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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE
ON
WAYS AND MEANS
April 4, 2018, 10:30 a.m.

HOUSE BILL 2055, HD1
RELATING TO PROCUREMENT

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee, thank you for the opportunity to submit testimony on House Bill 2055, HD 1. The State Procurement Office (SPO) supports the intent of this bill, and offers the following comments.

HRS103D-205 states that the Chief Procurement Officer shall:

“(1) Procure and supervise the procurement of all goods, services and construction”; and

“(4) Establish and maintain programs for the inspection, testing, and acceptance of goods, services, and construction”.

HRS103D-205 states that the Administrator shall, as, an additional duty:

“(1) Perform periodic review of the procurement practices and procedures of all governmental bodies, in collaboration with the state procurement policy board, for compliance with the procurement code”; and

“(2) Assist, advise, and guide governmental bodies in matters relating to procurement”
and

“(4) Develop and administer a statewide procurement ... training program”.

The SPO has no division for construction and therefore no direct expertise in this procurement area to be able to properly conduct the above duties and responsibilities as shown above.

The typical model that is used across the U.S. states is one of the following:

- (a) The construction division is maintained under the SPO and thus the SPO has access to construction expertise for policy, training, and legislative testimony, OR
- (b) The construction division is held elsewhere, and that division is responsible for policy, training and legislative testimony.

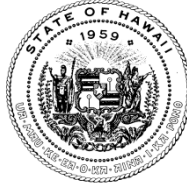
Construction is completely different to any other type of procurement, and a specialist who has procurement experience in goods and services, will not automatically be able to procure in construction. This is a specialized area, where a specialist must have knowledge of not only the construction procurement rules, but the additional statutes on construction, design, licenses, and post-award construction requirements for proper oversight.

SPO is unable to offer complete construction training or adequately review construction procurement policy without access to qualified and knowledgeable construction subject matter experts. In order to maintain the level of knowledge, SPO would offer these two specialists on a surge basis to assist the Executive Departments on their large, complex construction procurements.

SPO requests funding of \$121,368 for a Level Four and Level Five Construction Specialist.

Thank you.

DAVID Y. IGE
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IN REPLY REFER TO:

April 4, 2018
10:30 a.m.
State Capitol, Room 211

H.B. 2055, H.D. 1
RELATING TO PROCUREMENT

Senate Committee on Ways and Means

The Department of Transportation (DOT) **supports** this bill which proposes to appropriate funds to the State Procurement Office (SPO) for two full-time construction procurement specialists.

Delivery of construction projects is a major means for the DOT to fulfill its mission of providing “a safe, efficient, accessible, and sustainable inter-modal transportation system that ensures the mobility of people and goods, and enhances and/or preserves economic prosperity and the quality of life.”

The DOT looks to the SPO for guidance on many procurement issues. Engineering is the discipline used by the DOT for project management of construction contracts, being able to have questions answered about construction procurement during the early stages of project delivery would be of benefit to the DOT.

Thank you for the opportunity to provide testimony.