
A BILL FOR AN ACT

RELATING TO SMALL BUSINESS.

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

1 SECTION 1. The legislature finds that small businesses are
2 the lifeblood of the State's economy. Act 50, Session Laws of
3 Hawaii 2005, was enacted to promote the growth and development
4 of small businesses. During the regular session of 2007, the
5 legislature approved funding for one full-time equivalent
6 position in the state procurement office in order to implement
7 part IX of the state procurement code, assistance to small
8 businesses. Unfortunately, due to funding and staffing cuts in
9 2008, the position was never filled and eventually lapsed.
10 Section 3-124-73, Hawaii Administrative Rules, went into effect
11 in 2007 without a dedicated position or small business office,
12 and these rules eventually expired in 2011.

13 The legislature finds that businesses owned by veterans,
14 Native Hawaiians, and women are the most vulnerable and
15 disadvantaged businesses in the State. The legislature further
16 finds that an initiative is needed to identify, quantify, and
17 address the needs of these small businesses and to measure and



1 track their present participation in state small business
2 contracts. The legislature recognizes that the State must
3 create, develop, and implement strategies to ensure that small
4 businesses are able to effectively participate in small business
5 contracting opportunities within the State.

6 The legislature additionally finds that previously-adopted
7 administrative rules with respect to the development of small
8 business contracts were not effective because of a lack of
9 appropriate business metrics and available data. The
10 legislature recognizes that addressing small business concerns
11 in the State must be done incrementally. The legislature also
12 finds that the state procurement office is now ready to address
13 the small business part of the state procurement code and assist
14 self-identified small businesses in obtaining state contracts.

15 The purpose of this Act is to assist small businesses in
16 obtaining state contracts through the state procurement office
17 by:

- 18 (1) Creating a small business assistance initiative to
19 convene small business stakeholders, collect and
20 develop relevant data and information necessary for
21 small businesses to compete for small business



1 contracts, and develop an effective small business
2 contracting program within the State; and
3 (2) Appropriating funds for staffing of the small business
4 assistance initiative.

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

8 "§103D- Small business assistance initiative;
9 established. (a) A small business assistance initiative shall
10 be established within the state procurement office. The
11 initiative shall enable the collection and development of small
12 business data and information, and convene stakeholders to
13 develop an effective small business program with actionable
14 rules.

15 The small business assistance initiative shall consist of a
16 small business assistance coordinator, small business office,
17 and small business advisory group. The small business
18 assistance coordinator and small business office shall collect
19 and provide data and metrics to the small business advisory
20 group which, in turn, shall make recommendations that may be
21 used to adopt permanent rules to carry the initiative forward.



1 (b) There is established within the state procurement
2 office full-time equivalent positions for a small business
3 assistance coordinator. This position shall be exempt from
4 chapter 76. This position shall be part of the small business
5 assistance initiative and shall be directly responsible for the
6 maintenance and collection of data from the state small business
7 database and the daily operations of the small business
8 assistance initiative. The small business assistance
9 coordinator shall be responsible for the following:

- 10 (1) Establishing and maintaining a statewide small
11 business database;
- 12 (2) Establishing and managing small business registration,
13 certification, and identification processes;
- 14 (3) Drafting policies and rules to assist in the
15 implementation of this part;
- 16 (4) Producing, publishing, and disseminating trainings
17 designed to inform procurement staff and self-
18 identified small business vendors of small business
19 programs and opportunities;
- 20 (5) Conducting surveys and collecting feedback from
21 procurement staff and self-identified small business



1 vendors and presenting the information to the small
2 business advisory group and the state procurement
3 office; and

4 (6) Producing an annual report consisting of small
5 business participation metrics and data, and
6 submitting the report to the small business advisory
7 group.

8 (c) There shall be established a small business office as
9 part of the small business assistance initiative. The state
10 procurement office shall enter into a contract with a private
11 entity to perform the work of the small business office. The
12 contract shall be awarded to an existing, Hawaii-based small
13 business advocacy group with experience helping small businesses
14 obtain state and federal contracts. The contract awardee shall
15 be a Native Hawaiian-, veteran-, or women-owned small business
16 and shall have the capacity and understanding of the small
17 business community to be able to meet the requirements of the
18 small business assistance initiative.

19 The small business office shall be responsible for:

20 (1) Providing timely trainings and reports relating to key
21 developments in the small business community;



- 1 (2) Establishing communications with self-identified
2 vendors, which may include the development and
3 implementation of a newsletter and email campaign to
4 keep vendors informed of current small business
5 events;
- 6 (3) Producing and publicizing outreach campaigns related
7 to the initiative and other small business programs
8 and opportunities;
- 9 (4) Creating, developing, advertising, and encouraging
10 vendor participation in workshops, seminars, and
11 trainings designed to promote and enhance small
12 business participation in state contracts;
- 13 (5) Establishing mechanisms and implementing procedures
14 for conducting audits, handling disputes, and
15 investigating allegations of fraud and other
16 misappropriations of the initiative;
- 17 (6) Aggregating all small business resources and materials
18 from around the State and presenting them in an
19 accessible and understandable online format;
- 20 (7) Coordinating with small business advocates in the
21 public and private sectors to create a small business



1 network that can be easily accessed by all small
2 businesses;

3 (8) Answering correspondence from small business vendors
4 about the State's existing small business programs;
5 and

6 (9) Collecting data on existing and future small business
7 vendor disputes, problems, difficulties, successes,
8 recommendations, and any other metrics deemed
9 important to the initiative by the state procurement
10 office or legislature.

