

STAND. COM. REP. NO. 492

Honolulu, Hawaii

FEB 20 2015

RE: S.B. No. 1228
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Government Operations, to which was referred S.B. No. 1228 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to provide the State greater flexibility in procurement by establishing a process for special innovative procurement and generating a framework for public-private partnerships in Hawaii.

Your Committee received testimony in support of this measure from the State Procurement Office, American Council of Engineering Companies of Hawaii, Ulupono Initiative, and Community Alliance on Prisons. Your Committee received comments on this measure from the Hawaii Government Employees Association.

Your Committee finds that special innovative procurements, like public-private partnerships, allow the State to procure when unusual or unique circumstances exist that require other than full competition and standard procurement procedures would be contrary to the public interest. Rather than provide an exemption in cases where there are unusual or unique circumstances, this measure provides a framework for an alternative process within the procurement code. Establishing such a process works to avoid costly and embarrassing missteps that can occur with exemptions.

Your Committee further finds that while this measure provides a method of procuring professional services, it is not intended to

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replace section 103D-304, Hawaii Revised Statutes, the qualification-based selection process established for procurement of professional services.

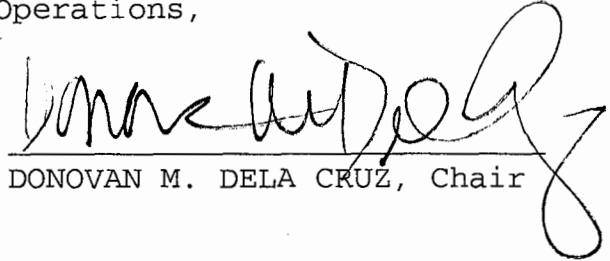
Your Committee has amended this measure by:

- (1) Adding a new section to chapter 103D, Hawaii Revised Statutes, establishing special innovative procurement, requiring the Procurement Policy Board to adopt rules for its implementation, and providing basic guidelines for procurement plan approval, notice of the invitation for bids, and annual reports;
- (2) Amending section 103D-301, Hawaii Revised Statutes, to include special innovative procurement among other methods of source selection;
- (3) Changing the entity responsible for drafting and reporting rules for public-private partnerships from the State Procurement Office to the Procurement Policy Board;
- (4) Deleting language that specified how small businesses may compete pursuant to rules drafted by the Procurement Policy Board;
- (5) Adding language to appropriate \$65,000 in fiscal years 2015-2016 and 2016-2017 for a temporary position within the Department of Accounting and General Services with duties to include but not be limited to assisting the Procurement Policy Board in the research and development of public-private partnership rules;
- (6) Inserting a savings clause; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1228, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1228, S.D. 1, and be referred to the Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Government
Operations,

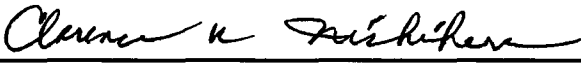


DONOVAN M. DELA CRUZ, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

| | | | | |
|--|--------------------------|-------------------------|----------------------------------|---------|
| Bill / Resolution No.:* | Committee Referral: | Date: | | |
| SB1228 | GVO, WAM | 2-17-15 | | |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is: | | | | |
| <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313 | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| DELA CRUZ, Donovan M. (C) | ✓ | | | |
| NISHIHARA, Clarence K. (VC) | ✓ | | | |
| IHARA, Jr., Les | ✓ | | | |
| TOKUDA, Jill N. | | | | ✓ |
| SLOM, Sam | ✓ | | | |
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| TOTAL | 4 | | | 1 |
| Recommendation: | | | | |
| <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature: | | | | |
|  | | | | |
| Distribution: | | | | |
| Original File with Committee Report | Yellow Clerk's Office | Pink Drafting Agency | Goldenrod Committee File Copy | |

*Only one measure per Record of Votes