
A BILL FOR AN ACT

RELATING TO PROCUREMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that during challenging
2 economic times, it is necessary for the State to investigate and
3 employ new and innovative ways of maintaining and improving
4 state services and infrastructure, while ensuring the prudent
5 and cost-effective expenditure of public moneys. As such, the
6 process of the acquisition of goods and services must have the
7 flexibility to accommodate circumstances where other than full
8 competition is necessary to address a unique need, such as
9 developing a flexible local food purchasing structure or private
10 public partnerships.

11 The purpose of this Act is to provide the State with
12 greater flexibility in the procurement of certain goods and
13 services, to improve the State's responsiveness to addressing
14 unique or unusual needs or situations for the benefit of the
15 people of this State, while maintaining the accountability and
16 transparency afforded by the Hawaii Public Procurement Code.



1 SECTION 2. Chapter 103D, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§103D- Special innovative procurement. (a) Contracts
5 for supplies, services, professional services, or construction
6 may be awarded without regard to section 103D-302 or 103D-303
7 using a special innovative procurement process in accordance
8 with this section and procedures set forth in rules adopted by
9 the procurement policy board. The special innovative
10 procurement process authorized by this section shall only be
11 used when the chief procurement officer determines in writing
12 that it is advantageous to the State to use the process for
13 procurement of new or unique requirements of the State, new
14 technologies, or to achieve best value.

15 (b) The chief procurement officer shall submit any
16 procurement plan developed pursuant to this section to the
17 attorney general for review and approval as to form before
18 issuing the notice required under subsection (c).

19 (c) Notice of the invitation for bids shall be given in
20 the same manner as provided in section 103D-302(c).



1 (d) Nothing in this section shall preclude the adoption of
2 rules providing for the use of bonuses instead of preferences
3 for the procurement of construction.

4 (e) A written determination of the basis for the
5 procurement and for the selection of the particular contractor
6 shall be included by the head of the purchasing agency in the
7 contract file, and a report shall be made publicly available by
8 the chief procurement officer at least annually describing all
9 determinations made since the last annual report."

10 SECTION 3. Section 103D-301, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§103D-301 Methods of source selection.** Unless otherwise
13 authorized by law, all contracts shall be awarded pursuant to
14 the following sections, as applicable:

- 15 (1) Section 103D-302 (Competitive sealed bids);
- 16 (2) Section 103D-303 (Competitive sealed proposals);
- 17 (3) Section 103D-304 (Professional services procurement);
- 18 (4) Section 103D-305 (Small purchases);
- 19 (5) Section 103D-306 (Sole source procurement); ~~and~~
- 20 (6) Section 103D-307 (Emergency procurements) ~~[]~~; and
- 21 (7) Section 103D- (Special innovative procurement)."



H.B. NO. 2052



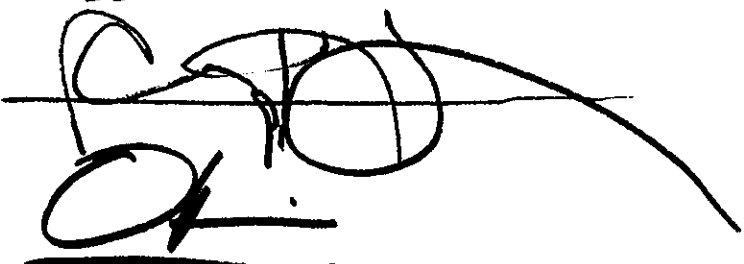
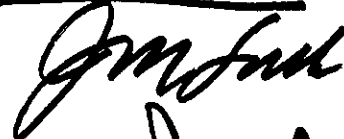
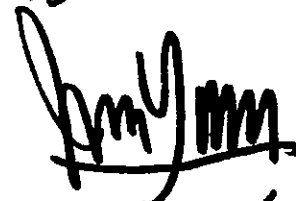
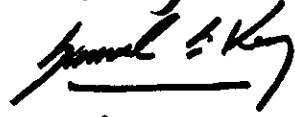
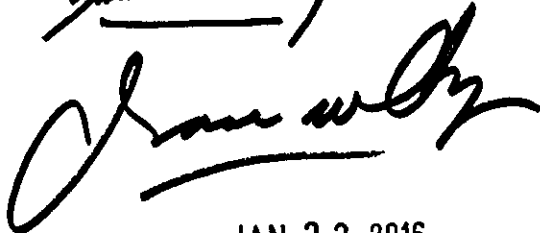
1 SECTION 4. This Act does not affect rights and duties that
2 matured, penalties that were incurred, and proceedings that were
3 begun before its effective date.

