposal (RFP) process when using a numerical scoring system. Unlike all other preferences, this preference is score based, not cost based.

STEP 1

Determine the number of points available to qualifying offerors under this preference.

$$100 \text{ Total Points Available in RFP} \times 10\% \text{ Alaska Offerors Preference} = 10 \text{ Points for Preference}$$

STEP 2

Determine which offerors qualify as Alaska bidders and thus, are eligible for the Alaska offerors preference. For the purpose of this example, presume that all of the proposals have been completely evaluated based on the evaluation criteria in the RFP. The scores at this point are:

Offeror #1	83 points	No Preference	0 points
Offeror #2	74 points	Alaska Offerors Preference	10 points
Offeror #3	80 points	Alaska Offerors Preference	10 points

STEP 3

Add the applicable Alaska Offerors Preference amounts to the offerors' scores:

Offeror #1	83 points
Offeror #2	84 points (74 points + 10 points)
Offeror #3	90 points (80 points + 10 points)

STEP 4

Offeror #3 is the highest scoring offeror and would get the award, provided their proposal is responsible and responsive.