

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR

PAULA A. YOUNGLING
ASSISTANT 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://spo.hawaii.gov>

TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
FINANCE
February 25, 2015, 2:45 P.M.

HB 1127 HD 1
PROCUREMENT OFFICERS; EDUCATION AND TRAINING
RELATING TO PROCUREMENT

Chair Luke, Vice-Chair Nishimoto, and members of the committee, thank you for the opportunity to submit testimony on HB 1127. The State Procurement Office's (SPO) comments are that it **STRONGLY SUPPORTS** the intent of the bill to ensure procurement officers receive training.

"Procurement Officer" is defined by HRS 103D-104 as

"... any person authorized to enter into and administer contracts and make written determinations with respect thereto. The term also includes an authorized representative acting within the limits of authority."

The chief procurement officer for the executive branch has delegated procurement authority to each department head who may further delegate authority. To be effective, procurement training must be provided to all personnel conducting or participating in procurement and the training must be targeted to their role. Most departments do not centralize their procurement function resulting in hundreds of personnel who conduct or participate in procurements each year. Hawaii has neither a learning management system nor positions dedicated exclusively to procurement training. Our current training attendance database reflects over 8,000 individuals who have taken training since 2006. SPO has no way of knowing who is active or has conducted procurement.

To make implementation feasible, SPO must have resources to include 1) positions for a SPO training section, and 2) a complete learning management system (LMS) including authoring abilities to provide modules tailored to specific needs, a testing function for feedback to users and supervisors as to knowledge acquired, and reporting functions including attendance, test results and progress so that individual users, supervisors and SPO have immediate feedback. A learning management system would enable provision of timely training, on-demand with efficient use of resources as travel is not required and timing of training does not need to be coordinated. The SPO has a 6 phase training plan to develop an Acquisition Academy to meet our statewide procurement needs. (See attached).

At the outset, a training manager position is required along with funds for a learning management system that has basic functionality for automated registration and access to training as well as a test and certification module. An initial outlay of \$150,000 would provide for a functional learning system and one staff to begin the development and implementation for the Executive Branch. This base level of functionality can be maintained (FTE and system) at approximately \$100,000 per year thereafter.

SPO also recommends the following changes to HB 1127 HD1:

Page 2 line 7

Change "chief procurement officers" to the "state procurement office administrator." As the state procurement office is responsible for the oversight of the statute and rules, it will provide the training needed to make statutory requirements clear and conduct good procurement. It is not feasible for the state procurement office to provide training to the needs specific to each particular jurisdictions internal procedures. As stated on page 4 line 16, each chief procurement officer may provide additional training specific to the needs of their jurisdiction. Note also that the SPO is attempting to have regular meetings with chief procurement officers, a round table of sorts, to discuss issues such as training and other challenges facing the changing field of procurement.

Page 3 line 20

Change "shall attend a mandatory fundamental training and development session" to "shall attend a mandatory fundamental training and development course." It is not possible to teach all that is needed to conduct procurement in a single session and should not be perceived as such.

Page 3 line 21

Change "within 60 days of being delegated authority, appointed or named to the position to prior to authorizing any procurement but no later than within 60 days of being delegated authority, appointed or named to the position..." It is not in the best interest of the state or the procurement officer to authorize any aspect of procurement prior to receiving training.

Thank you.



**Testimony to the House Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Scott Nishimoto, Vice Chair
Wednesday, February 25, 2015 at 2:45 p.m.
Conference Room 308
HB 1127 HD 1 - Relating to Procurement**

Dear Chair Luke, Vice Chair Nishimoto, and members of the Committee:

On behalf of the Hawai'i Alliance of Nonprofit Organizations, I would like to offer our comments in **support of HB 1127 HD 1**, which requires all procurement officers of state and county government bodies to attend initial training by the State Procurement Office and regular follow-up training.

Hawai'i Alliance of Nonprofit Organizations (HANO) is a statewide, sector-wide professional association of nonprofits. Our mission is to unite and strengthen the nonprofit sector as a collective force to improve the quality of life in Hawai'i. Our member organizations provide essential services to every community in the state.

HANO was part of the SCR 40 Government Contracting Task Force which began in 2011 (as the "Prompt Payment Task Force") and concluded in early 2014. This task force studied various issues relating to 103F (health and human services) contracts with nonprofit providers, from initial planning to service delivery and payment. One of the task force's findings was the "varying levels of understanding of the 103F policies, procedures and processes for both Departments and vendors, which results in confusion, inconsistencies and/or delays" (Final Report, p. 3). One recommendation was to provide training: "Procurement training should be expanded to include on-demand web-based interactive training to the Departments and vendors. The goal of the training is to educate the Departments and vendors on procurement and contracting as they are lateral processes. This will increase awareness, and help avoid confusion, frustration and perceived late payments" (Final Report, p. 5-6).

In sum, we believe that procurement training is an important step to making our contracting processes more effective and efficient, so that government and nonprofits can better serve our communities.

Thank you for the opportunity to provide testimony.

Mahalo,
Nikki Love Kingman
Public Policy Director



Email: communications@ulupono.com

HOUSE COMMITTEE ON FINANCE
Wednesday, February 25, 2015 — 2:45 p.m. — Room 308

Ulupono Initiative Strongly Supports HB 1127 HD 1, Relating to Procurement

Dear Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

My name is Brandon Lee and I am a policy and public-private partnership associate of the Ulupono Initiative, a Hawai'i-based impact investment company 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 clean, renewable energy, and waste reduction. We believe that self-sufficiency is essential to our future prosperity, and will help shape a future where economic progress and mission-focused impact can work hand in hand.

Ulupono strongly supports HB 1127 HD 1, which requires every state procurement officer to attend initial training by the State Procurement Office and regular follow-up training, because it aligns with our goal of providing more locally produced food.