4 SECTION 5. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 6. This Act shall take effect upon its approval.

7

INTRODUCED BY:



H.B. NO. 2052

Report Title:

Procurement Code; Special Innovative Procurement

Description:

Provides for the establishment of a special innovative procurement process when it is advantageous to the State to use the process to procure new or unique requirements of the State or new technologies, or to achieve best value.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



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
ECONOMIC DEVELOPMENT & BUSINESS

FEBRUARY 2, 2015, 9:00 A.M.

HOUSE BILL 2052
RELATING TO PROCUREMENT

Chair Kawakami, Vice-Chair Kong, and members of the committee, thank you for the opportunity to submit testimony on HB 2052.

The State Procurement Office (SPO) is in SUPPORT of the measure with **suggested revisions** as set forth below.

HB 2052 creates a new section within Hawaii Revised Statutes chapter 103D to address what are called special innovative procurements. Among public procurement's guiding principles are value and transparency. Value ensures prudent use of taxpayer dollars. Transparency ensures accountability and system integrity, which in turn, fosters public confidence. These guiding principles are built into HRS chapter 103D, our State Procurement Code.

Special innovative procurements will allow the State to procure when unusual or unique circumstances exist that require other than full competition, when standard procurement procedures would be contrary to the public interest. Unlike an exemption, special innovative procurements are an alternative process **within** the procurement code. This means that the State can effectively respond to unique needs or requirements and maintain the accountability and transparency of the procurement and resulting management of the contract. In other words, special innovative procurements help to avoid costly and embarrassing missteps that can occur with exemptions. In fact, our research shows that several states currently apply similar statutes, and the ABA 2000 Model Procurement Code recommends the use of special innovative procurements.

The language of HB 2052 is similar to the language found in the Alaska innovative procurements statute (AS § 36.30.308). Although aimed at flexibility to accommodate unique circumstances, special innovative procurement statutes have protections built in, which require a written determination by the CPO, notice, and a published record to be maintained. Such safeguards ensure the special innovative procurement will be utilized only in unusual or unique circumstances and only if advantageous to the state, best value can be achieved, and the public interest will be promoted in a manner not practicably realized under standard procurement procedures.

The SPO has several concerns with the current language of HB 2052 and submits the following recommendations:

SECTION 2. Page 2, Lines 4-5: Omit the words architect/engineering and construction industries.

Reasoning: SPO strongly believes that further research and outreach are required with both the architect/engineering and construction industries prior to inclusion of professional or construction services within this new method of procurement.

Page 2, Line 6: Remove the words: "may be awarded without regard to section 1030-302 or 1030-303"

Reasoning: SPO believes that HRS 103D-302 and 103D-303 should not be disregarded and should actually inform development of the procurement plan the Head of the Purchasing Agency is required to develop in sub-section (b). This is particularly important since the notice required in sub-section (c) must be in the manner of section 103D-302(c).

On page 2, line 15, replace part (b) with the following language:

"Prior to issuing the notice required under subsection (c), the Head of the Purchasing Agency shall prepare a procurement plan developed in accordance with this section and rules established by the procurement policy board. The purpose of the procurement plan is to document the process to be used and the basis of why the special process is more advantageous to the State than other procurement methods. Such plan shall be submitted to the attorney general or corporation counsel for review for compliance with law."

Reasoning: The procurement plan is best prepared by the head of the purchasing agency. The Chief Procurement Officer provides oversight rather than being directly involved in the details of the process. The plan described above is critical in order for the Chief Procurement Office to make the determination required in sub-section (a). Review by either an attorney general or corporation counsel is necessary to ensure that the special/innovative process to be followed complies with law, for example, HRS §171 for requirements involving public land management and disposition.

Page 3, Lines 1-3: Delete Part. (d) in its entirety.

Reasoning: SPO believes construction services should not be included since further research and community outreach with the construction industry is critical to ensuring success.

