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**TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE**

**TO THE HOUSE COMMITTEE
ON
Labor & Public Employment
February 4, 2020, 9:10 A.M.**

**HB2020
RELATING TO PROCUREMENT**

Chair Johanson, Vice Chair Eli, and members of the committee, thank you for the opportunity to submit testimony on HB2020. The State Procurement Office (SPO) appreciates the intent of this bill and offers the following comments and recommendations.

Comments:

The State finds that, per its adoption of the ABA Model Procurement Code, that past performance is already allowable inside of the procurement statute. What is missing is the guidance that is found as supplemental Rules. Thus, on May 28th, 2019, Procurement Policy Board voted to approve to development of past performance Rules.

In 2019, the State Procurement Office contracted the services of a consultant to review the Comptroller Construction Task Force Report of 2015, analyze the current environment, assist in the development of past performance rules, and make recommendations for the creation of a database. The SPO is currently reviewing the consultant's report and recommendations, along with feedback from CPO jurisdictions and the contractor community, to determine how best to incorporate the information when amending the Rules.

The Rules will cover how to incorporate past performance criteria in a bid or offer, how to evaluate past performance, how to evaluate performance post-award, and how to collect and share that information across siloed agencies through the use of a central state-wide database.

Recommendation:

Creating the tools and infrastructure for buyers to adopt a new policy is essential for successful implementation. In order to continue this work, the SPO is requesting one-time funding of \$144,370, and annual maintenance funding of \$13,500 to develop the following tools:

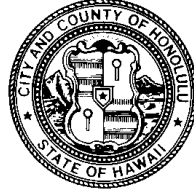
	Delivery	\$
1	Past Performance Guide	14,665
	Prepare a past performance implementation guide that provides information for Hawaii contracting officers with more user-friendly detailed instructions on how to effectively implement the Administrative Rules into practice. The implementation guide will include detailed explanations on how to evaluate past performance, examples of quality past performance narratives, and explanations regarding recording negative performance without using the past performance evaluation as a punitive tool outside of due process.	
2	Past Performance Database Functional Requirements Document	29,705
	Prepare a Past Performance Database Functional Requirements Document (FRD). The FRD will describe the Database's functional requirements. Our FRD will explain the objectives of the Past Performance Database, the forms and data to be entered, work flow of a performance evaluation, users and roles, system outputs, and applicable regulatory requirements, etc. An FRD is solution independent. It is a statement of what the database is to do - not how it functions technically. The FRD does not commit the Database developers to a design. The SPO will be able to include the FRD in a solicitation for design and delivery of the Past Performance Database.	
3	Create Past Performance Database	50,000
4	Preparation and Publication of Rules	5,000
	Rules must be prepared, surveys sent, facilitated discussions and the publication fee	
5	Training	45,000
	Total One Time Funding	144,370
6	Annual Database Maintenance (est at 27% of cost)	13,500
	Total Funding Recurring Annually	13,500

Therefore, SPO recommends removing Section 2, pages 2 and 3, in its entirety, as efforts have already begun to address past performance in competitive sealed bidding in the HAR 3-122, Subchapter 5.

Thank you.

LATE

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
BEFORE THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
February 4, 2020, 9:10 AM, House Conference Room 309

Position: IN OPPOSITION OF HOUSE BILL 2020, RELATING TO PROCUREMENT

TO: The Honorable Aaron Ling Johanson, Chair
and Members of the Committee on Labor and Public Employment

The Department of Budget and Fiscal Services, City and County of Honolulu, **opposes** House Bill No. 2020, Relating to Procurement.

The bill is unnecessary since the State's procurement code already allows Procurement Officers to consider past performance in its award determinations under Hawaii Revised Statutes ("HRS") §103D-310 Responsibility of offerors.

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 bfpurchasing@honolulu.gov.