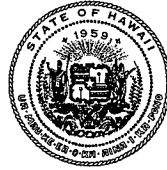


LINDA LINGLE
GOVERNOR



RUSS K. SAITO
Comptroller

**STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
HONOLULU, HAWAII 96810-0119**

TESTIMONY
OF
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE
ON
JUDICIARY AND GOVERNMENT OPERATIONS
ON
April 2, 2009

S.C.R. 108/S.R. 66

REQUESTING THE FORMATION OF A JOINT LEGISLATIVE PROCUREMENT WORKING GROUP TO EVALUATE THE STATE PROCUREMENT CODE AND RECOMMEND IMPROVEMENTS.

Chair Taniguchi and members of the Committee, thank you for the opportunity to testify on S.C.R. 108/S.R. 66.

The Department of Accounting and General Services (DAGS) appreciates the intent of S.C.R. 108/S.R. 66 and has comments to offer.

First, the joint legislative procurement working group should be tasked to look at both Chapter 103D and 103F of the HRS. There does not appear to be a clear reason why goods, services and construction should be governed by Chapter 103D, HRS, while health and human services should be governed by another procurement code under Chapter 103F, HRS.

Second, if the joint legislative procurement working group is to diligently review either or both Chapter 103D and Chapter 103F, and recommend improvements, twenty days prior to the convening of the 2010 Legislature is not enough time.

DAGS also has some technical corrections. On page 2 line 6, each county administration has a chief procurement officer, as do each of the councils and each of the boards of water supply. That means that there would be 12 representatives from the counties, and the task force would total 30 members. That may be cumbersome. On page 2, lines 26 – 27, the University of Hawai‘i Procurement Institute resides at the William S. Richardson School of Law. Professor Danielle Conway Jones heads the UH Procurement Institute. The Hawai‘i Procurement Institute is independent of the University.

DAGS believes that providing the professional, technical, and clerical support to a 30 member may be an extensive requirement. DAGS does not have the budget or human resources to add this to its responsibility. Doing so would make this task an unfounded mandate.

Thank you for the opportunity to testify on this mater



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Judiciary and Government Operations
April 2, 2009 at 10:00am

by

Howard Todo

Vice President for Budget & Finance/CFO, University of Hawai'i

SCR 108/SR 66 – REQUESTING THE FORMATION OF A JOINT LEGISLATIVE
PROCUREMENT WORKING GROUP TO EVALUATE THE STATE PROCUREMENT
CODE AND RECOMMEND IMPROVEMENTS.

Chair Taniguchi, Vice Chair Takamine and Members of the Committee:

Thank you for the opportunity to submit testimony regarding this measure.

The University supports the formation of a working group to recommend improvements to the state procurement code and we respectfully request to be included in the working group by a representative or representatives selected by the President of the University.



HAWAII FARM BUREAU FEDERATION

2343 ROSE STREET
HONOLULU, HI 96819

Committee on Judiciary and Government Operations

Hearing Date & Time: Thursday, April 2, 2009 @ 10:00 am in Senate Conference Room 016

SCR 108 and SR 66 - Requesting the Formation of a Joint Legislative Procurement Working Group

Chairman Taniguchi; Members of the Committee,

The Hawaii Farm Bureau Federation is the largest general agriculture organization in the State of Hawaii with over 1600 members Statewide and we **"Strongly Support SCR 108 and SR 66, which contain identical language."**

These measures provide a mechanism to improve the effectiveness of State procurement code. Establishment of the procurement-working group will also increase awareness of the importance of having an efficient government procurement system that is fair, uniform and stimulates competition. The establishment of a working group is an important first step to increasing the understanding and appreciation of the importance of a properly functioning procurement system. This working group could coordinate an educational exchange of procurement information between agency buyers and the agriculture industry who desires to sell their products to the government.

The Hawaii Farm Bureau Federation recently recognized government procurement provides an important market opportunity for Hawaii's agriculture industry. Hawaii Farm Bureau is diligently working to obtain legislative approval of a measures (HB 988 HD2 and SB 506 HD1), which would permit purchases of "agricultural products" (fresh meats, produce, plants, and animals) to fall under the procurement code. Currently, Hawaii's agricultural products are exempt from the procurement code due to the exemptions identified in HAR §3-120-4(b). This exemption has denied the agriculture industry the protections of the procurement code.

We strongly support the establishment of a working group to enhance and improve implementation of the procurement code.

Thank you for the opportunity to provide testimony in this matter. We hope that by establishing a working group, the procurement code can play its rightful role as a critical player in enhancing agricultural viability in Hawaii.