On page 3, lines 7 thru 9:

Delete: "and a report shall be made publicly available by 8 the chief procurement officer at least annually describing all 9 determinations made since the last annual report." and replace with:

and Replace with: "*The report shall be transmitted to the Administrator of the State Procurement Office who shall make the report publically available.*"

Reasoning: The head of the purchasing agency is best suited to make the annual report while the administrator of the SPO centrally collects the reports and makes them publically available in a central location.

HB2053 currently addresses the concerns SPO has with this measure.

SPO respectfully requests this bill be held and allow HB2053 to pass.

Thank you.

DAVID Y. IGE
Governor

SHAN S. TSUTSUI
Lt. Governor



SCOTT E. ENRIGHT
Chairperson, Board of Agriculture

PHYLLIS SHIMABUKURO-GEISER
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

**TESTIMONY OF SCOTT E. ENRIGHT
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

February 2, 2016
9:00 A.M.
ROOM 2312

**HOUSE BILL NO. 2052
RELATING TO PROCUREMENT**

Chairperson Kawakami and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 2052. The purpose of this bill is to provide for the establishment of a special innovative procurement process for the procurement of goods and services. The Department of Agriculture supports this measure as it relates to procurement of agricultural commodities.

Act 218 (SLH 2015) established a Farm to School Program within the Department of Agriculture, directing the Farm to School Coordinator to “address the issues of supply, demand, procurement, and consumption of Hawaii-grown foods in state facilities” (HRS §141-11(b)). One of the five goals of the program is to “[e]nrich the local food system through the support and increase of local food procurement for the State’s public schools and other institutions” HRS §141-11(a)(3). Through our Farm to School Coordinator’s systematic and technical procurement collaboration with stakeholders in the Lieutenant Governor’s Advisory Group, as well as working directly with the State Procurement Office, Department of Education, Hawaii Child Nutrition Program, Department of Health, farmers, distributors, and nonprofit entities, it is apparent that the procurement processes available in chapter 103D are hindering efforts to increase the State’s institutional purchasing of locally grown food.



The State policy to buy local produce and support local agriculture was formally established with Act 55 (SLH 2013), codifying the policy in Objectives and policies for the economy — agriculture in the Hawaii State Planning Act:

- HRS§226-7(b)(7) “Strengthen diversified agriculture by developing an effective promotion, marketing, and distribution system between Hawaii’s food producers and consumers in the State, nation, and world.”
- HRS§226-7(b)(13) “Promote economically competitive activities that increase Hawaii’s agricultural self-sufficiency, including the increased purchase and use of Hawaii-grown food and food products by residents, businesses, and governmental bodies as defined under section 103D-104.”

This measure would allow for development of a “special procurement” alternative competitive process to address the unique situations faced with implementing such specialized State policies in transparent manner that is advantageous to the State, achieving best value with stated policies.

Thank you for the opportunity to testify on this measure.

BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

THE VOICE OF THE CONSTRUCTION INDUSTRY

2016 OFFICERS

PRESIDENT
CRAIG WASHOFSKY
SERVCO HOME & APPLIANCE
DISTRIBUTION

PRESIDENT-ELECT
EVAN FUJIMOTO
GRAHAM BUILDERS, INC.

VICE PRESIDENT
DEAN UCHIDA
SSFM INTERNATIONAL, INC.

TREASURER
MICHAEL WATANABE
JW, INC.

SECRETARY
PETER ELDRIDGE
RAYNOR OVERHEAD DOORS &
GATES, INC.

SPECIAL APPOINTEE-BUILDER
PAUL D. SILEN
HAWAIIAN DREDGING
CONSTRUCTION CO, INC

SPECIAL APPOINTEE-BUILDER
MARK KENNEDY
HASEKO CONSTRUCTION
MANAGEMENT GROUP, INC.

SPECIAL APPOINTEE-ASSOCIATE
GARY T. OKIMOTO
HONOLULU WOOD TREATING, LLC

IMMEDIATE PAST PRESIDENT
RICHARD HOBSON, JR.
GENTRY HOMES, LTD.

