

WRITTEN TESTIMONY

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 3066 S.D. 2, H.D. 1

April 2, 2014

RELATING TO THE PUBLIC-PRIVATE FINANCE INITIATIVE

Senate Bill No. 3066, S.D. 2, H.D. 1, establishes the public-private finance initiative (PPIA), requires the PPIA to initiate a pilot project, appropriates funds for the PPIA, and repeals on July 1, 2018.

The Department has technical comments on this bill. This measure in its current form is unclear as to whether the State would be allowed to enter into debt with respect to the PPIA program. If the answer is in the affirmative, then a maximum dollar amount should be authorized under the program to be able to limit the State's liability under the proposed initiative. In addition, please be advised that if such debt is authorized, the amount will need to be reflected as a liability and incorporated into the State's debt limit calculation.

Thank you for the opportunity to provide testimony on this measure.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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GOVERNOR

RICHARD C. LIM
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Statement of
RICHARD C. LIM
Director

Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON FINANCE

Wednesday, April 2, 2014

2:00 p.m.

State Capitol, Conference Room 308

in consideration of

SB 3066, SD2, HD1
RELATING TO THE PUBLIC-PRIVATE FINANCE INITIATIVE.

Chair Luke, Vice Chairs Nishimoto and Johanson, and Members of the Committee.

The Department of Business, Economic Development & Tourism (DBEDT) supports the intent of SB 3066, SD2, HD1, which establishes the Public-Private Finance Initiative (Initiative) within DBEDT for administrative purposes.

DBEDT recommends that in order to establish the Initiative and effectuate this measure, it requires an appropriate level of funds and resources allocated to establish operations and staff the Initiative and initiate the appropriate pilot project. DBEDT estimates that it would need \$500,000 for fiscal year 2015, and each fiscal year thereafter, to carry out this Initiative.

Thank you for the opportunity to offer this testimony on SB 3066, SD2, HD1.

NEIL ABERCROMBIE
GOVERNOR



Dean H. Seki
Comptroller

Maria E. Zielinski
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
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WRITTEN TESTIMONY
OF
DEAN H. SEKI, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
FINANCE
ON
April 2, 2014

S.B. 3066, S.D. 2, H.D. 1

RELATING TO THE PUBLIC-PRIVATE FINANCE INITIATIVE

Chair Luke and members of the Committee, thank you for the opportunity to submit written testimony on S.B. 3066, S.D. 2, H.D. 1.

The Department of Accounting and General Services supports the intent of S.B. 3066, S.D. 2, H.D. 1, provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget, and will work collaboratively with all interested parties to effectuate the Public-Private Finance Initiative established by this measure.

Thank you for the opportunity to submit written testimony on this matter.



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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TESTIMONY
OF
SARAH ALLEN, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
FINANCE

April 2, 2014, 2 p.m.

SB3066, SD2, HD1

Chair Luke, Vice Chairs Nishimoto and Johanson, and committee members, thank you for the opportunity to testify on SB3066, SD2, HD1.

The State Procurement Office (SPO) supports the idea of a Public-Private Finance Initiative and the associated pilot project with the following caveats:

- A. Page 5, Line 12: Section 3 (b) will create a board of directors for the public-private finance initiative pilot project. It is strongly recommended that the SPO be included as a voting member. The SPO will provide subject matter expertise in the area of procurement, including ethical standards. Secondly, SPO will provide subject matter expertise in the area of Governmental Relations and Cooperative Purchasing. As a voting member, the SPO will ensure that resulting contracts comply with State laws by working with other entities that make up government contracting.
- B. Page 8, Line 10: Section 4(a)(10) allows the government to work with potential offerors prior to the release of a solicitation (RFP). These kinds of discussions are already allowed in competitive sealed proposals method of procurement (HRS 103D) through requests for information (RFI).
- C. Page 8, Line 15: Section 4(a)(11) allows government to limit the number of bidders, enabling small businesses to compete. Per the procurement code (HRS 103D), the procurement document would disclose requirements of preference to small businesses and priority-list of offerors may be limited to at least three (3) acceptable and potentially acceptable offerors.

- D. Page 12, Line 12: Section 11 (2) exempts the initiative and all projects implemented under the public-private finance initiative for HRS 103D, Public Procurement Code (Code). 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, government disclosure and transparency in the procurement and contracting process vital to good government.

On creation of the Procurement Code, it was the intent and goal of the legislature to have a single source of policy and procedures to ensure consistency and continuity in the application of the procurement process among government agencies throughout the State and counties.

Public procurement's primary objective is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion or fraud in awarding of contracts. To legislate that any one entity should be exempt from compliance with HRS chapter 103D conveys a sense of disproportionate equity in the law's application. As a voting member of the board, the SPO would provide oversight to this objective.

Thank you.

finance1

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SB3066

Submitted on: 4/1/2014

Testimony for FIN on Apr 2, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Alison Dela Pena	Individual	Support	No

Comments:

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Submitted By	Organization	Testifier Position	Present at Hearing
Alex Kanamu	Individual	Support	No

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SB3066

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Submitted By	Organization	Testifier Position	Present at Hearing
John Kampfer	Individual	Support	No

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Submitted By	Organization	Testifier Position	Present at Hearing
Lisa Gomes	Individual	Support	No

Comments:

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HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

LATE

The Twenty-Seventh Legislature, State of Hawaii
House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association

April 2, 2014

S.B. 3066, S.D. 2, H.D. 1 – RELATING TO THE
PUBLIC-PRIVATE FINANCE INITIATIVE

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO raises strong concerns about the current draft of S.B. 3066, S.D. 2, H.D. 1, which establishes and requires the public-private finance initiative (PPIA) to initiate a pilot project.

There should be strict legislative oversight on any type of public-private partnership, especially where public financing and long-term lease payments are involved. Further, as currently drafted, Section 2 of the measure does not specify the location of the pilot project, as previous iterations of this measure have. We respectfully question granting the PPIA carte blanche in determining the parameters of the pilot project and raise grave concerns over the lack of detailed information, including projected costs, the purpose and type of pilot project, and whether the partnership will be for design-build, construction, maintenance, or operations of the new facility, or a combination of them. Lastly, we respectfully question the need to exempt the executive director, officers, agents and employees from civil service. The functions and salaries of positions created for the PPIA should be via the Legislature and not at the whim of the PPIA Board.

Thank you for the opportunity to comment on the above measure.

Respectfully submitted,


Randy Perreira
Executive Director