11 (d) There shall be established a small business advisory
12 group as part of the small business assistance initiative. The
13 members of the small business advisory group shall be selected
14 by the administrator and shall consist of small business
15 advocates from state agencies, non-profit entities, and local
16 businesses. The small business advisory group shall be staffed
17 by the administrator.

18 The small business advisory group shall:

19 (1) Hold meetings, pursuant to chapter 92, to review the
20 progress of the small business assistance initiative



- 1 and investigate issues brought to the attention of the
2 group;
- 3 (2) Recommend amendments and substantive improvements
4 necessary to achieve the intention of the initiative;
- 5 (3) Recommend the scope, powers, administrative
6 definition, staffing, and funding requirements
7 necessary for the creation of a state small business
8 office designed to help small businesses better
9 utilize a future small business program;
- 10 (4) Report to the legislature no later than November 30,
11 2020, regarding the recommended goals for an annual
12 amount of state expenditures to be awarded to
13 identified veteran-, Native Hawaiian-, or women-owned
14 small businesses based on the metrics established by
15 the initiative;
- 16 (5) Recommend plans for the small business assistance
17 coordinator position, including job responsibilities
18 and placement of the position outside of the
19 initiative;
- 20 (6) Complete a study prior to the expiration of this
21 initiative to determine the viability of transferring



1 the functions of the small business office to an
2 office within an existing state department and submit
3 the study and any recommendations to the policy board
4 and the legislature prior to the expiration of the
5 initiative;

6 (7) Determine the appropriateness of retaining the small
7 business assistance coordinator as an exempt employee
8 or converting the position to a civil service
9 position, and submit a recommendation to the policy
10 board and the legislature prior to the expiration of
11 the initiative regarding the future status of the
12 position;

13 (8) Draft, publish, and disseminate prior to the
14 expiration of the initiative, a final report of
15 recommendations, observations, and metrics related to
16 the small business assistance initiative and its
17 success in encouraging and growing the participation
18 of small businesses in applying for and being awarded
19 state contracts; and

20 (9) Provide recommendations in the final report regarding
21 next steps toward development of a state small



1 business program consistent with section 103D-906, and
2 propose rules for the small business program to be
3 adopted and implemented by the policy board.

4 (e) The small business assistance initiative shall end on
5 June 30, 2020."

6 SECTION 3. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$ or so
8 much thereof as may be necessary for fiscal year 2017-2018 and
9 the same sum or so much thereof as may be necessary for fiscal
10 year 2018-2019 for the completion of the state small business
11 database.

12 The sums appropriated shall be expended by the state
13 procurement office for the purposes of this Act.

14 SECTION 4. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$ or so much
16 thereof as may be necessary for fiscal year 2017-2018 and the
17 same sum or so much thereof as may be necessary for fiscal year
18 2018-2019 to establish full-time equivalent (FTE)
19 exempt positions for a small business assistance coordinator
20 within the state procurement office.



1 The sums appropriated shall be expended by the state
2 procurement office for the purposes of this Act.

3 SECTION 5. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so much
5 thereof as may be necessary for fiscal year 2017-2018 and the
6 same sum or so much thereof as may be necessary for fiscal year
7 2018-2019 for the state procurement office to contract with a
8 local small business, which shall serve as the small business
9 office during the small business assistance initiative and for
10 the marketing and outreach of the small business assistance
11 initiative.

12 The sums appropriated shall be expended by the state
13 procurement office for the purposes of this Act.

14 SECTION 6. New statutory material is underscored.

15 SECTION 7. This Act shall take effect on July 1, 2050;
16 provided that on June 30, 2020, section 2 of this Act shall be
17 repealed.



Report Title:

Small Business Assistance Initiative; Procurement Initiative;
Appropriation

Description:

Establishes and defines a three-year small business assistance initiative and its parts within the state procurement office to develop an effective small business state contracting program. Establishes a small business assistance coordinator position, small business office, and small business advisory group as part of the initiative. Appropriates funds for the administration and operation of the initiative. Repeals the initiative on June 30, 2020. Effective 7/1/2050. (SD1)

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



SB 1059, SD1

RELATING TO SMALL BUSINESS

LAB, FIN

SB1059 SD1



Submit Testimony

Measure Title: RELATING TO SMALL BUSINESS.

Report Title: Small Business Assistance Initiative; Procurement Initiative; Appropriation (\$)

Description: Establishes and defines a three-year small business assistance initiative and its parts within the state procurement office to develop an effective small business state contracting program. Establishes a small business assistance coordinator position, small business office, and small business advisory group as part of the initiative. Appropriates funds for the administration and operation of the initiative. Repeals the initiative on June 30, 2020. Effective 7/1/2050. (SD1)

Companion:

Package: None

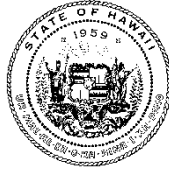
Current Referral: LAB, FIN

Introducer(s): GALUTERIA, DELA CRUZ, ENGLISH, GABBARD, HARIMOTO, Espero, Keith-Agaran, Wakai

| <u>Sort by Date</u> | | Status Text |
|---------------------|---|---|
| 1/25/2017 | S | Introduced. |
| 1/25/2017 | S | Passed First Reading. |
| 1/27/2017 | S | Referred to GVO/ETT, WAM. |
| 2/9/2017 | S | The committee(s) on GVO/ETT has scheduled a public hearing on 02-13-17 1:25PM in conference room 414. |
| 2/13/2017 | S | The committee(s) on GVO recommend(s) that the measure be PASSED, UNAMENDED. The votes in GVO were as follows: 3 Aye(s): Senator(s) Kim, Ruderman, Galuteria; Aye(s) with reservations: none ; 0 No(es): none; and 2 Excused: Senator(s) K. Rhoads, Tokuda. |
| 2/13/2017 | S | The committee(s) on ETT recommend(s) that the measure be PASSED, UNAMENDED. The votes in ETT were as follows: 3 Aye(s): Senator(s) Wakai, Taniguchi, Galuteria; Aye(s) with reservations: none ; 0 No(es): none; and 2 Excused: Senator(s) Baker, L. Thielen. |

