

STATE OF HAWAII
DEPARTMENT OF DEFENSE

TESTIMONY ON HOUSE BILL 1382, RELATING TO PROCUREMENT

PRESENTATION TO THE
COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

BY

MR. RONALD P. HAN
DIRECTOR OF STATE OFFICE OF VETERANS SERVICES

February 02, 2017
9:00 a.m.

Good morning, Chair Johanson, Vice Chair Holt, and members of the Committee:

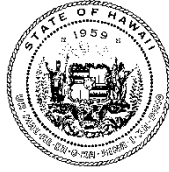
I'm Ron Han, Director of the State Office of Veterans Services. I appreciate this opportunity to provide testimony **in support** of the concepts in House Bill 1382.

This measure assists small business entities in the state procurement process by establishing a temporary small business initiative, small business advisory council, small business office, and small business procurement coordinator position within the state procurement office. As an example, small businesses owned by veterans, native Hawaiians and women are purportedly the most vulnerable and disadvantaged in the State. These entities could benefit significantly from the programs and initiatives derived from what this bill proposes.

The OVS supports the concepts and intent expressed in this measure as long as its implementation does not impact or replace the priorities set forth in the Executive Budget.

Thank you for this opportunity to provide testimony on behalf of Hawaii's Veterans and their families.

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR
MARA SMITH
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 586-0554
email: state.procurement.office@hawaii.gov
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Twitter: [@hawaiispo](https://twitter.com/hawaiispo)

TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
LABOR & PUBLIC EMPLOYMENT
February 2, 2017, 9:00 A.M.

HOUSE BILL 1382
RELATING TO PROCUREMENT

Chair Johanson, Vice-Chair Holt and members of the committee, thank you for the opportunity to submit testimony on House Bill 1382. The State Procurement Office (SPO) supports this bill and offers the following comments:

The small business assistance initiative is for a three-year period that ends on June 30, 2020. Therefore, Section 4, page 11 line 1 to 2 be rewritten to include FY 2020:

*"2018 – 2019 and for fiscal year 2019 – 2020 for assisting small businesses;
provided that of the sums appropriated:*

The original version of this bill, House Bill 162, Act 50, SLH 2005, was aimed at promoting the growth and development of small business. A Senate Standing Committee Report on the bill said "Small businesses are the lifeblood of the State's economy."

On January 6, 2007, interim administrative rules, HAR chapter 3-124 Subchapter 9, Small Business Preference Rules became effective, however, due to the complexity and confusion about the rules, and the lack of appropriate business matrices and available data, agencies were not able to implement the small business program, even after the Hawaii Procurement Institute's 2009 training was conducted. Not able to resolve some of the issues outlined in the November 18, 2010, Procurement Policy Board Meeting

Agenda Item IV, the rules were allowed to expire on February 24, 2011, (Reference: <http://spo.hawaii.gov/wp-content/uploads/2013/12/November-Agenda.pdf>).

Therefore, there is no State existing formal program to assist small businesses other than the State Department of Transportation's (DOT) Disadvantaged Business Enterprise (DBE) Program that is actually a Federal program.

In 2014, the SPO sent out a survey to multiple communities asking for their thoughts on how the program should work. SPO received responses from 1500 small business owners, advocates, and State Agencies, identifying the needs a small business office would fill. Of the 26 State and agency personnel, the top two topics were 1) how to identify suitable projects and 2) how to identify small businesses.

The survey received 505 responses from small business owners who stated that the top three barriers for them doing business with the State were 1) compliance, 2) procurement process and 3) red tape/paperwork. Of the 40 Small Business Advocate entities, 35 would be in support of a State Small Business Office. The survey also identified the need for Small Business self-identification, and the sub-sets that should be focused on by the State: veteran, women, and Native Hawaiian-owned businesses.

To ultimately have a successful small business assistance program, an initiative such as this one needs to identify, quantify, and address the needs of Hawaii small businesses and to measure and track their present participation in state small business contacts.

Thank you.

