

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
JESSE K. SOUKI
Director, Office of Planning
Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON WAYS AND MEANS

Thursday, February 21, 2013

9:00 AM

State Capitol, Conference Room 211

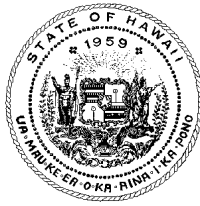
in consideration of
SB 991 SD 1
RELATING TO PROCUREMENT.

Chair Ige, Vice Chair Kidani, and Members of the Senate Committee on Ways and Means.

The Office of Planning (OP) supports the Administration's Bill SB 991 SD 1, which would exempt the purchase of fresh meats and produce, animals, and plants by any governmental body from the Hawaii Public Procurement Code. One of the reasons for this bill as stated in Section 1 is to increase the consumption of locally grown foods. OP supports the exemption of the purchase of fresh meats and produce by government agencies for consumption in order to increase food security.

OP's recently released *Increased Food Security and Food Self-Sufficiency Strategy* identifies encouraging public institutions to buy locally grown foods as a key policy item. The current procurement process for fresh meat and produce is not efficient as they are highly perishable and vary in availability, quality, and quantity. An exemption will allow agencies to procure fresh meat and produce to meet the required needs. A policy commitment to procure locally grown fresh meat and produce is critical to an effective campaign to increase our State's food security and food self-sufficiency for Hawaii's people, and expand markets for Hawaii's farmers. Thank you for the opportunity to testify.

NEIL ABERCROMBIE
GOVERNOR



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TED SAKAI
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COMMENTS ON SENATE BILL (SB) 991, SENATE DRAFT (SD) 1
RELATING TO
PROCUREMENT

by
Ted Sakai, Director
Department of Public Safety

Senate Committee on Ways and Means
Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair

Thursday, February 21, 2013; 9:00 a.m.
State Capitol, Room 211

Chair Ige, Vice Chair Kidani, and Members of the Committee:

The Department of Public Safety (PSD) urges your favorable consideration of this measure which exempts the purchase of fresh meats and produce and animals and plants by any governmental body from the Hawaii Public Procurement Code.

In July of 2008, PSD implemented a Five (5) Weeks Cycle menu in its correctional institutions to reduce inmates' medical expenses due to unhealthy diets and to support the procurement of commodities from local businesses providing fresh grown agricultural products for the production of the heart-healthy meals served to the inmates and correctional institution staff. The efforts of PSD was thwarted in 2010 with the removal of the procurement exemption for the "fresh meat, fresh produce, animals, and plants for use by any governmental body" from §103D-102, HRS. As a result of this revision, PSD was required to comply with the competitive bidding process that gave an unfair advantage to businesses with greater human resources and commodity volume from the mainland. The competitive bidding process also made it difficult to procure fresh, healthy produce since businesses were reluctant to commit to commodity prices in the highly volatile agricultural environment which is affected by inclement weather

conditions and economic variables. Even when PSD was able to lock in some prices through competitive contracts, the purchasing value was usually exorbitantly higher, since seasonal prices could not be taken advantage of.

In FY 2012, PSD procured approximately 160,500 pounds of head cabbage, 70,000 pounds of won bok, 86,000 pounds of carrots, 100,000 pounds of celery, 12,000 pounds of cucumbers, 10,000 pounds of egg plant, 8,000 pounds of ginger, 130,000 pounds of lettuce, 242,000 pounds of onions, 3,000 pounds of green onions, 26,000 pounds of green peppers, 92,000 pounds of Russet potatoes, 2,000 pounds of sweet potatoes, 26,000 pounds of tomatoes, 2,000 pounds of watercress, and 89,000 pounds of bananas in the preparation of 4,745,000 meals statewide. This measure would ensure that local farmers provide local produce and keep the money in the Hawaii economy.

PSD is of the firm belief that with the passage of SB 991, SD 1, PSD will be able to regain efficiency in meeting its required needs at reasonable prices, provide food security for our state, and create marketable job opportunities for the people of Hawaii.

Thank you for the opportunity to present these written comments.



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COMMENTS
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE
SENATE COMMITTEE
ON
WAYS AND MEANS

February 21, 2013

9:00 a.m.

SB 991 SD 1

RELATING TO PROCUREMENT.

Chair Ige, Vice-Chair Kidani and committee members, thank you for the opportunity to comment on SB 991 SD 1. This bill establishes an exemption for 'fresh meat, fresh produce, 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 is 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 the best available sources on an as needed basis. In the spirit of competition, the SPO encourages governmental bodies to continue allowing informal price comparisons as is practical.

Thank you.



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TESTIMONY OF RUSSELL S. KOKUBUN
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

FEBRUARY 21, 2013
9:00 A.M.
ROOM 211

SENATE BILL NO. 991 SD 1
RELATING TO PROCUREMENT

Chairperson Ige and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 991 SD 1. This bill proposes to exempt the purchase of fresh meats and produce, and animals and plants by any governmental body from the Hawaii Public Procurement Code. The Department is in strong support of this bill.

The Department has a strong belief in the importance of buying locally grown agricultural commodities to promote the availability of fresh produce for our local communities and for the resulting economic benefits of supporting local agricultural businesses. This bill was crafted in tandem with the State Procurement Office with the goal of allowing agencies to more efficiently purchase items such as fresh meat and produce that are highly perishable and vary in availability, quality, and quantity.

Thank you for the opportunity to submit testimony.





Email: communications@uluponoinitiative.com

SENATE COMMITTEE ON WAYS AND MEANS
Thursday, February 21, 2013 — 9 a.m. — Room 211

Ulupono Initiative Strongly Supports SB 991 SD 1, Relating to Procurement

Dear Senator Ige, Vice Chair Kidani and Members of the Committee:

My name is Kyle Datta and I am General Partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase renewable energy, and reduce/recycle waste. Ulupono invests in projects that have the potential to create large-scale, innovative change.

Ulupono supports SB 991 SD 1, which amends the state procurement process required for government entities to acquire locally grown foods to help support local food and agriculture businesses while increasing availability of fresh food to government-run institutions. This move would help put fresh, healthy produce into schools, hospitals, correctional facilities and other institutions.

The bill exempts purchase of unprocessed or minimally processed Hawai'i-grown food by any governmental body from the Hawai'i Public Procurement Code. By exempting fresh meats, produce, plants and animals, this measure can help increase revenue for local farmers/producers by providing access to larger institutions, helping to create jobs and increase Hawai'i's food self-sufficiency.

Ulupono has joined with a diverse group of organizations who have come together for the first time as the Local Food Coalition to support proposals designed to help grow more local food. The coalition brings together farmers, ranchers, livestock producers, investors and other organizations. The idea is that putting more local food on local plates can best be accomplished by bringing people and organizations together who can work on the entire food value chain in a systematic way. We believe that working together we can help produce more local food, support an economically strong homegrown agriculture industry, which strengthens our community with fresh, healthy food. Thank you for this opportunity to testify.

Respectfully,
Kyle Datta
General Partner