| | | |
|-----------|---|--|
| 2/17/2017 | S | Reported from GVO/ETT (Stand. Com. Rep. No. 462) with recommendation of passage on Second Reading and referral to WAM. |
| 2/17/2017 | S | Report adopted; Passed Second Reading and referred to WAM. |
| 2/22/2017 | S | The committee(s) on WAM will hold a public decision making on 02-24-17 9:35AM in conference room 211. |
| 2/24/2017 | S | The committee(s) on WAM recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in WAM were as follows: 10 Aye(s): Senator(s) Tokuda, English, Galuteria, Harimoto, Inouye, K. Kahele, Riviere, Shimabukuro, Taniguchi, Wakai; Aye(s) with reservations: none ; 0 No(es): none; and 1 Excused: Senator(s) Dela Cruz. |
| 3/3/2017 | S | Reported from WAM (Stand. Com. Rep. No. 880) with recommendation of passage on Third Reading, as amended (SD 1). |
| 3/3/2017 | S | 48 Hrs. Notice 03-07-17. |
| 3/7/2017 | S | Report adopted; Passed Third Reading, as amended (SD 1). Ayes, 25; Aye(s) with reservations: none . Noes, 0 (none). Excused, 0 (none). Transmitted to House. |
| 3/7/2017 | H | Received from Senate (Sen. Com. No. 332) in amended form (SD 1). |
| 3/9/2017 | H | Pass First Reading |
| 3/9/2017 | H | Referred to LAB, FIN, referral sheet 27 |
| 3/20/2017 | H | Bill scheduled to be heard by LAB on Thursday, 03-23-17 10:00AM in House conference room 309. |

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR
MARA SMITH
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
LABOR & PUBLIC EMPLOYMENT
MARCH 23, 2017, 10:00 AM

SENATE BILL 1059, SD1
RELATING TO SMALL BUSINESS

Chair Johanson, Vice-Chair Holt and members of the committee, thank you for the opportunity to submit testimony on Senate Bill 1059, SD1. The State Procurement Office (SPO) supports this bill.

The State of Hawaii does not have a formal small business program, or any collected metrics to assist us in understanding the small business landscape in the State. This three-year program would provide the vital data that is missing to enable responsible decision-making on any formal small business program going forward.

SPO is already working on developing the HANDS database that could be modified to allow for registration of small business owners. HANDS (Hawaii Awards and Notices Database) is an effort to have a one-stop-shop, searchable database of all open solicitations from State agencies and political subdivisions. The data collected through the initiative will allow the SPO and Legislature to observe and track small business participation in State contracts for the first time.

Historical Background. 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 Agenda Meeting 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>

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, 88% were 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: veterans, women-owned, and Native Hawaiian-owned businesses.

Addressing small business concerns must include the infrastructure and resources needed to understand and help this unique community. The knowledge and metrics gathered through the purposed initiative will form the basis of all future small business legislation.

Thank you.

STATE OF HAWAII
DEPARTMENT OF DEFENSE

TESTIMONY ON SENATE BILL 1059, SD1, RELATING TO SMALL BUSINESS

PRESENTATION TO THE
COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

BY

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

March 23, 2017
10:00 a.m.

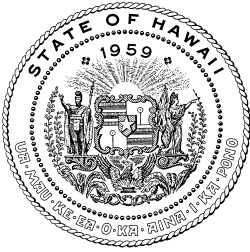
Good morning, Chair Johanson, Vice Chair Holt and members of the Committee:

I'm Ron Han, Director of the State Office of Veterans Services. I appreciate this opportunity to provide written testimony **in support** of the concepts in Senate Bill 1059, SD1.

This measure assists small business entities in the state procurement process by establishing a temporary small business assistance initiative, small business advisory group, 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 written testimony on behalf of Hawaii's Veterans and their families.



SMALL BUSINESS REGULATORY REVIEW BOARD

Department of Business, Economic Development & Tourism
No. 1 Capitol District Bldg., 250 South Hotel St. 5th Fl., Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Email: dbedt.sbrb@hawaii.gov
Website: dbedt.hawaii.gov/sbrb

Tel 808 586-2594

MEMORANDUM

David Y. Ige
Governor

Luis P. Salaveria
Director, DBEDT

Members

Anthony Borge
Chair
Oahu

Harris Nakamoto
Vice Chair
Oahu

Kyoko Kimura
2nd Vice Chair
Maui

Robert Cundiff
Oahu

Nancy Atmospera-Walch
Oahu

Garth Yamanaka
Hawaii

Director, DBEDT
Voting Ex Officio

TO: Chair Johanson, Vice Chair Holt, and Members of the
Committee on Labor & Public Employment – Room 309

FROM: Anthony Borge, Chairperson
Small Business Regulatory Review Board

DATE: Thursday, March 23, 2017 at 10:00 a.m.

SUBJECT: SB1059 SD1, Relating to Small Business - Support

On behalf of the Small Business Regulatory Review Board (SBRRB), I am providing testimony in support of SB1059, SD1, Relating to Small Business.

This measure establishes and defines a three-year small business assistance initiative and its parts within the state procurement office to develop an effective small business state contracting program. It also establishes a small business assistance coordinator position, small business office, and small business advisory group as part of the initiative, appropriates funds for the administration and operation of the initiative, and repeals the initiative on June 30, 2020.