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 1, 2017 9:05 AM
To: LABtestimony
Cc: christine@istechs.net
Subject: Submitted testimony for HB1382 on Feb 2, 2017 09:00AM

HB1382

Submitted on: 2/1/2017

Testimony for LAB on Feb 2, 2017 09:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Christine Lanning	Integrated Security Technologies, Inc.	Support	Yes

Comments: Statement of Christine Lanning President Integrated Security Technologies, Inc. before the House Committee on Labor & Public Employment Thursday, February 2, 2017 9:00 a.m. State Capitol, Conference Room 309 In consideration of HB 1382 RELATING TO PROCURMENT. Chair Johanson, Vice Chair Holt, and Members of the Committee on Labor & Public Employment. Christine Lanning of Integrated Security Technologies, Inc. (IST) supports HB 1382, which establishes a temporary small business assistance initiative, small business advisory council, small business office, and small business procurement coordinator position within the state procurement office. • IST is a small, woman-owned, 8a contractor headquartered in the state of Hawaii. We have been in business since 1998 and have employ over 18 amazing people. We owe much of our recent success (30% growth over the previous year) to the certification of the 8(a) Business Development Program, which is a small, disadvantaged business program sponsored by the Small Business Administration. • I strongly believe that with the additional of a small business assistance initiative, small business advisory council, small business office, and small business procurement coordinator position within the state procurement office not only could my small business benefit but ALL small businesses could benefit. The ultimate result would be more tax revenue for the State, more employment opportunities for local people, and a commitment to support local businesses in Hawaii. Small businesses are critical to our economy. These businesses not only create invaluable employment opportunities, but also spur innovation and creativity. Many states throughout the nation recognize the value of their local small businesses and have small business procurement programs to help facilitate their growth and development. It is long overdue that the State of Hawaii have similar initiatives to ensure local small businesses obtain State contracting opportunities and the ability to grow and succeed. We strongly urge the passage of HB 1382. Thank you for the opportunity to submit testimony on this measure. Should you need any other information or need any other testimony I would be happy to assist in any way possible. I can be reached at (808) 836-4094.

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.

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1132 Bishop St, Suite 1511
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(808) 942-7474

To: Honorable Aaron Ling Johanson, Chair of the Committee on Labor & Public Employment
From: Lorraine Minatoishi, Ph.D., AIA
Hearing: Thursday, February 2, 2017, 9:00am, Conference Room 309
Subject: Support for Bill 1382, Relating to Procurement, Assisting small business

Dear Chair Aaron Johanson,

I am writing in **support of Bill 1382**, which supports small business in Hawaii by forming concrete steps to facilitate small business procurement in Hawaii.

I am a women-owned small business owner of an architectural firm in downtown Honolulu which has been in business for 13 years. I am part of the federal small business program (SBA), and I can vouch for its incredible support of my business over the years. Through their guaranteed loan program, I have been granted guaranteed loans by the SBA, which allowed me to stay in business in 2013. I have learned business acumen by taking several courses offered free-of-charge by the SBA. I am now presently a certified 8(a) company which allows me to be a sole-source firm for the federal government. All of these programs have allowed me to survive in our male-dominated construction environment. It is a testament to how difficult it is for a woman-owned firm to get a foothold in the construction industry by looking at the number of women-owned architecture firms. There are only two other women-owned architecture firms in Honolulu that I know of, though in school, the female to male ratio was 50-50. Of those who graduated and decided to stay in the field, most work as staff architects, few venturing into administration or ownership of firms. This is why the DOT has labeled women-owned architecture firms as Disadvantage Small Business Enterprises.

I also speak for the other fields of business as well. Though one would like to think that the playing field has leveled out over the years, I can attest to the fact that this is not the case. Anglo-saxon males have played domineering roles in virtually every field of business.

I support bill 1382 as it seeks to help disadvantaged small business owners in Hawaii. This is a much-needed bill and will be to the benefit of all citizens of Hawaii. Please support bill 1382.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lorraine Minatoishi'.