Procurement is one of the major areas where local farmers can obtain large volumes of sales and ultimately grow their businesses. Yet, to increase local food purchases in government, we need the procurement process to be transparent, efficient, and easy to navigate across departments.

Currently, there are 20+ differing departments with differing procurement processes and criteria. Since different departments have different procurement needs, flexibility is important but standardization is ideal for accountability, consistency, setting an overall mandate by the Legislature and Governor, and easier for applicants to navigate. In the current system, each department's procurement process can run differently from other departments.

However, the State Procurement Office is the lead agency that is in charge of overall procurement matters. They are also the experts in procurement rules, which are necessary to ensure the State is transparent, fair, can hold its awardees accountable, and minimizing liability when something goes wrong. Therefore, it is imperative that the State Procurement Office is allowed to train their procurement officers across departments on standardized processes, if not you potentially have 20+ different sets of rules, which makes accountability, management, and tracking extremely difficult.

Investing in a Sustainable Hawai'i



Over the last 15 years of data, it appears, the State has spent ~\$26.4 billion in procurement contracts. This figure is also grossly low because better data about procurement contracts exist in latter years.

While funding for training is challenging given the State's fiscal situation, with so much money that the State spends on procurement, they should be better able to work together across departments with the State Procurement Office as the lead.

Thank you for this opportunity to testify.

Respectfully,

Brandon Lee
Policy and Public-Private Partnership Associate

LATE

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WAIPAHU, HAWAII
96797-0967

STREET
94-487 AKOKI STREET,
WAIPAHU, HAWAII 96797
P 808.847.4666
F 808.440.1198
E INFO@BIAHAWAII.ORG

WWW.BIAHAWAII.ORG

**Testimony to the House Committee on Finance
Wednesday, February 25, 2015
2:45 p.m.**

Hawaii State Capitol - Conference Room 308

SUBJECT: H.B. 1127 HD 1 RELATING TO PROCUREMENT

Chair Luke, Vice-Chair Nishimoto, and members of the Committee:

My name is Gladys Marrone, Chief Executive Officer for the Building Industry Association of Hawaii (BIA-Hawaii), the Voice of the Construction Industry. We promote our members through advocacy and education, and provide community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization chartered in 1955, and affiliated with the National Association of Home Builders.

BIA-Hawaii **supports** the intent of H.B. 1127 HD 1, which would require every government employee delegated with procurement authority to attend initial training by the state procurement office (SPO), as well as regular follow-up training.

Currently, differences in the procurement process from one agency to the next is a large cause of uncertainty for contractors looking to bid on public works. Both the industry and government would benefit from a more standardized and efficient procurement process. By requiring an initial as well as follow-up training of all procurement officials, we believe procurement officials will be better equipped to prevent costly mistakes and unintended consequences of certain procurement practices. Furthermore, regular training sessions provide professionals the opportunity to share best practices and learn from each other's experiences cultivating innovation and efficiency.

Thank you for the opportunity to express our views on this matter.

**HAWAII OPERATING ENGINEERS
INDUSTRY STABILIZATION FUND**



*Uniting our strengths and working together
for a better tomorrow.*

Affiliated AFL-CIO
OPEIU - 3 - AFL-CIO (3)

February 25, 2015

Honorable Sylvia Luke, Chair
Honorable Scott Y. Nishimoto, Vice Chair
And Members of the Committee on Finance
415 South Beretania Street, Room 306
Honolulu, HI 96813

LATE

RE: Support of HB 1127, HD1 – Relating to Procurement

Chair Luke and Members of the Committee,

My name is Kimberly Ribellia, Government Liaison, of the Hawaii Operating Engineers Industry Stabilization Fund (HOEISF), a labor management fund representing 4000 unionized members in heavy engineering site work and 500 general contractors specializing in heavy site and vertical construction.

HOEISF supports House Bill 1127, HD1 which requires every government procurement officer to attend initial training by the state procurement office and regular follow-up training as determined by the state procurement office.

HOEISF supports any and all opportunities for training that can be provided to procuring officers. It is very important that all procuring agencies follow that same procedures and are consistent in the interpretation and application of procurement rules and laws.

Thank you for this opportunity to testify in this matter.

Sincerely,

Kimberly Ribellia
Government Liaison
HOEISF



From: mailinglist@capitol.hawaii.gov
 Sent: Tuesday, February 24, 2015 9:40 PM
 To: FINTestimony
 Cc: amybrinker@mac.com
 Subject: *Submitted testimony for HB1127 on Feb 25, 2015 14:45PM*

HB1127

Submitted on: 2/24/2015

Testimony for FIN on Feb 25, 2015 14:45PM in Conference Room 308

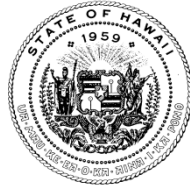
Submitted By	Organization	Testifier Position	Present at Hearing
Amy Brinker	Individual	Support	No

Comments:

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IN REPLY REFER TO:

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 25, 2015
2:45 p.m.
State Capitol, Room 308



HB 1127, HD1
RELATING TO PROCUREMENT

House Committee on Finance

The Department of Transportation (DOT) **supports** the intent of this bill which proposes to require every government employee with delegated procurement authority to attend initial training by the state procurement office and regular follow-up training as determined by the state procurement office.

H.B. 1127, H.D. 1 adds the requirement of providing a list of employees with delegated procurement authority to the state procurement office for reporting, therefore the following revision is proposed, § 103D-110 (a) all procurement officers, including those employees with delegated procurement authority...

Requiring the same training for all government procurement officers and employees with delegated procurement authority may help with the consistent application of the procurement code among government procuring agencies.

Thank you for the opportunity to provide testimony.