

DAVID Y. IGE  
GOVERNOR



CURT T. OTAGURO  
COMPTROLLER  
AUDREY HIDANO  
DEPUTY COMPTROLLER

**STATE OF HAWAII**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES**  
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

**LATE**

WRITTEN TESTIMONY  
OF  
CURT T. OTAGURO, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE SENATE COMMITTEE ON  
GOVERNMENT OPERATIONS

FEBRUARY 4, 2020, 2:50 P.M.  
CONFERENCE ROOM 225, STATE CAPITOL

S.B. 3143

RELATING TO PROCUREMENT

Chair Thielen, Vice Chair Inouye, and members of the Committee, thank you for the opportunity to submit testimony on S.B. 3143.

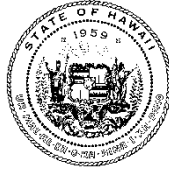
The Department of Accounting and General Services (DAGS) strongly supports this bill and recommends the following amendments.

1. SECTION 1. Amend language on Page 1 on line 11. Change the title of coordinator to “officer” or “manager” or “chief”.
2. SECTION 5. Amend language on Page 4 on line 5. Change the title of coordinator to “officer” or “manager” or “chief”.

The DAGS finds that the language in S.B. 3143 better supports the successful implementation of innovative project delivery methods than language in S.B. 2840.

Thank you for the opportunity to submit testimony on this matter.

DAVID Y. IGE  
GOVERNOR



SARAH ALLEN  
ADMINISTRATOR  
BONNIE KAHAKUI  
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

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TESTIMONY  
OF  
SARAH ALLEN, ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE  
ON  
GOVERNMENT OPERATIONS  
February 4, 2020; 2:50 p.m.

SB3143  
RELATING TO PROCUREMENT

Chair Thielen, Vice Chair Inouye, and members of the committee, thank you for the opportunity to submit testimony on SB3143. The State Procurement Office strongly supports this bill.

The last several years has shown multiple challenges in construction procurement and infrastructure needs, to include the lack of planning and funding for repairs and maintenance of infrastructure. In an effort to support siloed agencies in achieving best value through innovative construction procurement, the idea of the Construction Innovative Procurement shop was devised to enable better management of policy, training and assistance to counties and agencies state-wide.

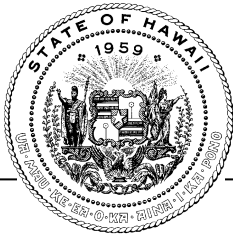
This pilot program would create the necessary conduit between the SPO and the day-to-day activities of construction procurement, giving SPO better visibility to enable value-added policy and guidance. Agencies will; 1) have access to specialists who can help state-wide agencies with their innovate project delivery, 2) reduce the overall risk of failure, and 3) assure benefits have been weighed against a value for money formula which includes factors such as cultural, environmental and community benefits.

SPO requests the following amendments to the current Bill:

1. Amend the language on Page 1, Section 1, line 11. Change the title of the exempt position from coordinator to "officer" or "manager" or "chief" This position is expected to contain the authority to negotiate complex agreements in the millions, the authority to be able to bring siloed agencies together for more consistent construction policy and the authority to develop workable policy that buyers will buy into. For those reasons, we should give this position a title of authority.

2. Amend the language on Page 3, Section 3, line 10-11 to: ~~There is established in the state procurement office~~ The state procurement administrator is authorized to establish and fill.....”
  
3. Amend the language on Page 4, Section 5, Line 5 to: SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of \$85,000 or so much thereof as may be necessary each fiscal year until pilot period end ~~2020—2024~~ for one full-time equivalent (1.0 FTE) innovative project delivery ~~coordinator~~ (officer or chief), which will sit within the public works division resources from both partner offices within the state procurement office.

Thank you.



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DAVID Y. IGE  
GOVERNOR

MARY ALICE EVANS  
DIRECTOR  
OFFICE OF PLANNING

Statement of  
**MARY ALICE EVANS**  
Director, Office of Planning  
before the  
**SENATE COMMITTEE ON GOVERNMENT OPERATIONS**  
Tuesday, February 4, 2020  
2:50 PM  
State Capitol, Conference Room 225

in consideration of  
**SB 3143**  
**RELATING TO PROCUREMENT.**

Chair Thielen, Vice Chair Inouye, and Members of the Senate Committee on Government Operations.

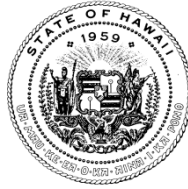
The Office of Planning (OP) supports SB 3143, which would require the State Procurement Office and the Department of Accounting and General Services' Public Works Division (DAGS-PW) to establish a ten-year pilot program for innovative methods of procurement within DAGS-PW. The measure would also provide resources for a new innovative project delivery coordinator position.

One of the responsibilities of the Hawaii Interagency Council for Transit-Oriented Development (TOD Council), for which OP is a co-chair, is to foster use of programs and tools that create a TOD-supportive environment. The adoption and use of innovative procurement methods and alternative financing and delivery mechanisms, such as public private partnerships (P3), is a key objective in the *State Strategic Plan for Transit-Oriented Development* issued and updated by the TOD Council in 2018.

State and County TOD Council representatives are very interested in the technical assistance, training, and guidance on effective procurement methods and delivery systems that will be developed pursuant to this bill—particularly when they lack the resources to acquire such expertise. Many have already benefitted from being invited to attend P3 workshops and presentations that the Public Works Division has hosted over the past two years.

OP notes that consideration should be given to fully authorizing the establishment of such a program rather than limiting it to a pilot program—the need for ongoing innovation is likely to be the new normal given the challenges and uncertainties that government will face in the future.

Thank you for the opportunity to testify on this measure.



**TESTIMONY BY:**

JADE T. BUTAY  
DIRECTOR

Deputy Directors  
LYNN A.S. ARAKI-REGAN  
DEREK J. CHOW  
ROSS M. HIGASHI  
EDWIN H. SNIFFEN

**STATE OF HAWAII**  
**DEPARTMENT OF TRANSPORTATION**  
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February 4, 2020  
2:50 pm  
State Capitol, Room 225

**S.B. 3143**  
**RELATING TO PROCUREMENT**

Senate Committee on Government Operations

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The Department of Transportation (DOT) **supports** the bill to develop a ten-year pilot program through the State Procurement Office (SPO) and the Public Works Division of the Department of Accounting and General Services and establishment and funding of an exempt innovative project delivery coordinator position within the SPO to enable innovative methods of procurement for the purpose of promoting procurement efficiency, program success, and government accountability.

This pilot program offers advisory, governance, and management services to agencies, along with a dedicated full-time innovative project delivery coordinator, will support the vision of innovative procurement and ensure the key focus and optimal execution of stated deliverables, such as rules and guidance for innovative project delivery, negotiations and strategic planning of innovative projects, and construction and innovative project delivery training.

Thank you for the opportunity to provide testimony.