Lorraine Minatoishi, Ph.D., AIA



1132 Bishop St. Suite 1511
Honolulu, Hawaii 96813
(808) 942-7474

February 2, 2017

To: The Honorable Chair Aaron Ling Johanson
House Committee on Labor & Public Employment

The Honorable Vice Chair Daniel Holt
House Committee on Labor & Public Employment

From: Holomua Consulting Group, LLC
Shannon Edie, President
Daphne Tong-Pave, Vice President
Kanoë Tjorvatjoglou, Junior Consultant

Re: HB 1382, Relating to Procurement;
In Support
Thursday, February 2, 2017, 9:00 A.M.; Conference Room 309

Chair Johanson, Vice Chair Holt, and Members of the Committee on Labor & Public Employment.

Holomua Consulting Group, LLC (Holomua) offers our support of HB 1382, which establishes a temporary small business assistance initiative, small business advisory council, small business office, and small business procurement coordinator position within the state procurement office.

Holomua is a women- and Native Hawaiian-owned small business located in Honolulu. Since 2014, our consulting firm has assisted small businesses, both in Hawaii and on the Continental U.S., with succeeding as government contractors. In particular, we assist businesses with obtaining small business certifications, maximizing the benefits of federal small business contracting programs, and navigating the complex legal and compliance landscape of Federal government contracting. We are passionate about helping small businesses and strongly believe that government contract opportunities can help facilitate growth and development of these businesses.

We have seen first-hand the invaluable assistance provided to small businesses that participate in the various federal small business contracting programs, including the 8(a) Business Development, HUBZone, Women-Owned, and Service Disabled Veteran-Owned Programs.

The resources and preferences provided through these programs help small businesses obtain contracts that they otherwise would not have access to. This enables small businesses to build their experience and capabilities, create jobs, and establish strong businesses.

While we do not believe a state program should completely replicate the federal programs, we firmly believe that a small business program in the State of Hawaii is needed and could provide much-needed support to our local business community. We have consistently heard concerns from local businesses about the challenges with finding and pursuing state contract opportunities. We believe the provisions in HB 1382 will help identify these problems and provide solutions, based on metrics and data, to help ensure small businesses are able to successfully obtain state small business contracting opportunities.

According to the U.S. Small Business Administration (SBA) Office of Advocacy's Small Business 2017 Profile for the State of Hawaii, there are over 120,000 small businesses in the state, of which roughly 74,000 are minority-owned, 11,000 are veteran-owned, and 44,000 are women-owned.¹ These figures demonstrate that there is a significant amount of small businesses that could benefit from a state small business program. Unfortunately, other than data from federal agencies, such as the SBA and U.S. Census Bureau, there is not a lot of information about our local businesses, particularly businesses that seek contract opportunities with the state. We strongly believe that data is needed to not only create a successful small business program, but moreover to provide the assistance and support that our small businesses need. We are pleased that HB 1382 supports this and provides for the collection of relevant information and data.

All the provisions outlined in HB 1382, including the establishment of a temporary small business assistance initiative, small business advisory council, small business office, and small business procurement coordinator position within the state procurement office, are crucial first steps to establishing successful policies and recommendations relevant to state contract opportunities and a state small business program.

We urge the passage of HB 1382. Thank you for your time and the opportunity to submit testimony.

¹ https://www.sba.gov/sites/default/files/advocacy/Hawaii_1.pdf



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of Hawaii

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January 31, 2017

House Committee on Labor and Public Employment

Hearing Date: Thursday, February 2, 9:00 a.m., Conference Room 309

Honorable Representatives Aaron Ling Johanson, Chair; Daniel Holt, Vice Chair; and Members of the House Committee on Labor and Public Employment

Subject: **Comments regarding HB 1382, Relating to Procurement**

Dear Chair Johanson, Vice Chair Holt, and Committee Members:

The American Council of Engineering Companies of Hawaii (ACECH) represents more than 70 member engineering consulting firms with over 1,500 employees throughout Hawaii. ACECH member firm projects directly affect the quality of the water we drink and the food we eat; the safety of our buildings, highways, bridges, and infrastructure; and the quality of the environment in which we work and play. Procurement of design professional services is a serious business.