As advocates for small business, the SBRRB believes it is essential that Hawaii has a small business assistance program such as the proposed initiative to assist in identifying, quantifying and addressing the needs of Hawaii small businesses. It is also important to establish successful policies and recommendations that are relevant to Hawaii's contract opportunities which are significant to the growth and development of small businesses, and Hawaii's economy.

Thank you for the opportunity to provide testimony in support of SB1059, SD1.



March 22, 2017

Representative Aaron Ling Johanson
Chair, Committee on Labor & Public Employment
Representative Daniel Holt
Chair, Committee on Labor & Public Employment
Hearing on SB 1059 SD1
State Capitol, Conference Room 309

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

The Oahu Economic Development Board stands in support of SB 1059 SD1 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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E ho'omana mau i nā kānaka'ōiwi pākahi
Continually empowering Native Hawaiians one at a time

**Legislative Testimony
In SUPPORT of SB 1059**

**Wendell Jung, President & CEO
Pelatron Center for Economic Development**

**House Committee on Labor & Public Employment
Rep. Aaron Ling Johanson, Chair
Rep. Daniel Holt, Vice Chair**

**Thursday, March 23, 2017
10:00 a.m., Conference Room 309**

Aloha Chair Johanson, Vice Chair Holt, and Honorable Members of the Committee,

Thank you for this opportunity to submit testimony in SUPPORT of SB1059, Small Business Assistance Initiative, 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.

The Pelatron Center for Economic Development (PCED) is a non-profit corporation established to advance and promote the economic development within the Native Hawaiian community. PCED is an active participant in the Native Hawaiian Organizations (NHO) program and works very hard to accomplish its goals to develop community and business partnerships that provide mentoring, training, business incubation and other innovative activities. These partnerships leverage established contracting programs of the U.S. federal government including the Department of Defense, other Federal Government agencies. We value our opportunity to protect, promote, and advance the SBA 8(a) Business Development program for Native Hawaiian Organizations as well as other 8(a) companies based in the state of 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. SB 1059 is the vehicle to establish a small business office which can assist Native Hawaiian, Veteran, and women owned small businesses throughout the State of Hawaii, creating opportunities for industrious individuals who will contribute and invest in their communities.

PCED strongly supports and urges the passage SB1059.

Thank you for your consideration and the opportunity to SUPPORT SB1059.

Wendell Jung
wjung@pcednho.org
808-629-7016



**Testimony to the House Committee on Labor & Public Employment
Thursday, March 23, 2017 at 10:00 A.M.
Conference Room 309, State Capitol**

RE: SENATE BILL 1059 SD1 RELATING TO SMALL BUSINESS

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 1059 SD1, which establishes and defines a three-year small business assistance initiative and its parts within the state procurement office to develop an effective small business state contracting program; establishes a small business assistance coordinator position, small business office, and small business advisory group as part of the initiative; appropriates funds for the administration and operation of the initiative; repeals the initiative on June 30, 2020.

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.

According to the U.S. Small Business Administration, 96.2% of Hawaii businesses are considered Small Businesses, which is defined by the Federal Government as firms with less than 500 employees. Small Businesses employ 52.4% of the private workforce in Hawaii and of that, 36.6% were from firms of less than 100 employees (2013).

Our suggestion is to provide a provision in the bill that defines a "Small Business" in Hawaii that would be the focus of this effort. No definition of "Small Business" is currently provided in Chapter 103D HRS.

The proposed bill recognizes that the State must create, develop, and implement strategies to ensure that small businesses are able to effectively participate in small business contracting opportunities within the State.

The purpose of this bill is to assist small businesses in obtaining state contracts through the state procurement office by:

1. Creating a small business assistance initiative to convene small business stakeholders, collect and develop relevant data and information necessary for small businesses to compete for small business contracts, and develop an effective small business contracting program within the State; and



Chamber *of* Commerce HAWAII

The Voice of Business

2. Appropriating funds for staffing of the small business assistance initiative.

We are in support of this bill and appreciate the opportunity to express our views on this matter.

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 21, 2017 9:27 AM
To: LABtestimony
Cc: fernandr2001@yahoo.com
Subject: Submitted testimony for SB1059 on Mar 23, 2017 10:00AM

SB1059

Submitted on: 3/21/2017

Testimony for LAB on Mar 23, 2017 10:00AM in Conference Room 309

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|-------------------------------------|---------------------------|---------------------------|
| Rick Fernandez | Native Hawaiian Chamber of Commerce | Comments Only | No |

Comments: The Native Hawaiian Chamber of Commerce (NHCC) supports SB 1059, which establishes and defines a three-year small business assistance initiative and its parts within the state procurement office to develop an effective small business state contracting program. And establishes a small business assistance coordinator position, small business office, and small business advisory group as part of the initiative. NHCC believes SB 1059 is crucial to establish a small business office to assist Native Hawaiian, Veteran, and women owned small businesses to name a few. • The Native Hawaiian Chamber of Commerce (NHCC) was founded in 1974 with a mission to connect and strengthen Native Hawaiian businesses, professions and communities by building on a foundation of relationships, resources and Hawaiian values. • The NHCC strongly supports Native Hawaiian and other Small Businesses, The NHCC believes that Native Hawaiian Small Business success equates to the success of the State of Hawaii. Small businesses are critical to our economy. These businesses not only create invaluable employment opportunities in our communities, 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 SB 1059. Thank you for the opportunity to submit testimony on this measure. Rick Fernandez, President

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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From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 21, 2017 3:39 PM
To: LABtestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for SB1059 on Mar 23, 2017 10:00AM*

SB1059

Submitted on: 3/21/2017

Testimony for LAB on Mar 23, 2017 10:00AM in Conference Room 309

| Submitted By | Organization | Testifier Position | Present at Hearing |
|-----------------------|---------------------|---------------------------|---------------------------|
| Javier Mendez-Alvarez | Individual | Support | No |

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.

