

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
<http://spo.hawaii.gov>
Twitter: [@hawaiispo](https://twitter.com/hawaiispo)

TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE
ON
GOVERNMENT OPERATIONS

Tuesday, March 20, 2018, 2:45 p.m.

HOUSE BILL 1669, HD1
RELATING TO CONCESSIONS ON PUBLIC PROPERTY

Chair Kim, Vice Chair Ruderman, and members of the committee, thank you for the opportunity to submit testimony on House Bill 1669 HD1. The State Procurement Office (SPO) **supports** the intent of this bill, which allows proposals to be submitted for concessions on public property. The SPO encourages the use of "best value" process, aka Request for Proposals (RFP), when awarding concession contracts.

"Best value" can be described as: a comparison of costs and benefits. Compare all the benefits from what you get and how you use it, against your costs to purchase, use, and perhaps dispose of it. Other terms to characterize best value comparisons are strengths and weaknesses, pros and cons, risks and rewards.

Value is a combination of "what" is important and "how much" it is important. As for the "what," typical procurement considerations affecting value include:

- Consistency, reliability, and responsiveness from suppliers.
- Meeting preferences favoring veterans, minority-owned, women-owned or small businesses, local purchasing, etc.
- All costs identified through a life-cycle cost analysis.
- Reduction of risks such as schedule delays; degradation of performance or service from an outsourced provider; potential legal or financial risks; the need for government oversight of program delivery; the amount of needed contract administration effort; or the likelihood of successful/unsuccessful contract performance.

Environmentally preferable aspects (more efficient scheduling leading to less shipping impact, lower toxic materials content, less environmentally harmful manufacturing, less harmful end of life disposal, etc.).

- Just-in-time ordering/shipping to avoid storage costs.
- Contracting out to eliminate internal resource costs or to achieve better results for the same overall price.

Thank You.

The information on “Best Value” can be found from an NIGP white paper, found at

https://www.nigp.org/docs/default-source/New-Site/position-papers/150105_best-value_position-paper-complete_updated.pdf?sfvrsn=4