CHIEF EXECUTIVE OFFICER
GLADYS MARRONE
BIA-HAWAII

2016 DIRECTORS

ANTHONY BORGE
RMA SALES

BEAU NOBMANN
HPM BUILDING SUPPLY

DOUGLAS E. PEARSON
CASTLE & COOKE HOMES
HAWAII, INC.

CHRIS CHEUNG
CC ENGINEERING &
CONSTRUCTION, INC.

CLIFTON CRAWFORD
C&J CONTRACTING, INC.

CURT KIRIU
CK INDEPENDENT LIVING BUILDERS

DWIGHT MITSUNAGA
DM PACIFIC, INC.

JACKSON PARKER
D.R. HORTON, SCHULER DIVISION

JENNIFER ANDREWS
COLDWELL BANKER PACIFIC
PROPERTIES

MARK HERTEL
INTER-ISLAND SOLAR SUPPLY,
OAHU-MAUI-HAWAII-KAUAI

MARSHALL HICKOX
HOMEWORKS CONSTRUCTION, INC.

SARAH LOVE
BAYS LUNG ROSE & HOLMA

MAILING
P.O. BOX 970967
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 Economic Development and Business The Honorable Derek Kawakami, Chair The Honorable Sam Kong, Vice-Chair Members of the Committee Tuesday, February 2, 2016

RE: HB 2052 & 2053: Relating to Procurement.

Dear Chair Kawakami, Vice-Chair Kong, 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, H.B. 2052 and H.B. 2053, which proposes to amend Chapter 103 HRS by creating special innovative or special procurement processes.

The procurement process is in need of improvement. The business community and the public want an open, competitive and transparent procurement process. The procurement process must also be timely in the selection and payment for goods and services. In addition, the State is looking for the best value, not necessarily the lowest price.

We know of many small businesses in Hawaii that do not pursue work from the State of Hawaii because of the uncertainty and delays caused by the current procurement process.

We look forward to the Procurement Policy Board's procedures for these new procurement processes.

We appreciate the opportunity to express our support for H.B. 2052 and H.B. 2053.



PO Box 240848
Honolulu, HI 96824
www.hawaiifoodpolicycouncil.org

House Committee on Economic Development and Business

February 2, 2016, 9:00AM

Room 312

Subject: **Testimony in SUPPORT of HB 2052, Relating to Procurement**

Chair Kawakami, Vice Chair Kong, and members of the committee:

Thank you for the opportunity to submit testimony in support of HB2052, which creates a provision in HRS Section 103D-301 for a special procurement process for the State to purchase goods and services.

The Hawai'i Food Policy Council **strongly supports** this measure, recognizing that its adoption will create a mechanism to assist in the purchase of fresh, locally grown foods by schools and other State institutions. In its current form—even with the local preference provision—the State's procurement code presents an obstacle to the purchase of local produce and meats in large enough quantities to meet institutional needs.

Procuring food from local producers is undoubtedly in the public's best interest, as evidenced by the State's recent investment in a farm to school program within the Department of Agriculture. According to a 2008 report from the University of Hawai'i College of Tropical Agriculture and Human Resources¹, an estimated \$3.1 billion currently leaves our state to support agribusiness elsewhere. **Taking into account multiplier effects, replacing the purchase of just 10% of imported foods with locally-produced foods would generate an estimated economy-wide impact of \$188 million in sales, \$47 million in earnings, \$6 million in state tax revenues, and more than 2,300 jobs.**

¹ Leung, PingSun, and Loke, Matthew. "Economic Impacts of Increasing Hawai'i's Food Self-Sufficiency." *Economic Issues* EI-16 (2008). Web.
<http://hdoa.hawaii.gov/add/files/2012/12/FoodSSReport.pdf>

Unlike exemption, which runs the risk of decreased transparency and accountability, special procurement allows for flexibility, but with protections built in. Similar statutes are already in place in other states, such as Alaska, and according to the State Office of Procurement, the ABA 2000 Model Procurement Code recommends the use of these types of “special innovative procurements.” Special procurement can only be employed when standard procurement procedures would be contrary to the public interest, as is the case when procuring local food.

The passage of HB 2052 is a critical action that the legislature can take to boost the efficacy the State’s new farm-to-school program and other institutional food purchasing initiatives—bringing us exponentially closer to that 10% increase in local food consumption we hope to achieve. We sincerely appreciate this committee’s efforts to find solutions to ensure that our laws support the best interests of the State and the public.