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House Labor & Public Employment
Chair Aaron Ling Johanson
Vice Chair Daniel Holt

SUBJECT: Testimony in support of Senate Bill SB1059 SD1, Related to Small Business Assistance Initiative; Procurement Initiative; Appropriation

Chair Rep Johanson, Vice Chair Daniel Holt and distinguished members of the Committee, I thank you for this opportunity to testify in support of the bill related to SB1059 SD1.

I'm Dr. Raymond Jardine Jr., Chairman and CEO of Native Hawaiian Veterans, LLC the SBA Small Business Leader of the Year in Hawaii and second runner up for the SBA National Small Business Leader of the Year for 2016. I had been appointed by the President of the United State as the Vice Chair to the National Veterans Business Development Corporation and the Veterans Administration Advisory Committee for Minority Veterans. I am the past president of the Native Hawaiian Organizations Association (NHOA) which has done over \$3 Billion in federal contract work over the last 10 years. My company is the largest SBA 8(a) and Service Disabled Veterans Owned Company in the State of Hawaii in the federal marketplace doing work in all 50 States and 4 Territories and has done work in 20 countries as well.

The sale and provision of services by businesses based and domiciled in Hawaii to the federal government is a vital part of our state and local economy. These opportunities provide jobs, economic development, and opportunities for our local residents to establish well-paying careers to sustain themselves and their families in Hawaii.

There are many small businesses in Hawaii doing business in the federal marketplace of which many are part of the SBA preferred program as indicated below:

| | |
|---|-------------------|
| • Small Business (SB) | 2095 |
| • Small Disadvantage Business (SDB) | 128 |
| • SBA 8(a) | 124 |
| • Service Disabled Veterans Owned Small Business (SDVOSB) | 128 |
| • Historically Underutilized Business Zone (HUBZone) | 69 |
| • Women Owned Small Business (WOSB) | 328 |
| • Veteran Owned Small Business (VOSB) | 189 |
| • Native Hawaiian Organizations (NHO) | 19 note: 35 firms |

Although federal contracting is a highly lucrative field with the opportunity to greatly benefit our local businesses and economy, it is only possible because of the federal government preference program allocating 23% of all federal contracts to Small Businesses.

In 2005, the legislature passed the Small Business Bill, which, the Governor signed into law under Act 50. However, what is lacking is the ability to implement the law due to inadequate resourcing.

Over 34 states have Small Business Preference Programs giving opportunities to Small Business to compete and grow their businesses. It is nearly impossible for Small Businesses to compete against a Larger Business as the do not have the past performance, scalability and depth. Thus, the federal government and 34 other state governments have developed Small Business Preference Programs to create economic growth, limiting a handful of Large Business from monopolizing government contracting.

Therefore, with the State of Hawaii ranking 49th and 50th of the worst states to conduct business in the last 10 years, the question is; what can the State of Hawaii do to change this and transform this paradigm.

Small Businesses in Hawaii is shrinking at a alarming rate. Over 500 firms have closed their doors as they cannot maintain competitiveness. This bill will help to start changing this pattern and create a mechanism to grow Small Businesses in Hawaii.

By passing this bill you will help establish the necessary resources to implement the Small Business Preference Program and create a more healthy economy for the State of Hawaii and its constituents.

Furthermore, it is a fact that Hawaii is one of the most unfriendly states to start and grow a business. It is critical to the State of Hawaii that we protect our economy and workforce by allowing our businesses to be competitive in State Procurement, leading them to become competitive in the federal marketplace as well.

Thus, growing Small Businesses in Hawaii will allow them to become competitive in federal contracting and will build a core to compete in CONUS and OCONUS.

Chairpersons and distinguished members of the Committees, I thank you once again for this opportunity to present my views on this critical bill to safeguard Small Businesses, grow our economy and the workforce in the State of Hawaii.

Dr. Raymond Jardine Jr.

Hawaii Business Magazine Best New Business – 2010
Native Hawaiian Economic Alliance Business Mentor – 2010
Hawaii Business Magazine Best Places to Work – 2011
Asian Enterprise Entrepreneur of the Year – 2013
SBA Hawaii Veterans Small Business Champion – 2014
Hawaii Business News FAST 50 – 2014
Hawaii Business Magazine Top 250 – 2014
Pacific Edge Magazine Business Executive of the Year – 2015
Hawaii Business Magazine CEO of the Year - 2015
Pacific Business News Magazine #1 Veterans Owned Business – 2015
Hawaii Business Magazine TOP 250 Companies – 2015
#1 Native Hawaiian Owned Company – 2015
#1 SDVOSB in Hawaii – 2015
#1 8(a) Company in Hawaii – 2015
INC Magazine Top 500 – 2015
Hawaii SBA Business Leader of the Year – 2016
SBA National Business Leader of the Year Second Runner Up – 2016
Pacific Business Magazine Business Leader of the Year Runner Up - 2016
Hawaiian Chamber of Commerce O’o award – 2016
Pacific Business News Magazine #1 Veterans Owned Business – 2016
Pacific Business News #1 Minority Owned Business – 2016
Pacific Business News Magazine Fastest 50 – 2016
Hawaii Business Magazine TOP 250 Companies – 2016
#1 Native Hawaiian Owned Company – 2016
#1 SDVOSB in Hawaii – 2016
#1 8(a) Company in Hawaii – 2016

SB 1059, SD1

Late Testimony



AMEL Technologies, Inc.