The majority of our member firms are small local businesses, and we support measures to help their businesses. However, we also caution that small business interests should not over-ride the selection of an appropriately qualified firm to design a particular project. "Qualifications-based selection" (QBS) is the nationally recognized model procurement code for the procurement of design professional services.

We recommend that the small business advisory group formed under this bill consider the Federal government's methods for encouraging small businesses while ensuring that the public interest is protected through the use of QBS for the procurement of professional services.

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

Corey Matsuoka, PE
President

LABtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 1, 2017 8:07 AM
To: LABtestimony
Cc: kaluhiokalanik@aol.com
Subject: Submitted testimony for HB1382 on Feb 2, 2017 09:00AM

HB1382

Submitted on: 2/1/2017

Testimony for LAB on Feb 2, 2017 09:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Lu Ann Mahiki Lankford-Faborito	MISS RODEO HAWAII PROGRAM	Support	No

Comments: definately a great thing for small businesses to have this ability to seek an office within the state government to help with procurement

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Locally Owned & Operated in Hawaii Since 1961

January 31, 2017

**Testimony to the House Committee on Labor & Public Employment Thursday,
February 2, 2017, 9:00am, State Capitol-Conference Room 309**

RE: House Bill 1382, Relating to Procurement-In Support

Chair Johanson and Vice Chair Holt, and members of the committee:

My name is Anthony Borge and I am a board member on the Small Business Regulatory Review Board. Today however, I am here personally as a small business. RMA Sales is a locally owned small business manufacturing and distributing louver jalousie windows, storm/security doors, screens and ancillary products here in Hawaii since 1961.

We **support H.B 1382** which would assist small businesses like ours in the state procurement process by establishing a temporary small business assistance initiative, small business advisory council, small business office, and small business procurement coordinator position within the state procurement office.

The proposed bill would definitely help small businesses navigate and understand the State of Hawaii's procurement process for the enrichment of small businesses and the state.

Thank you.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Anthony Borge". The signature is fluid and cursive, with a long horizontal line extending to the right.

Anthony Borge
General Manager
RMA Sales
99-134 Waiua Way
Aiea, HI 96701

Statement of
Danny Cup Choy
before the
House Committee on Labor & Public Employment
Thursday, February 2, 2017
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB 1382
RELATING TO PROCURMENT.

Chair Johanson, Vice Chair Holt, and Members of the Committee on Labor & Public Employment.

I strongly **support** HB 1382, which establishes a temporary small business assistance initiative, small business advisory council, small business office, and small business procurement coordinator position within the state procurement office.

Small businesses are critical to our economy. These businesses not only create invaluable employment opportunities, but also spur innovation and creativity. Many states throughout the nation recognize the value of their local small businesses and have small business procurement programs to help facilitate their growth and development. It is long overdue that the State of Hawaii have similar initiatives to ensure local small businesses obtain State contracting opportunities and the ability to grow and succeed.

I strongly urge the passage of HB 1382. Thank you for the opportunity to submit testimony on this measure.

LABtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 31, 2017 6:14 PM
To: LABtestimony
Cc: wesley.j.wong@live.com
Subject: Submitted testimony for HB1382 on Feb 2, 2017 09:00AM

HB1382

Submitted on: 1/31/2017

Testimony for LAB on Feb 2, 2017 09:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Wes	Individual	Support	No

Comments: As the State of Hawaii has been categorically listed as one of the most challenging states in the U.S. to succeed as a small business, any help in that realm to attain better contract procurement for small businesses is a positive.

