

NEIL ABERCROMBIE
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**TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE**

**TO THE
HOUSE COMMITTEES
ON
AGRICULTURE
AND
ECONOMIC REVITALIZATION & BUSINESS**

February 3, 2012

8:00 a.m.

HB 2432

RELATING TO PROCUREMENT.

Chairs Tsuji and McKelvey, Vice-Chairs Hashem and Choy, and committee members, thank you for the opportunity to testify on HB 2432. This bill establishes an exemption for 'fresh meat and produce' and 'animals and plants' in HRS chapter 103D, Hawaii Public Procurement Code.

The State Procurement Office (SPO) supports this bill. For many years the SPO has held the position that formally procuring these items are problematic for agencies, is not an efficient process, and does not benefit Hawaii businesses. This exemption will allow agencies to simply purchase these items that are highly perishable, vary in availability, quality and quantity, to acquire from best available sources on an as needed basis.

Thank you

BIG ISLAND FARM BUREAU



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TESTIMONY on HB 2432 RELATING TO PROCUREMENT

Hearing: Friday February 03, 2012 @ 8:00AM
Conference Room 312

Rep. Tsuji Chair, Committee on Agriculture
Rep. McKelvey, Chair, Committee on Economic Revitalization & Business

Aloha Chairperson's and Committee Members

We **STRONGLY OPPOSE** HB2432 Relating to Procurement and ask that you kill this bill today with no amendments to the administrative rules.

My name is Lorie Farrell; I am the Executive Director for the Big Island Farm Bureau (BIFB); We are the largest general agriculture organization on Hawaii Island; striving to be the Voice of Agriculture and represent over 600 agricultural members & producers on the Island of Hawaii.

We are unique in representing all agricultural commodities & utilize our diverse membership base to direct our policies. The Big Island Farm Bureau is comprised of the individual farm bureau chapters on the Big Island and we are directly related to the Hawaii Farm Bureau Federation and affiliated with the American Farm Bureau Federation.

BIFB **Strongly Opposes** any change to the Procurement code that removes the preference for Hawaiian Grown agricultural products and/or exempts Hawaiian agricultural commodities from the Procurement system.

We strongly support increased use of locally grown agricultural products, fruits, vegetables, meats, dairy and poultry products in our schools and other public institutions. This will truly be a significant step towards increasing our levels of self-sufficiency if we can overcome the obstacles involved in the procurement system!

In 2009 the State enacted ACT 175; giving Hawaiian agricultural products a price preference and removing the exemption. BIFB was a key participant in that process our farmers and agriculture producers knew the system was broke and unfortunately it still is; the law is not flawed, nor is the preference; it's the administrative implementation and education about the Hawaii procurement system that is the real obstacle.

If you modify the Hawaii Administrative Rules that are requested in this the bill, our agricultural producers will not be able to take advantage of any price preference for bidding purposes or have a competitive advantage because agricultural products will be exempt from the procurement code. The goods must be purchased using procurement procedures for any preference to apply. This includes the small business preference rule that permits an agency to identify certain contracts for competition

among small businesses or requires a large business to subcontract with small businesses to provide the products; this Act passed years before Act 175 in 2009 and it took the administration years to implement the polices. If it takes years to implement any type of preference; how can anyone say ACT 175 doesn't work? The process & polices are in their infancy and have not been fully implemented. This preference helps cultivate a leveler playing field and creates additional market opportunities for Hawaii's farmers and small businesses; shouldn't we all support and facilitate the use of such preferences to retain as much money in Hawaii for Hawaii?

Any preference for Hawaii agricultural products provided by statute; provides no benefit to agricultural producers,... unless the administrative rules remain UN-changed....

Hawaii cannot exempt its locally grown agriculture products from the procurement guidelines without risking Federal reimbursement and losing any preference available under the State & Federal Procurement system. Locally grown agricultural products, beef, dairy, fruits and vegetable's **MUST** be purchased using the procurement system to receive any benefits, protection or preferences under HRS and administrative rules.

The state says, "We support local farmers." Farmers think, "It's not what you say; it's what you do and what you purchase." Farmers shake their heads; as an industry we know that the more fresh vegetables we import; the more inspectors we need and the higher the risk of invasive species. We have more endangered species in Hawai'i than in the rest of the United States and on average we import 100 new invasive species each year to Hawaii with a few diseases thrown in to make it worse.

Our farmers and ranchers have tried to work with the procurement system and can speak to the shortcomings of the system. Focus now should be on working with the procurement system to make it a reasonable process for Hawaii's agriculture producers to navigate.

Assistance to farmers on how to travel through the system should be a priority. HFBF supports a program that partners with the State Procurement Office to develop programs that work for Hawaii and training sessions for farmers and ranchers to enter the system. We have farmers and ranchers that our ready NOW and have been ready; but they need to understand the opportunity, the system and identify crops that can be grown and produced at the fair prices.

Our Keiki & Students want fresh salads, local fruits, vegetables and other local options. The demand exists. **We respectfully ask that you kill this bill today and help us request that State procurement Office work together with Hawaii's agricultural producers to provide training classes to enter into this complicated system.**

Thank you for this opportunity to address this important issue. If there are any questions, Please contact me via email or phone at (808)557-2780 or 885-8015.

*Makalo,
Lorie Farrell*

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 01, 2012 5:54 AM
To: AGRtestimony
Cc: farmfreshhawaii@gmail.com
Subject: Testimony for HB2432 on 2/3/2012 8:00:00 AM

Testimony for AGR/ERB 2/3/2012 8:00:00 AM HB2432

Conference room: 312
Testifier position: Support
Testifier will be present: Yes
Submitted by: Juanita Kawamoto Brown
Organization: Individual
E-mail: farmfreshhawaii@gmail.com
Submitted on: 2/1/2012

Comments: