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KAHO‘OLAWE ISLAND RESERVE COMMISSION

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Executive Director

**Testimony of
MICHAEL K. NAHO‘OPTI
Executive Director**

**Before the House Committees on
Ocean, Marine Resources and Hawaiian Affairs**

**Wednesday, March 13, 2013
9:45 AM
State Capitol, Conference Room 325**

**In consideration of
SENATE BILL 1275 SD1
RELATING TO THE KAHO‘OLAWE ISLAND RESERVE**

Senate Bill 1275 SD1 grants the Kaho‘olawe Island Reserve Commission (KIRC) a permanent exemption from Chapter 103D, HRS, for the procurement of food or fuel products necessary for the KIRC to carry out the purposes of Chapter 6K, HRS. **The KIRC supports this measure** and seeks to make this procurement exemption for food and fuel permanent, for it has increased the KIRC’s purchasing flexibility and reduced cost and wastage.

On June 2, 2010, Public Act 159 of 2010 was signed into law, authorizing this exemption on a temporary basis. Prior to Act 159, the KIRC regularly received these exemptions on a case-by-case basis by the State Procurement Office due the unique nature of the KIRC’s operations. Personnel and cargo are typically transported between Maui and Kaho‘olawe by boat; helicopter transportation is used only sparingly due to its cost. Both methods of transportation involve several variables, including the weather, mechanical functions and personnel availability. Additionally, both methods of transportation have size and weight limitations for their cargo. Due to these factors and other similar restrictions that face the KIRC in advancing its mission, including inherent planning, logistics and timeliness challenges, strict adherence to procurement requirements is frequently not practicable or advantageous to the State.

Food vendor prices change weekly, if not more frequently, and KIRC’s food orders change weekly, in terms of products and quantities ordered as well as delivery logistics – all of which make the regular procurement process for KIRC’s needs a “square peg in a round hole.” The purchasing flexibility of the current temporary exemption has allowed the KIRC to make the most cost effective and healthiest selections of local produce when available. Additionally, the KIRC’s current requirements for fuel products are unique in the State, as we take delivery and transport our own fuel supplies in multiple forms, such as bulk and barrel, not currently provided by the State contracted fuel provider.

Since the authorization of this Act, we have annually reduced our food expenditures by about \$20,000 while still supporting the same number of volunteers to Kaho`olawe. Lastly, we have been able to reduce wastage by purchasing smaller quantities on sale or at reduced prices, whereas purchasing on the State price list would entail larger bulk orders tailored for much larger institutions and operations than ours.

Your support of Senate Bill 1275 would make this food and fuel procurement exemption permanent, thus continuing to allow the KIRC to fulfill its statutory mission in an efficient and cost-effective manner.



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TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE
HOUSE COMMITTEE
ON
OCEAN, MARINE RESOURCES, & HAWAIIAN AFFAIRS

March 13, 2013

9:45 a.m.

SB 1275, SD1

RELATING TO THE KAHO'OLAWE ISLAND RESERVE COMMISSION.

Chair Hanohano, Vice-Chair Cullen, and committee members, thank you for the opportunity to testify on SB 1275, SD1.

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.

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. Meeting this objective requires a single set of statutes and rules that define and mandate the use of selection processes that are competitive, efficient, fair, transparent, open and impartial. Statutorily exempting specific agencies from the Code, is not in the best interest of government, the business community, and the general public.

The SPO request this bill be held. Thank you.