Respectfully,



Daniela Kittinger
Executive Director, Hawai‘i Food Policy Council

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, January 31, 2016 3:33 PM
To: edbtestimony
Cc: nredfeather@kohalacenter.org
Subject: Submitted testimony for HB2052 on Feb 2, 2016 09:00AM

HB2052

Submitted on: 1/31/2016

Testimony for EDB on Feb 2, 2016 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Nancy Redfeather	Hawaii Island School Garden Network	Support	No

Comments: Creating innovative new pathways to increase economic development in the field of institutional purchasing, is definitely necessary. The new Farm to School Program in the Department of Agriculture would benefit from these new and innovative systems. If purchasing is too cumbersome, by either party, the department or the farmer, it most likely will not occur. In order to serve fresher, local food, we first must procure it. Aloha, Nancy Redfeather Hawaii'i Island School Garden Network FoodCorps Hawaii Hawaii'i Farm to School and School Garden Hui The Kohala Center

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



AMERICAN COUNCIL OF ENGINEERING COMPANIES
of Hawaii

President

Robin Lim, P.E.
Geolabs, Inc.
Ph: (808) 841-5064

President-Elect

Corey M. Matsuoka, P.E.
SSFM International
Ph: (808) 531-1308

Treasurer

Jeffrey K. Kalani, P.E.
Yogi Kwong Engineers, LLC
Ph: (808) 942-0001

Secretary

Sean Sugai, P.E.
Ronald N.S. Ho & Assoc.
Ph: (808) 941-0577

Past President

William H.Q. Bow, P.E.
Bow Engineering & Development, Inc.
Ph: (808) 941-8853

National Director

Sheryl E. Nojima, P.E., PhD
Gray, Hong, Nojima & Assoc.
Ph: (808) 521-0306

Directors

Garret Masuda, P.E.
InSynergy Engineering
Ph: (808) 521-3773

Ken Kawahara, P.E.

Akinaka & Assoc.
Ph: (808) 836-1900

Liana Choy, P.E.

Sato & Assoc.
Ph: (808) 955-4441

Ginny M. Wright

Executive Director

P.O. Box 88840

Honolulu, HI 96830

Ph: (808) 741-4772

Email: gwright@acechawaii.org

Website: www.acechawaii.org

February 1, 2016

House Committee on Economic Development & Business

Hearing Date: Tuesday, February 2, 9:00 a.m., Conference Room 312

Honorable Representatives Derek S. K. Kawakami, Chair; Sam Satoru Kong, Vice Chair; and Members of the House Committee on Economic Development & Business

Subject: **HB 2052, Relating to Procurement
TESTIMONY WITH COMMENTS**

Dear Chair Kawakami, Vice Chair Satoru Kong, and Committee Members:

The American Council of Engineering Companies of Hawaii (ACECH) represents more than 70 member firms with over 1,500 employees throughout Hawaii. ACECH is a strong supporter of HRS §103D-304, the State's "qualification-based selection" (QBS) law, which follows the National model procurement code, for procurement of professional services.

HRS §103D-304 shows a strong commitment by the Legislature to follow recognized best practices for the procurement of professional services, particularly for Architect-Engineer design services furnished by licensees under HRS Chapter 464. A robust QBS law reduces corruption and protects the public interest in the award of these potentially large projects. HRS §103D-304 allows for the procurement of design professional services under §103D-307 in an emergency situation.

ACECH is concerned with the potential use of a process other than QBS for the procurement of design professional services and, therefore, respectfully requests the attached revision to the bill.

We appreciate the opportunity to provide testimony on this matter. Please do not hesitate to contact us if you have any questions.

