

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR
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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE
TO THE SENATE COMMITTEES
ON
ENERGY, ECONOMIC DEVELOPMENT AND TOURISM
AND
GOVERNMENT OPERATIONS

February 4, 2019, 2:45 p.m.

SB1003
RELATING TO INNOVATIVE PROJECT DELIVERY GUIDELINES

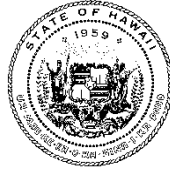
Chairs Wakai and Thielen, Vice Chairs Taniguchi and Inouye, and members of the committees, thank you for the opportunity to submit testimony on SB1003. The State Procurement Office (SPO) provides the following comments to this bill which proposes to create a task force on innovative project delivery guidelines.

The Hawaii Public Procurement Code (Code) is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure and transparency in the procurement and contracting process vital to good government.

The Code does not preclude the use of innovative project delivery models, including design-build-finance-operate-maintain contracts by state agencies. However, guidance on the use of such models require the input of the SPO. We recommend that the Administrator of the State Procurement Office or Administrator's designee be added as a task force member to provide subject matter expertise in the area of procurement.

Thank you.

DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
Comptroller

AUDREY HIDANO
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
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P.O. BOX 119
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WRITTEN TESTIMONY
OF
CURT T. OTAGURO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEES
ON
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM
AND
GOVERNMENT OPERATIONS
ON
FEBRUARY 4, 2019, 2:45 P.M.

S.B. 1003
RELATING TO INNOVATIVE PROJECT DELIVERY GUIDELINES

Chairs Wakai and Thielen, Vice-chairs Taniguchi and Inouye, and Members of the Committees, thank you for the opportunity to submit written testimony on S.B. 1003, Relating to Innovative Project Delivery.

The Department of Accounting and General Services (DAGS) supports S.B. 1003, which establishes the temporary innovative project delivery guidelines task force to establish guidelines around the use of innovative project delivery arrangements for public infrastructure. While the bill suggests that innovative project delivery arrangements appear possible under the current procurement code, it would be beneficial to understand the roles of a delivery partner and how one would carry out the design, rehabilitation, construction, financing, operation, or maintenance of a public purpose facility or infrastructure in partnership with a public agency. In protection of the public interest, DAGS agrees that adequate safeguards, procedures, protocols, and

guidelines are required to enable innovative project delivery arrangements for public infrastructure and the initiation of the task force would allow further discussion of such.

Thank you for the opportunity to testify on this matter.



**TESTIMONY TO THE SENATE COMMITTEES ON
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM, AND GOVERNMENT OPERATIONS
State Capitol, Conference Room 414
415 South Beretania Street
2:45 PM**

February 4, 2019

RE: S.B. 1003 - RELATING TO INNOVATIVE PROJECT DELIVERY GUIDELINES

Chairs Wakai and Thielen, Vice Chairs Taniguchi and Inouye, & members of the committees:

My name is Gladys Quinto-Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii **supports the intent** of S.B. 1003 which proposes to establish the temporary innovative project delivery guidelines task force to establish guidelines around the use of innovative project delivery arrangements for public infrastructure.

We would recommend that the bill not be limited to contracts engaged in by public agencies pursuant to Chapter 103D HRS. We understand that many innovative project delivery methods involve the leasing of government lands. This would allow an investor to get a lease from the government agency, invest and develop the public infrastructure, and lease back the public infrastructure to the agency. At the end of the lease term or upon payment of the investment, the agency would own the public infrastructure.

We believe the task force should be allowed to explore all avenues of innovative project delivery that would include real estate transactions not covered by Chapter 103D. We would recommend removing this restriction.

We support the intent of S.B. 1003, and appreciate the opportunity to express our views on this matter.

SB-1003

Submitted on: 1/31/2019 4:11:14 PM

Testimony for EET on 2/4/2019 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Len	Individual	Comments	No

Comments:

Aloha,

I would respectfully submit that you consider the Best Value Procurement Approach before making any final decisions. Kashiwagi Solution Model <http://ksm-inc.com/> is the group that has created and continually innovates this model. It will save the State considerable money and time. I am not affiliated with this group but have used them both at Kamehameha Schools and in international projects of substantial size. Because this Bill discusses innovative approaches and because of all the State organizations that would be involved that will require additional time/effort/taxpayer money, I am alerting you to this methodology/group so that we can all move forward efficiently and effectively.

Mahalo, Len Gambla