

**LATE
TESTIMONY**

HB 1328

L A T E

NEIL ABERCROMBIE
GOVERNOR



AARON S. FUJIOKA
ADMINISTRATOR

**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

P.O. Box 119
Honolulu, Hawaii 96810-0119
Telephone: (808) 587-4700
e-mail: state.procurement.office@hawaii.gov
<http://hawaii.gov/spo>

TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE
SENATE COMMITTEES
ON
WATER AND LAND
AND
ECONOMIC DEVELOPMENT, GOVERNMENT OPERATIONS AND HOUSING

March 19, 2013

1:15 p.m.

HB 1328, HD1

RELATING TO THE KAHO'OLAWA ISLAND RESERVE.

Chair Solomon, Chair Dela Cruz, Vice-Chair Shimabukuro, Vice-Chair Slom, and committee members, thank you for the opportunity to testify on HB 1328, HD1.

The State Procurement Office (SPO) opposes the amendment to make permanent the exemption of the Kaho'olawe island reserve commission (KIRC) from HRS chapter 103D, the Hawaii Public Procurement Code (Code) for the procurement of food and fuel products.

Prior to Act 159, SLH 2010, the SPO reviewed KIRC's exemption request for food and fuel products and granted approval. This process provides oversight and accountability. A statutory exemption is void of these checks and balances. In addition, market conditions change, and it may be advantageous in the future to compete out the subject commodities.

Since the inception of the Code in 1994, state and county departments and agencies have procured and awarded contracts totaling billions of dollars. Whether an expenditure was for construction of capitol improvement projects (CIP), or for goods and services to provide needed services to the public, billions of dollars have been awarded pursuant to the Code.

Today, state and county departments and agencies continue to adhere to the Code requirements in conducting their procurements to award contracts. For example, the City & County of Honolulu's rail construction project has and continues to procure and award contracts expending millions of dollars in accordance with the Code. The State Business and IT/IRM Transformation Plan under the management of the Chief Information Officer (CIO), Office of Information Management and Technology (OIMT), has identified areas needing IT services and new systems. The OIMT is currently in various stages of procurements for numerous solicitations and contracts amounting to millions of dollars in contract awards. All of these solicitations and resulting contract awards were and are conducted in accordance with the Code.

Governmental bodies following the Code which provides oversight and accountability, have a responsibility to maintain the confidence of the vendor/contractor community and the public in the procurement system, by conducting procurement in an accountable, ethical and transparent manner, which are vital to good government.

The Code is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, in the procurement and contracting process. Public procurement's primary objective is to give everyone equal opportunity to compete for government contracts; to prevent favoritism, collusion or fraud in awarding of contracts. The Code should not be viewed as an obstacle to KIRC's mission, but rather as the single source of public procurement policy to be applied equally and uniformly. To legislate that any one entity, the KIRC, should be exempt from compliance with HRS chapter 103D conveys a sense of disproportionate equality in the law's application.

Thank you.