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STATE PROCUREMENT OFFICE**

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TESTIMONY  
OF  
AARON S. FUJIOKA  
ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE  
HOUSE COMMITTEE  
ON  
ECONOMIC DEVELOPMENT & BUSINESS CONCERNS

February 5, 2008

HB 2219

RELATING TO THE HAWAII PUBLIC PROCUREMENT CODE.

Chair Yamashita, Vice Chair Wakai and committee members, thank you for the opportunity to testify on HB 2219. The State Procurement Office (SPO) does not support this bill.

The SPO understands the intent of this bill is to repeal requirements that county cooperative purchases adhere to administrative rules adopted by the State Procurement Policy Board.

The Hawaii Public Procurement Code (Code) promotes the policy of fair and equitable treatment of all persons who deal with the procurement system; fosters effective broad-based competition; and increases public confidence in public procurement. The Code and its rules provide for cooperative purchasing efforts to ensure coordination of the contracts and sufficient public notice of the State's intent to enter into any cooperative purchase contracts with a specified lead state/agency. Without these processes in place, there is no disclosure and transparency of the procurement. An agency will be able to "piggyback" onto an existing contract without notice denying any potential Hawaii business an opportunity to compete.

Statutory exemptions for specific purchases from the Code are not in the best interest of government, the business community, and the general public. The Code establishes a time-tested, fair, and reliable set of rules and processes for award of contracts. The competitive procurement processes of the Code are to insure that all potential providers are afforded the opportunity to compete for the required services.

Fairness, open competition, a level playing field, and government disclosure and transparency in the procurement and contracting process are vital to good government. For this to be accomplished, we must participate in the process with one set of statutes and rules. The SPO recommends this bill be held.

Thank you.

Council Chair  
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Vice-Chair  
Danny A. Mateo

Council Members  
Michelle Anderson  
Gladys C. Baisa  
Jo Anne Johnson  
Bill Kauakea Medeiros  
Michael J. Molina  
Joseph Pontanilla  
Michael P. Victorino



Director of Council Services  
Ken Fukuoka

**COUNTY COUNCIL**  
COUNTY OF MAUI  
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February 4, 2008

TO: Honorable Kyle T. Yamashita, Chair  
House Committee on Economic Development and Business Concerns

FROM: Joseph Pontanilla, Treasurer *Joseph Pontanilla*  
Hawaii State Association of Counties

SUBJECT: **HEARING OF FEBRUARY 5, 2008; TESTIMONY IN SUPPORT HB 2219,  
RELATING TO THE HAWAII PROCUREMENT CODE**

Thank you for the opportunity to testify in support this important measure. The purpose of this measure is to remove the requirement for local governments to comply with rules adopted by the Procurement Policy Board and to place the decision-making power to use cooperative contracts within the discretion of local government.

This measure is in the Hawaii State Association of Counties' Legislative Package; therefore, I offer this testimony as Treasurer of the Hawaii State Association of Counties (HSAC). Moreover, HSAC's position was specifically and formally approved by every other county council in the State, including the Maui County Council.

HSAC supports this measure for the following reasons:

1. Many times a cooperative contract may provide the most cost-effective choice for taxpayers. Yet counties are currently limited in their ability to enter into cooperative contracts by the Hawaii Administrative Rules pertaining to cooperative purchasing agreements.
2. Local governments are in the best position to assess their own needs and the needs of the people they serve, and to make competent decisions as to whether to use a cooperative contract.
3. This measure would remove the requirement that counties comply with the rules adopted by the policy board pertaining to cooperative purchasing, and provide counties with another option when deciding whether to enter into such contracts.

For the foregoing reasons, HSAC supports this measure.

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House of Representatives  
Twenty-Fourth Legislature  
Regular Session of 2008

COMMITTEE ECONOMIC DEVELOPMENT & BUSINESS CONCERNS  
and  
COMMITTEE ON AGRICULTURE

Hearing  
Tuesday, February 5, 2008  
8:00 a.m.

Testimony by: Ralph C. Boyea, Legislative Advocate, Hawai'i County Council

**Testimony in favor of HB 2219 RELATING TO THE HAWAII PUBLIC PROCUREMENT CODE**

Chairpersons Yamashita and Tsuji, and Honored Representatives,

On behalf of the Hawai'i County Council, I ask that you to pass House Bill 2219. House Bill 2219 repeals the requirement that county cooperative purchases adhere to administrative rules adopted by the state procurement policy board.

The proposed change Chapter 103D, Section 82 would place the decision making power to use cooperative contracts within the discretion of local governments. This change would reduce the cost of government by reducing red tape; reducing the number of man-hours needed to process purchasing agreements; and, providing for more cost-effective purchasing. By allowing the various counties to enter into agreements with other States or counties, they will be able to reduce the cost of the products being purchased by being a part of a larger purchasing group.

This measure is part of the Hawai'i Association of Counties [HSAC] legislative package. The HSAC believes that local governments are in the best position to assess their own needs and, that local governments are in the best position to make competent decisions as to whether to use a cooperative contract.

Passage of HB2219 does not require an appropriation of funds. In fact, it will save the State and the counties money.

We urge you to support HB 2219.



**Hawaii State Association of Counties**  
Counties of Kaua'i, Maui, Hawai'i and City and County of Honolulu



Testimony of President Mel Rapozo  
Hawai'i State Association of Counties  
on

HB 2219, Relating to Hawai'i Public Procurement Code  
House Committee on Economic Development and Business Concerns  
February 5, 2008  
8:30 a.m.  
House Conference Room 325

Dear Chair Yamashita and Members:

Thank you for the opportunity to submit testimony in behalf of the Hawai'i State Association of Counties (HSAC) in support of HB 2219, relating to the Hawai'i Public Procurement Code.

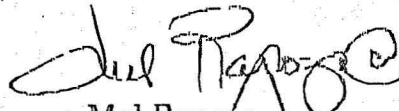
HB 2219 is identical to SB 2172 which is included in the HSAC Legislative Package.

Currently, the counties may not be able to enter into a cooperative contract which would be the most cost-effective for the County and taxpayers. Because the counties are in the best position to access their own needs, they should be able to make decisions as to whether to use a cooperative contract.

HB 2219 proposes to remove the requirement for the counties to comply with rules that are adopted by the policy board regarding the use of cooperative contracts.

In light of the above, your favorable consideration is requested.

Sincerely,

  
Mel Rapozo  
President, HSAC