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LATE

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ECONOMIC DEVELOPMENT
ISLAND OF OAHU

February 1, 2017

Representative Aaron Ling Johanson
Chair, Committee on Labor and Public Employment
Representative Daniel Holt
Vice Chair, Committee on Labor and Public Employment
Hearing on HB1382
State Capitol, Conference Room 309

Aloha Chair Johanson, Vice Chair Holt, and Committee Members,

The Oahu Economic Development Board stands in support of HB1382 and the effort to establish a small business assistance initiative within the State Procurement Office. In our completion of Hawaii's 5-year Comprehensive Economic Development Strategy, business leaders in our committees recognized a need to better equip local businesses to secure state and federal contracts.

The opportunity to build local small business capacity and expertise will be significant to the development of Hawaii's economy and could help increase job opportunities across the state. Finding a champion to lead the small business office with the ability to develop the relationships necessary to move this initiative forward will be of the utmost importance. The Oahu Economic Development Board pledges to provide guidance and direction if it's need and requested by the State Procurement Office and the Small Business Office.

Please feel free to contact me directly should you have any questions.

Sincerely,
Pono Shim
President and CEO
Oahu Economic Development Board

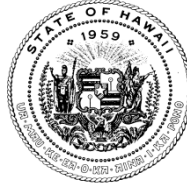


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DAVID Y. IGE
GOVERNOR



LATE

LATE

Testimony by:
FORD N. FUCHIGAMI
DIRECTOR

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

IN REPLY REFER TO:

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

February 2, 2017
9:00 a.m.
State Capitol, Room 309

**H.B. 1382
RELATING TO PROCUREMENT**

House Committee on Labor & Public Employment

The Department of Transportation (DOT) **supports** H.B. 1382 which establishes a temporary small business assistance initiative and provides staffing for Part IX, Chapter 103D, Hawaii Revised Statutes. This measure will supplement and enhance DOT's federally-mandated Disadvantaged Business Enterprise (DBE) Program by providing state contracting opportunities for small disadvantaged minority- and women-owned businesses.

Thank you for the opportunity to provide testimony.

BIA-HAWAII

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THE VOICE OF THE CONSTRUCTION INDUSTRY

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WAIPAHU, HAWAII 96797

Testimony to the House Committee on Labor & Public

Thursday, February 2, 2017

9:00 a.m.

Conference Room 302

RE: HB 1382, RELATING TO PROCUREMENT

Chair Johanson, Vice-Chair Holt, and members of the committee:

My name is Gladys Quinto-Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-HAWAII is in support of HB 1382 which would assist small businesses in the state procurement process by establishing a temporary small business assistance initiative, small business advisory council, small business office, and small business procurement coordinator position within the state procurement office.

There are 122,566 Small businesses in Hawaii which represents 96.2% of all Hawaii businesses. Small businesses in Hawaii employ 263,364 or 52.4% of all Hawaii employees. Small businesses are defined as firms employing fewer than 500 employees.

The proposed bill will allow Hawaii small businesses to understand the state's procurement process and create more opportunities for these small businesses to do business with the State of Hawaii.

As most of our members are small businesses, BIA Hawaii is in full support of HB 1382.

We appreciate the opportunity to provide our input on this important legislation.

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Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the House Committee on Labor & Public Employment
Thursday, February 2, 2017 at 9:00 A.M.
Conference Room 309, State Capitol**

RE: HOUSE BILL 1382 RELATING TO PROCUREMENT

Chair Johanson, Vice Chair Holt, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** HB 1382, which would assist small business in the state procurement process by establishing a temporary small business assistance initiative, small business advisory council, small business office, and small business procurement coordinator position within the state procurement office.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ 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.

There are 122,566 small businesses in Hawaii which represents 96.2% of all Hawaii businesses. Small businesses in Hawaii employ 263,364 or 52.4% of all Hawaii employees. Small businesses are defined as firms employing fewer than 500 employees. The proposed bill will allow Hawaii small businesses to understand the state's procurement process and create more opportunities for these small businesses to do business with the State of Hawaii. As most of our members are small businesses, the Chamber is in full support of HB 1382 and we respectfully request that the bill be amended to include a representative of the Chamber of Commerce Hawaii to sit on the small business advisory council.

Thank you for the opportunity to testify.