

DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
COMPTROLLER
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STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

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

WEDESDAY, MARCH 17, 2021, 10:00 A.M.
CONFERENCE ROOM 309, STATE CAPITOL

S.B. 789, S.D. 2

RELATING TO PROCUREMENT.

Chair McKelvey, Vice Chair Wildberger, and members of the Committee, thank you for the opportunity to submit testimony supporting the intent of S.B. 789, S.D.2, with comments.

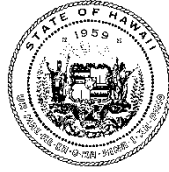
The Department of Accounting and General Services (DAGS) supports the intent of providing greater flexibility in the procurement of certain goods and services and provides the following comment.

Specific reference to public-private partnerships to achieve best value implies that all public-private partnerships, including those for construction, require special procurement approval. This is not the case, as many such agreements are already enabled within the current state procurement structure. DAGS recommends page 2, lines 6 to 15, be revised to read:

"§103D— Special procurement. (a) Contracts for goods and services may be awarded through competition as is practicable under the circumstances, using a special procurement process approved by the Chief procurement officer. The special procurement process shall be used only when the chief procurement officer determines in writing that it is advantageous to the

State to use the special procurement process to address new or unique requirements of the State or procure new technologies [or public—private partnerships]to achieve best value.”

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



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TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
GOVERNMENT REFORM
March 17, 2021, 10:00 A.M.

SENATE BILL 789, SD2
RELATING TO PROCUREMENT

Chair McKelvey, Vice Chair Wildberger, and members of the committee, thank you for the opportunity to submit testimony on SB789, SD2. The State Procurement Office (SPO) appreciates that the Senate Draft 1 of this bill reflects comments we made in previous testimony and offers the additional following comments and recommendation.

This bill proposes to create an alternate method of procurement to address new or unique requirements of the State; or procure new technologies, or public-private partnerships to achieve best value. Prior to issuing a notice, the head of the purchasing agency shall prepare a procurement plan developed in accordance with the proposed section and rules established by the procurement policy board. **Section 4 proposes that the procurement policy board adopt rules to effectuate section 2 of the Act by December 31, 2021.**

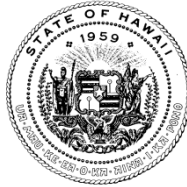
Pursuant to Hawaii Revised Statutes, Section 103D-202 Authority and duties of the policy board, the Procurement Policy Board (PPB) shall have the authority and responsibility to adopt rules consistent with chapter 103D. All rules shall be adopted in accordance with chapter 91. And the PPB shall consider and decide matters of policy within the scope of chapter 103D, including those referred by a chief procurement officer (CPO). For rules to be established, the following shall occur:

- Allow for interested persons an opportunity to submit data, views, arguments, or present oral testimony on any agenda in an open meeting.
- Validate and prepare written guidance to fulfill the requirements of the law.
 - Preparation and publication of rules – require \$5,000 for public notification.
 - Preparation and coordination of surveys, facilitation of discussions and final publication of rules. – require \$4,000 for coordination and public notification.

In addition to the funding requirements, time is required to verify and implement rules and to develop training.

Thank you.

DAVID Y. IGE
GOVERNOR



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

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

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
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HONOLULU, HAWAII 96813-5097

March 17, 2021
10:00 A.M.
State Capitol
Conference Room 309
VIA VIDEOCONFERENCE

**S.B. 789, S.D. 2
RELATING TO PROCUREMENT**

House Committee on Government Reform

The Department of Transportation (DOT) **supports the intent** of the bill to authorize a special procurement process for the procurement of goods and services; requires the procurement policy board to establish rules and procedures for the special procurement process by December 31, 2021; requires the head of the purchasing agency to prepare a procurement plan and submit the plan to the Attorney General or corporation counsel; requires the head of the purchasing agency to electronically post, for at least one year, all contracts awarded through a special procurement process within seven days of the contract award; effective 5/6/2137.

In order to respond timely and appropriately to changing and challenging economic times, new and innovative ways of maintaining and improving state services and infrastructure, while ensuring prudent and cost-effective expenditure of public monies, are needed.

Greater flexibility in the procurement of respective goods and services to accommodate and address varying unique needs and circumstances will improve the State's responsiveness to better serve the people of the State.

Thank you for the opportunity to provide testimony.