

S .B. NO. 2840

JAN 23 2020

A BILL FOR AN ACT

RELATING TO PROCUREMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII

1 SECTION 1. The legislature finds that projects can be
2 delivered in a more efficient manner by increasing the effective
3 use of state resources. The purpose of this Act is to authorize
4 a pilot program to combine state procurement resources with the
5 public works division, under the department of accounting and
6 general services. This pilot program will authorize the state
7 procurement administrator to hire an exempt position with
8 additional incremental funding. These changes promote
9 procurement efficiency, program success, and government
10 accountability.

11 SECTION 2. The state procurement office and the public
12 works division under the department of accounting and general
13 services shall develop a three-year pilot office to enable
14 innovative methods of procurement. The pilot program shall be
15 created, which will sit within the public works division with
16 resources detailed from both partner offices. The pilot program

S.B. NO. 2840

1 shall offer three main services to agencies in their efforts to
2 engage in innovative procurement: advisory, governance and
3 management. Responsibilities of this office shall include but
4 not be limited by the following:

- 5 (1) Develop a value for money proposition for each
6 authorized innovative project;
- 7 (2) Manage and develop rules and guidance for innovative
8 project delivery;
- 9 (3) Facilitate and guide post-award contract management of
10 innovative projects, to include developing a
11 recommended time and performance schedule;
- 12 (4) Conduct negotiations and strategic planning of
13 innovative projects;
- 14 (5) Develop legislation that promotes efficiencies on
15 innovative projects and general construction
16 procurement;
- 17 (6) Write testimony and testify at the legislature on
18 construction bills;
- 19 (7) Develop construction procurement guidance through
20 procurement circulars and the Procurement Wizard, the
21 state's procurement manual;

S.B. NO. 2840

- 1 (8) Develop construction and innovative project delivery
2 training;
- 3 (9) Develop and manage construction seminars;
- 4 (10) Facilitate conversations between agencies and
5 departments with an effort to create a more consistent
6 method of soliciting and managing construction and
7 innovative delivery projects;
- 8 (11) Review construction solicitations and change orders
9 and conduct investigations; and
- 10 (12) Research and implement efficient information systems
11 to allow for reduction of manual processes, both at
12 the solicitation and post-award stages.

13 SECTION 3. The state procurement administrator is
14 authorized to establish and fill the position of innovative
15 project delivery coordinator, one full-time equivalent (1.00
16 FTE) position, exempt from the provisions of chapter 76, Hawaii
17 Revised Statutes, for the duration of the pilot program, for the
18 purposes of this Act.

19

20 Section 4. A bi-annual report shall be submitted to the
21 legislature over the duration of the pilot program.

S .B. NO. 2840

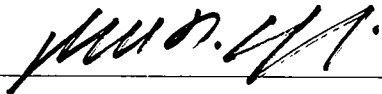
1 SECTION 5. There is appropriated out of general revenues
2 of the State of Hawaii the sum of \$85,000 or so much thereof as
3 may be necessary for fiscal year 2020-2021, for one full-time
4 equivalent (1.0 FTE) exempt position. The name of the exempt
5 position is the innovative project delivery coordinator.

6 The sum appropriated shall be expended by the department of
7 accounting and general services for the purposes of this Act.

8

9 SECTION 6. This Act, upon its approval, shall take effect
10 on July 1, 2020.

INTRODUCED BY:



BY REQUEST

Report Title:
Procurement;

S.B. NO. 2840

Description:

Authorizes the state procurement administrator to hire an exempt position and incrementally funds this position. Authorizes a three-year pilot creating an innovative project delivery partnership between the state procurement office and the office of public works under the department of accounting and general services. Requires the office to provide services to agencies state-wide on construction and innovative projects.

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

SB. NO. 2840

JUSTIFICATION SHEET

DEPARTMENT: Accounting and General Services.

TITLE: A BILL FOR AN ACT RELATING TO PROCUREMENT.

PURPOSE: To authorize a pilot initiative to combine state procurement resources with the public works division, under the department of accounting and general services. This pilot program will authorize the state procurement administrator to hire an exempt position. These changes promote efficiency, program success, and government accountability.

MEANS: This pilot program will authorize the state procurement administrator to hire an exempt position to effectuate efficiency in the area of innovative project delivery.

JUSTIFICATION: Section 2 of this bill is intended to ensure that there is access and proper guidance in construction procurements and the way we acquire and maintain our State's infrastructure. This is an effort to combine procurement theoretical know-how with access to actual construction procurements both pre- and post-award. The office of innovative project delivery will develop policy and guidance, assist and advise on innovative best practices, and also manage approved complex innovative programs for any department or agency involved with innovated projects in Hawaii.

The general fund appropriation included in this measure has been proposed with consideration of the statutorily defined appropriation ceiling for the Executive Branch pursuant to section 37-92, Hawaii Revised Statutes. The total proposed appropriations from the General Fund (which include the Executive Supplemental Budget for FB 2019-2021 and Administration Proposal BUF-08(20), appropriation for bargaining

unit 13 collective bargaining increases to be submitted) exceed the appropriation ceiling by \$14,179,623 (or 0.2%) in fiscal year 2019-2020. Funding requested in this measure to create an innovative project delivery partnership between the state procurement office and the office of public works will result in the appropriation ceiling for the Executive Branch to now be exceeded in fiscal year 2019-2020 by an additional \$85,000 or 0.001 percent. This current declaration takes into account additional general fund appropriations authorized for fiscal year 2019-2020 in the Executive Supplemental Budget, administration proposal BUF-08(20), and this measure only, and does not include other general fund appropriations for fiscal year 2019-2020 that may be authorized for the Executive Branch in other legislation submitted to the Legislature during the regular session of 2020.

The total proposed appropriations from the General Fund (which include the Executive Supplemental Budget for FB 2019-2021 and Administration Proposal BUF-08(20), appropriation for bargaining unit 13 collective bargaining increases to be submitted) exceed the appropriation ceiling by \$24,761,740 (or 0.3%) in fiscal year 2021. Funding requested in this measure to create an innovative project delivery partnership between the state procurement office and the office of public works will result in the appropriation ceiling for the Executive Branch to now be exceeded in fiscal year 2020-2021 by an additional \$85,000 or 0.001 percent. This current declaration takes into account additional general fund appropriations authorized for fiscal year 2020-2021 in the Executive Supplemental Budget, administration proposal BUF-08(20), and this measure only, and does not include other general fund appropriations for fiscal year 2020-2021 that may be authorized for the Executive

Branch in other legislation submitted to the Legislature during the regular session of 2020.

Impact on the public: Public will start to see more consistent and uniform templates for construction procurements, as well as a new energy to partnering with contractors on high dollar, complex construction hybrid procurements that will essentially allow for the public to enjoy safe, well maintained government infrastructure that is built in a timely, compliant manner.

Impact on the department and other agencies: Departments and agencies are considering innovative construction procurement and project delivery processes need additional resources and experts to assist and support them. The department of accounting and general services, the department of human resources development, and the state procurement office will provide this support and use the knowledge and experience gained for program improvement.

GENERAL FUND: \$85,000 requested

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: None.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.