Engineering Consulting Services

Melek Yalcintas, Ph.D., P.E., LEED AP, CxA, CEM

2800 Woodlawn Drive, Suite 251, Honolulu, Hawaii, 96822

Tel: 808 988 0200, Fax: 808 988 0204, E-mail: melek@ameltech.com

www.ameltech.com

LATE

LATE

March 22, 2017

To: **WAYS AND MEANS COMMITTEE**

Subject: **TESTIMONY IN SUPPORT** of SB 1059
Relating to Small Business –
Hearing: Thursday, March 23, 2017, at 10 am., Room 309

LATE

Dear Committee Members;

My name is Melek Yalcintas and I am the president and owner of AMEL Technologies, Inc. (AMEL), an engineering consulting firm located in Honolulu, HI.

I have already submitted this testimony for (HB1382) on March 20, 2017. Instead of documenting my experiences with other state Departments such as DOE or the University of Hawaii, I will submit the same testimony to document discrimination against women architectures and engineers in Hawaii. I do this because I feel I owe this to the women architects and engineers closed their doors due to discrimination. This time, I will document what State of Hawaii loses when women architects and engineers are discriminated.

Exhibit 1 is the current solicitation out of DBEDT. As noted, DBEDT is in need of technical assistance for Hawaii energy code and related analyses, compliance assessments, training, as well as updating and supporting adoption of the energy code and other related tasks as required by the State.

Earlier, I indicated that my contributions in the energy engineering has been recognized by my peers nationally and I was awarded as Energy Engineer of 2016 for Region V, covering Hawaii, Pacific Islands, Alaska, Arizona, California, Nevada, Oregon, Utah and Washington. See **Exhibit 2**.

Despite AMEL's and my qualifications, I will not respond the subject DBEDT solicitation. The reason why I will not respond is discrimination I faced from DBEDT. The following is a brief documentation of discrimination I experienced from DBEDT. Exhibit 3 is the debriefing note from DBEDT for a solicitation that I responded but not selected. As you will note, it is stated that:

"Provided EnergyStar assessment for two Department of Accounting and General Services (DAGS) facilities and incorrectly completed both of them, in subsequent project did not verify square footage numbers collected in regard to criteria for the audit; did not show working knowledge of Energy Star Portfolio Manager (ESPM) in regard to verifying data."

...Provided Energy Star Assessment for two (DAGS) facilities and incorrectly completed them."

With quoted statements, one would easily conclude that the decision for not selecting AMEL was right decision until one learns that AMEL never have/had contract as a prime A&E with DBEDT or DAGS. One can easily verify through these departments. Contrary what it is stated in the debriefing, I saved the DBEDT and DAGS losing Federal funds provided for Hawaii.



AMEL Technologies, Inc.

Engineering Consulting Services

Melek Yalcintas, Ph.D., P.E., LEED AP, CxA, CEM

2800 Woodlawn Drive, Suite 251, Honolulu, Hawaii, 96822

Tel: 808 988 0200, Fax: 808 988 0204, E-mail: melek@ameltech.com

www.ameltech.com

In 2005, DBEDT asked my help when the mainland firm hired by DBEDT had problems to register the two of Hawaii State Buildings for EnergyStar. With no reservation, I offered help and registered the buildings so that the State would not lose Federal Grant since the deadline was end of 2005. Since there was no money left for the project, I charged a little over \$1,000 which was no way to cover my expenses. It came out of prime firm that DBEDT originally contracted to register the buildings. I even rescheduled my travel to register buildings. I did it because of my love for Hawaii and energy conservation. **Exhibit 4** is the letter DBEDT personnel's e-mail to Energy Star personnel.

Instead of appreciation for my services DBEDT, DAGS and Hawaii, I faced deliberate false accusations in order to eliminate my firm and award the contract to a mainland firm!

Exhibit 5 and 6 is the registration of two buildings I registered for the State of Hawaii as a citizen help. I downloaded these pages from EnergyStar web pages in 2014 when the debriefing is provided. As noted from **Exhibits 5 and 6**, the square footage of the buildings are the same year after year; yet, DBEDT & DAGS personnel made deliberate false statement to justify discrimination against my firm and me.

I must note that DBEDT is not alone discrimination against my firm and other women owned architects and engineers. I have similar experiences almost all State and City agencies in Hawaii. If needed, I will be more than happy to provide additional documentation if needed.

In conclusion, when discrimination is not stopped, not only the State of Hawaii loses its female architects and engineers, but also deprives itself from the best. Therefore, I respectfully ask you to stop discrimination against women architect and engineers in Hawaii. I hope you can do this for your daughters and granddaughters.

Sincerely,
AMEL Technologies, Inc.

Melek Yalcintas, Ph.D., P.E., CxA, CEM, LEED AP
President

EXHIBIT 1

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM
NOTICE TO PROVIDERS OF PROFESSIONAL SERVICES
Solicitation no. SID-PS-06-16-01A

On June 24, 2016, the State of Hawaii, Department of Business, Economic Development, and Tourism (DBEDT) released a solicitation for professional services during fiscal year 2017 (Sept 1, 2016 - June 30, 2017). The following information is provided for a project-specific solicitation for General Engineering – GS-801 (U.S. Federal Office of Personnel Management).

PROJECT-SPECIFIC DETAILS for ENGINEERING CATEGORIES

Provide technical assistance for Hawaii energy code and related analyses, compliance assessments, training, as well as updating and supporting adoption of the energy code and other related tasks as required by the State.