Respectfully submitted,

AMERICAN COUNCIL OF ENGINEERING COMPANIES OF HAWAII

Janice C Marsters, PhD
Legislative Committee
808-371-8504

Attachment: Proposed Revised Text, HB2052 Relating to Procurement

Proposed Revised Text (ACECH added text shown in *bold italics*):

SECTION 2. Chapter 103D, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§103D- Special innovative procurement. (a) Contracts for supplies, services, professional services, or construction may be awarded without regard to sections 103D-302 or 103D-303 using a special innovative procurement process in accordance with this section and procedures set forth in rules adopted by the procurement policy board; *provided that design professional services furnished by licensees under chapter 464 shall be procured pursuant to section 103D-304 or 103D-307.* The special innovative procurement process authorized by this section shall only be used when the chief procurement officer determines in writing that it is advantageous to the State to use the process for procurement of new or unique requirements of the State, new technologies, or to achieve best value.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Economic Development & Business
Tuesday, February 2, 2016 at 9:00 A.M.
Conference Room 312, State Capitol**

LATE

RE: HOUSE BILL 2052 RELATING TO PROCUREMENT

Chair Kawakami, Vice Chair Kong, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 2052, which provides for the establishment of a special innovative procurement process when it is advantageous to the State to use the process to procure new or unique requirements of the State or new technologies, or to achieve best value.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The procurement process is in need of improvement. Business and the public want an open, competitive and transparent procurement process. The procurement process must also be timely in the selection and payment for goods and services. In addition, the State is looking for the best value, not necessarily the lowest price.

We know of many small businesses in Hawaii that do not pursue work from the State of Hawaii because of the uncertainty and delays caused by the current procurement process.

We look forward to the Procurement Policy Board's procedures for these new procurement processes.

We appreciate the opportunity to express our support for HB 2052.

Thank you for the opportunity to testify.



LATE

Email: communications@ulupono.com

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
Tuesday, February 2, 2016 — 9:00 a.m. — Room 312

Ulupono Initiative Strongly Supports HB 2052, Relating to Procurement

Dear Chair Kawakami, Vice Chair Kong, 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 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 affordable, renewable energy, and reduce waste. 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 2052, which creates a new procurement class for services under the State Procurement Code.

Ulupono has identified procuring more locally grown foods by governmental institutions such as hospitals, schools, and prisons as a critical catalyst to expanding locally grown foods and stimulating the rural economy throughout the state. This bill would allow for flexibility within the procurement code to create a customizable procurement process for locally grown foods while enhancing fiduciary discipline. Through a more customized procurement process under the purview of the State Procurement Office, the goal is to provide more transparency on what local food state government purchases. Written business contracts will allow our local farmers to supply the bulk purchases to governmental institutions. Secure contracts provide financial stability and creditworthiness that enables farmers to secure loan financing and greater financial investment. Keeping procurement processes within the Procurement Office, helps to provide liability protection and contract management controls for the State. Ulupono believes that HB 2052 provides the appropriate balance between flexibility and fiduciary oversight.

In addition, there are more categories in HB 2052 than are currently found in HB 2053. The additional categories could be used to develop public-private partnerships and agricultural projects that involve construction.

We believe this bill is a better alternative that attempting to exempt categories from the

Investing in a Sustainable Hawai'i



procurement code altogether or allowing local food to charge higher costs through bid formula “adders”. Both of these approaches have been tried over the last decade with little success.

Currently, at least nine states currently have a program for special procurement, 39 states include options for other than full competition within the procurement code, and all states allow for exemptions of some kind outside of their respective procurement codes.

Over the years, the State has procured tens of millions of dollars worth of food purchases under the procurement code. Yet no one can definitively determine how much has been spent on local vs. imported food. Our goal is to have more of these dollars be spent on local food purchases.

This bill supports efforts that align with our collective goal of providing more locally produced food. As Hawai‘i’s local food issues become more complex and challenging, institutions need to be creative in addressing and meeting the needs of the marketplace. We appreciate this committee’s efforts to look at policies that support local food production.

We believe that by collaborating 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

LATE

kong2 - Christie

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 02, 2016 7:49 AM
To: edbtestimony
Cc: jmas808@gmail.com
Subject: *Submitted testimony for HB2052 on Feb 2, 2016 09:00AM*

HB2052

Submitted on: 2/2/2016

Testimony for EDB on Feb 2, 2016 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Jeffrey Masatsugu	Painting Industry of Hawaii Labor Management Cooperation Trust Fund	Oppose	Yes

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

LATE

kong2 - Christie

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 02, 2016 7:49 AM
To: edbtestimony
Cc: jmas808@gmail.com
Subject: *Submitted testimony for HB2052 on Feb 2, 2016 09:00AM*