Respectfully submitted,

Dean Okimoto, President
Hawaii Farm Bureau



March 30, 2009

Chair Brian Taniguchi
Senate Committee on Judiciary and Government Operations
Hawaii State Senate
Conference Room 016
Honolulu, HI 96813

RE: SCR 108/SR 66, Regarding a Joint Legislative Procurement Working Group

Dear Chair Taniguchi and members of the Senate Judiciary and Government Operations Committee:

The Hawai'i Alliance of Nonprofit Organizations (HANO) supports the intent of SCR 108/SR 66, which proposes the formation of a joint legislative working group to evaluate the procurement code and to make recommendations for improvement.

As you well know, many nonprofits in Hawaii contract with the state to provide critical social services that improve and enhance our quality of life here in Hawaii. These organizations are often challenged by existing procurement processes which make doing business with the state very difficult.

For this reason, HANO itself has been contemplating convening just such a task force to address these very issues in the interim between legislative sessions, and has been exploring possible funding sources to support such an endeavor.

It supports the idea of a working group being organized as a legislative activity, but asks that the nonprofit sector be represented at the table to provide critical feedback to this decision-making process. If given the opportunity, HANO would be happy to serve in this capacity and would be willing to offer the names of others who would be very good resources for this purpose.

HANO unites and strengthens the nonprofit sector as a collective force to improve the quality of Hawai'i. It works in the areas of leadership and convenings, advocacy and public policy, research and information, communications, professional development and products and capacity building services for its members.

Its membership represents a great diversity of nonprofits—health and human services, environmental groups, arts and culture organizations, educational institutions, civic and think tank groups, Native Hawaiian groups, animal rights organization, other intermediary associations, and many more.

Thank you for the opportunity to provide testimony on this very important issue.

Lisa Maruyama
President and CEO

BIA-HAWAII
BUILDING INDUSTRY ASSOCIATION

April 2, 2009

Senator Brian Taniguchi, Chair
Committee on Judiciary and Government Operations
State Capitol, Room 016
Honolulu, HI 96813

RE: SCR108 and SR66 “Requesting the Formation of a Joint Legislative Procurement Working Group to Evaluate the State Procurement Code and Recommend Improvements”.

Dear Chair Taniguchi and Members of the Committee on Judiciary and Government Operations:

I am Karen Nakamura, Chief Executive Officer of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii supports the intent of SCR108 and SR66 to form a Joint Legislative Procurement Working Group to evaluate the State Procurement Code and Recommend Improvements; however, we believe the proposed composition of the working group is severely lacking in an important component of the procurement process—the contractors who bid according to the procurement code.

We do not know the real objective of such a working group but believe that if the intent is to give legislators a true understanding of the procurement process, there is still an oversight of not including anyone from the private sector construction industry to the table. Our contractors can give a clearer picture of the challenges they have faced with the State Procurement Process and while we have had excellent help from the State Comptroller and from the State Procurement Officer, the Legislature will never know the full range of challenges we face with the Procurement Code.. We trust that there will be public hearings to gather input, but being on the outside looking in only as an interested bystander is not the same as being a named participant in such a working group.

Our contractors have suggested that this working group be expanded to include contractors of small, medium and large sizes to provide a more balanced view of the Procurement Code and to provide recommendations to the Legislature on improving the State Procurement Code.

Thank you for the opportunity to share our views with you.

A handwritten signature in black ink that reads "Karen L. Nakamura". The signature is written in a cursive, flowing style.

Karen Nakamura
Chief Executive Officer
BIA-Hawaii

1065 Ahua Street
Honolulu, HI 96819
Phone: 808-833-1681 FAX: 839-4167
Email: info@gcahawaii.org
Website: www.gcahawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

APRIL 1, 2009

TO: THE HONORABLE SENATOR BRIAN T. TANIGUCHI, CHAIR AND
MEMBERS OF COMMITTEE ON JUDICIARY AND GOVERNMENT
OPERATIONS

SUBJECT: SCR 108 - REQUESTING THE FORMATION OF A JOINT LEGISLATIVE
PROCUREMENT WORKING GROUP TO EVALUATE THE STATE
PROCUREMENT CODE AND RECOMMEND IMPROVEMENTS.

NOTICE OF HEARING

DATE: Thursday, April 02, 2009
TIME: 10:00 A.M.
PLACE: Conference Room 016

Dear Chair Taniguchi and Committee Members:

The General Contractors Association of Hawaii (GCA), an organization comprised of over five hundred and sixty (560) general contractors, subcontractors, and construction related firms.

The GCA agrees that the state procurement code has been amended numerous times since it was first enacted and a review of the process is warranted and should be of benefit to all participants, both the state and county agencies who must deal with the complex procedure.

The GCA, as an organization representing general contractors many of whom work on public works projects believes that it would be beneficial to have representatives of the construction industry included as members of the taskforce. The public works bidding procedure differs for the procurement procedure of the purchase of goods and services and has requirements and procedures unique to bidding on public works projects.

The GCA suggests that the Concurrent Resolution be amended to increase the makeup of the taskforce to include members of the construction industry which is a major provider of services to the state and counties.

Thank you for the opportunity to provide our views on this issue.