Under the requirements of Section 103D-304(j) HRS, the Director of DBEDT is authorized to invite interested individuals or firms engaged in providing professional services for inclusion on a list of Providers to be considered for projects. Projects under Professional Services contract(s) may be funded, in whole or in part, with federal funds. The funds may be used by DBEDT to support projects that ensure dependable, efficient and economical energy, promote energy self-sufficiency, and provide greater energy security for the State. Full details for this solicitation are described under Submittal Requirements on the following pages, as well as accessible on the State Procurement Office website via the following URL:

<http://hawaii.gov/spo> >Procurement Notices/Bidding Opportunities on the right side of page>Opportunities With The State>Notices>[Define Your Search] > Select an Agency: Department of Business, Economic Development and Tourism>Category: Professional Services (Leave all other boxes blank)> click on “Search”>More Info>View Solicitation Information.

The estimated funding for this project is anticipated to be approximately \$85,000, pursuant to 103D-304(j), Hawaii Revised Statute.

The publication date for this solicitation is March 14, 2017.

DEADLINE FOR SUBMITTALS

The deadline for qualified professionals to submit Expressions of Interest and Statements of Qualifications as described under SUBMITTAL REQUIREMENTS is:

WEDNESDAY, March 29, 2017 @ 4:30 p.m. (HST)

Delivery of Submittal: Submittals shall be mailed or hand delivered; **submittals transmitted via electronic mail or facsimile will not be accepted**. Applicants must submit a current Expressions of Interest naming this project and clearly stating the solicitation number on the letter. For

those who previously submitted Statement of Qualifications within the previous fiscal year (FY17), no new SOQ is required unless you wish to submit a project-specific SOQ for this project.

Late Submittals: No late submittals shall be acceptable for this solicitation.

The publication date for this solicitation is March 15, 2017.

SUBMITTAL REQUIREMENTS – First time submittals

One unbound original marked “ORIGINAL” plus three (3) bound copies marked “COPY” and one (1) CD or DVD containing a PDF file of the Provider’s information should be submitted of all requested documents below. All pages of the submittal should be numbered consecutively. Submit the information requested in items 1 through 9 below in a sealed package or envelope with the solicitation number written on the outside of the package or envelope. ALL items must be received by **WEDNESDAY, MARCH 29, 2017, 4:30 P.M. (HST)** at:

Department of Business, Economic Development, and Tourism
Strategic Industries Division
Attention: Susan Gray-Ellis
235 S. Beretania Street, Room #502
Honolulu, Hawaii 96813

NOTE: Fax or electronic transmittals **will not** be accepted as offers.

1. EXPRESSION OF INTEREST – Submit a signed letter stating an expression of interest in this project. (1 hard copy marked ORIGINAL + 3 copies marked COPY + 1 CD with PDF file).
2. CIP DPW FORM 120 – Submit the completed CIP DPW Form 120 (Revised 6/99) (1 hard copy marked ORIGINAL + 3 copies marked COPY + 1 CD with PDF file).
NOTE: The CIP DPW Form may be downloaded from www.hawaii.gov/forms. Click on the “Public Forms” tab on the top of the screen, then in the search box on the right, type CIP DPW-120, hit Search. Then, download the fillable “CIP DPW-120 Questionnaire for Architects, Engineers & Other Professional Services” form.
3. STATEMENT OF QUALIFICATIONS – Submit a statement of qualifications (SOQ) for the specific project listed on page 1, highlighting the Provider’s qualifications, expertise and experience (1 hard copy marked ORIGINAL + 3 copies marked COPY + 1 CD with PDF file). Include resumes of key personnel and support staff and identify their roles and expertise. Also include a copy of any licenses of personnel where a license is required.
4. PROOF OF INSURANCE COVERAGE – Present proof of insurance coverage via a Certificate of Insurance (1 hard copy marked ORIGINAL + 3 copies marked COPY + 1 CD

**Energy Engineer
Of The Year
Region V**

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Dr. Melek Galintaz



Association of Energy Engineers

For Outstanding Accomplishments In
Promoting The Practices, Principles,
And Procedures Of Energy Engineering.

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EXHIBIT 3

SID-PS-11-13-01 - Professional Services Solicitation for General Engineering
 Advancing Energy Efficiency in Hawaii Public Facilities (Baseline)
 Debriefing Session
 July 25, 2014
 AMEL Technologies, Inc.

| EVALUATION CRITERIA - Individual Scores | Total Possible Points | A | B | C | TOTAL SCORE | TOTAL POSSIBLE SCORE | % |
|--|-----------------------|-----------|-----------|-----------|-------------|----------------------|------------|
| 1. Experience/Professional qualifications relevant to energy baselines and building assessments and analysis | 59 | 48 | 52 | 32 | 132 | 177 | 75% |
| 2. Past performance on projects of similar scope for public agencies or private industry | 16 | 16 | 16 | 16 | 48 | 48 | 100% |
| 3. Capacity to Accomplish Work in required time | 15 | 15 | 15 | 12 | 42 | 45 | 93% |
| 4. Other Criteria | 10 | 10 | 10 | 9 | 29 | 30 | 97% |
| TOTAL POSSIBLE POINTS/SCORE | 100 | 89 | 93 | 69 | 251 | 300 | 84% |

Proposal Weaknesses:

1. Provided EnergyStar assessments for two Department of Accounting and General Services (DAGS) facilities and incorrectly completed both of them; in subsequent project did not verify square footage numbers collected in regard to criteria for the audit; did not show working knowledge of Energy Star Portfolio Manager (ESPM) in regard to verifying data; no discussion of government policy and strategies; no discussion on performance contracting statute beyond statement made; no resumes included; misspellings on p. 23 and confusing double paginations.
2. Perfect score in this category.
3. Provided EnergyStar assessments for two (DAGS) facilities and incorrectly completed both of them.
4. Limited information provided.