HB2052

Submitted on: 2/2/2016

Testimony for EDB on Feb 2, 2016 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Jeffrey Masatsugu	Hawaii Tapers Market Recovery Trust Fund	Oppose	Yes

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

kong2 - Christie

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 02, 2016 7:51 AM
To: edbtestimony
Cc: jmas808@gmail.com
Subject: *Submitted testimony for HB2052 on Feb 2, 2016 09:00AM*

HB2052

Submitted on: 2/2/2016

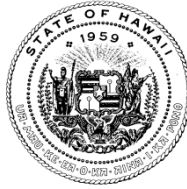
Testimony for EDB on Feb 2, 2016 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Jeffrey Masatsugu	Carpet, Linoleum and Soft Tile Local Union 1926 Market Recovery Trust Fund	Oppose	Yes

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



LATE

Testimony by:
FORD N. FUCHIGAMI
DIRECTOR

Deputy Directors
JADE T. BUTAY
ROSS M. HIGASHI
EDWIN H. SNIFFEN
DARRYL T. YOUNG

IN REPLY REFER TO:

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

February 2, 2016
9:00 a.m.
State Capitol, Room 312

**H.B. 2052
RELATING TO PROCUREMENT**

House Committee on Economic Development and Business

The Department of Transportation (DOT) **supports** the intent of this bill which proposes to provide for the establishment of a special innovative procurement process.

Although the DOT utilizes all methods of procurement, there are situations when a procurement method does not fit the DOT purchasing needs. The purpose of a special innovative procurement process may provide the DOT with flexibility in procuring new, unique, and specialized goods, services, or construction within the parameters of the procurement code.

This bill as proposed includes a procurement checks and balances provision (Chief Procurement Officer to provide written determination)¹ intending to ensure the use of a particular innovative procurement is advantageous to the State for new or unique requirements of the State, new technologies, or to achieve best value.

The DOT proposes the following revision to the proposed statutory language on page 2, line 14, "technologies, public-private partnerships, or to achieve best value." Page 3, line 2, "(d) Nothing in this section shall preclude the adoption of rules providing for the use of ~~bonuses~~ incentives instead of preferences in a procurement of construction."

Thank you for the opportunity to provide testimony.

¹ With the intent that the authority will not be delegated to the head of the purchasing agency.

LATE

kong2 - Christie

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 01, 2016 7:43 PM
To: edbtestimony
Cc: acregar@hotmail.com
Subject: Submitted testimony for HB2052 on Feb 2, 2016 09:00AM

HB2052

Submitted on: 2/1/2016

Testimony for EDB on Feb 2, 2016 09:00AM in Conference Room 312

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

Comments: Local food procurement should be preferential to best-value.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

LATE

kong2 - Christie

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 02, 2016 7:50 AM
To: edbtestimony
Cc: jmas808@gmail.com
Subject: *Submitted testimony for HB2052 on Feb 2, 2016 09:00AM*

HB2052

Submitted on: 2/2/2016

Testimony for EDB on Feb 2, 2016 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Jeffrey Masatsugu	Hawaii Glaziers, Architectural Metal Glassworkers Local Union 1889 AFL-CIO Stabilization Trust Fund	Oppose	Yes

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

IRONWORKERS STABILIZATION FUND

LATE

February 2, 2016

Derek Kawakami, Chair
Committee on Economic Development and Business
House of Representative
State Capitol
415 S. Beretania Street
Honolulu, Hawaii 96813

Dear Honorable Chair Kawakami and Members of the Committee on Economic Development and Business:

Re: Opposition for HB2052 – Relating to Procurement

We are in opposition of HB2052, Relating to Procurement; that provides for the establishment of a special innovative procurement process.

We are in opposition to the language that eliminates the State from following HRS 103D-302 and 303. This portion of the bill will not only hurt small businesses, but also will not save the state government monies. This will allow any company to bid shop for the lowest bidder while allowing the solicitor to get more profit. HRS 103D-302 is there to protect small businesses and allow local companies the opportunity to bid on projects. If this language is eliminated it will let the Bidder to go out even after bid closing to shop for better prices. This does not translate to money savings to the State of Hawaii, but a higher profit margin for the bidder.

Consequently for these reasons we oppose this measure for the working men and women of Hawaii. Thank you for your time and consideration.