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TESTIMONY  
OF  
SARAH ALLEN, ADMINISTRATOR  
STATE PROCUREMENT OFFICE  
TO THE SENATE COMMITTEES  
ON  
GOVERNMENT OPERATIONS  
AND  
ECONOMIC DEVELOPMENT TOURISM AND TECHNOLOGY  
Friday, February 2, 2018, 2:00 p.m.

SENATE BILL 2147  
RELATING TO CONCESSIONS ON PUBLIC PROPERTY

Chairs Kim and Wakai, Vice Chairs Ruderman and Taniguchi, and members of the committees, thank you for the opportunity to submit testimony on Senate Bill 2147. 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](https://www.nigp.org/docs/default-source/New-Site/position-papers/150105_best-value_position-paper-complete_updated.pdf?sfvrsn=4)

**SB-2147**

Submitted on: 2/1/2018 1:46:36 PM

Testimony for GVO on 2/2/2018 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Russell Uchida	Department of Accounting & General Services	Support	No

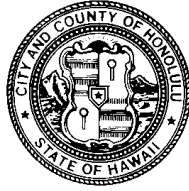
Comments:

Testimony submitted on behalf of Stadium Manager, Scott L. Chan.

- In support of measure, and
- Respectfully offering comments on proposed changes to date range in §102-5 Bids, (a) and (b).

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KIRK CALDWELL  
MAYOR



NELSON H. KOYANAGI, JR.  
DIRECTOR

MANUEL T. VALBUENA  
DEPUTY DIRECTOR

TESTIMONY OF NELSON H. KOYANAGI, JR.  
DIRECTOR OF BUDGET AND FISCAL SERVICES  
CITY AND COUNTY OF HONOLULU  
February 2, 2018, Conference Room 414

Senate Bill SB 2147, "Relating To Concessions on Public Property"

Position: IN SUPPORT

TO: The Honorable Senator Donna Mercado Kim, Chair  
and Members of the Committee on Government Operations

The Honorable Senator Glenn Wakai, Chair  
and Members of the Committee on Economic Development, Tourism, And  
Technology

The Department of Budget and Fiscal Services, City and County of Honolulu,  
**strongly supports** Senate Bill No. SB 2147, Relating To Concessions on Public  
Property.

The current concession laws state that the concession fee shall be the only  
deciding factor for awarding a concession contract. However, other relevant factors  
should also be considered in the award in order to ensure the maximum benefit to the  
public. These other factors include, but are not limited to, the prospective  
concessionaire's experience and qualifications, past performance, marketing plans,  
financing plans, and the potential benefit to the public.

This bill will amend the concession laws to allow a "best value" award process.  
The "best value" process, also known as the competitive sealed proposals (RFP)  
method, will allow for the consideration of all factors of importance to the success of the  
concession operation. If adopted, this bill will allow state and counties to focus on  
selecting a concessionaire that will provide the most advantageous concession  
operation to the public by providing the best possible services while maximizing  
revenues to the public.

Mahalo for the opportunity to testify on this bill. Should you have any questions  
or concerns, please feel free to contact the Department of Budget & Fiscal Services'  
Division of Purchasing at 808-768-5535 or [bfs purchasing@honolulu.gov](mailto:bfs purchasing@honolulu.gov).