EXHIBIT 4

Melek Yalcintas

To: melek@ameltech.com
Subject: RE: ENERGY STAR plaques

-----Original Message-----

From: Elizabeth Raman [<mailto:ERaman@dbedt.hawaii.gov>]
Sent: Wednesday, December 21, 2005 9:50 PM
To: Natarsha Valentine
Cc: Carilyn Shon; Gail Suzuki-Jones; Steve Jurovics; Kudret Utebay; Peter Oh; Vonda Hampton
Subject: Re: ENERGY STAR plaques

Aloha Nartasha.

This is further to a fax that Gail Suzuki-Jones of our office sent you this afternoon. The fax is a copy of a letter transmitting a Statement of Energy Performance (SEP) for the Kapolei State Building to you for prereview. We plan to fedex the original letter and SEP to you tomorrow.

Our PE is Ms. Melek Yalcintas. She may be reached on December 22, 23, and 24 at her cell phone: 808-230-9815. She will be out of the country from December 25-January 14, 2006. She has kindly offered to be available during that time for your questions and you may email her at - MelekYalcintas@hawaii.rr.com.

Please email me or give me a call at 808-587-3806, if you need any clarification or assistance.

We are anxious to receive the ENERGY STAR plaque for this building. We really appreciate your efforts during the holidays on our behalf !

Liz Raman

PS. Gail will be out of the office on December 22 and 23, returns on December 27.

end

Elizabeth S. Raman, Ph.D.
Energy Conservation Program Specialist
Strategic Industries Division
P.O. Box 2359
Honolulu, HI 96804
Tel: 808.587-3806; Fax: 808.587-3820
Visit our website at
www.hawaii.gov/dbedt/ert

"Steve Jurovics" <siurovics@cadmusgroup.com>

12/21/2005 09:58 AM

To "Gail Suzuki-Jones" <GSuzuki@dbedt.hawaii.gov>, "Carilyn Shon" <CShon@dbedt.hawaii.gov>, "Elizabeth Raman" <ERaman@dbedt.hawaii.gov>
cc "Natarsha Valentine" <Valentine.Natarsha@epamail.epa.gov>, "Kudret Utebay" <kutebay@cadmusgroup.com>, "Peter Oh" <poh@cadmusgroup.com>, <vhampton@cadmusgroup.com>

Subject ENERGY STAR plaques

Hi,

I understood from the conversation yesterday that a Professional Engineer will soon conduct an audit of the two buildings that rated over 75 on EPA's Portfolio Manager and that the PE will then complete the Statement of Energy Performance (SEP) on line.

If you want to check that the SEP meets all EPA criteria before sending it by FedEx to Washington, you may fax it to Natarsha Valentine at EPA. She will review it and send an e-mail letting you know to send it along or telling you what needs fixing. (When you send the letters and SEPs, please send them to the address I gave to Gail.)

Natarsha's fax number is 202-343-2204 and her phone number is 202-343-9879.

I've copied Natarsha on this message so that you have her e-mail address and she has yours.

Natarsha, please send your e-mail to all people on this message, because some may be out of the office on vacation, but others will be able to respond quickly. Please also let the Hawaii folks know if the letters I forwarded to you are alright.

I'll be away 12/22-12/27, but if you need assistance with this please contact any of the following people:

Kudret Utebay, kutebay@cadmusgroup.com

Peter Oh, poh@cadmusgroup.com

Vonda Hampton, vhampton@cadmusgroup.com

If you wish to reach me, my cell number is 919-880-3573.

Thanks,
Steve

Stephen Jurovics, Ph.D.
LEED Accredited Professional

The Cadmus Group, Inc.
6330 Quadrangle Drive, Suite 180
Chapel Hill, NC 27517

919-403-5104 Direct
919-403-5100 Main
919-401-5867 Fax

EXHIBIT 5

[Start Over](#) [Reset Search](#) [Back](#)

ENERGY STAR Labeled Building

Facility Profile

ENERGY STAR Labeled Building Profile

State Office Tower (Leiopapa-A-Kamehameha)

235 South Beretania Street
Honolulu, HI 96813

[Map It!](#)**Years Labeled (Rating):**

2006 (79), 2007 (81), 2010 (91), 2012 (96)

Building Owner:

State of Hawaii - DAGS Central Services

Facility Type:

Office

Property Manager:

State of Hawaii - DAGS Central Services

Total Floor Space:

161070

For More Info:

Kevin Au
Honolulu, HI 96819
808-833-7777
kau@noresco.com

Year Constructed:

1991

Please note: The building information in this profile was verified and submitted to EPA at the time of application. Building energy performance, operating characteristics, and ownership/management may be subject to change over time.

EXHIBIT 6

[Start Over](#) [Reset Search](#) [Back](#)

ENERGY STAR Labeled Building Profile

Facility Profile

Kapolei State Building (Kakuhihewa Building)

601 Kamokila Boulevard

Kapolei, HI 96707

[Map It!](#)**Years Labeled (Rating):**2005 (95), 2006 (94), 2009 (96), 2010 (96),
2012 (96), 2014 (96)**Facility Type:**

Office

Total Floor Space:

222000

Year Constructed:

1998

Building Owner:State of Hawaii - DAGS Central
Services**Property Manager:**

N/A

For More Info:Dean Shimomura
Honolulu, HI 96819
8088316736
dean.h.shimomura@hawaii.gov

Please note: The building information in this profile was verified and submitted to EPA at the time of application. Building energy performance, operating characteristics, and ownership/management may be subject to change over time.