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STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

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Testimony of
SUZANNE D. CASE
Chairperson

Before the House Committee on
GOVERNMENT REFORM

Wednesday, February 9, 2022
9:30 AM

State Capitol, Conference Room 309, Via Videoconference

In consideration of
HOUSE BILL 2349
RELATING TO THE HAWAII PUBLIC PROCUREMENT CODE

House Bill 2349 proposes to establish a working group within the Department of Accounting and General Services to study and recommend to the legislature improvements to the management of the state procurement office and methods of procurement, particularly in the area of natural resource management. **The Department of Land and Natural Resources (Department) supports this measure and offers amendments.**

The Department looks forward to meeting with the working group to review challenges and propose solutions.

The Department recommends removing the member of the Department's Commission on Water Resource Management from the working group on page 4, lines 8-10. The Chairperson of the Board of Land and Natural Resources is also a member of Commission and they or their designee can represent the Board and Commission.

Thank you for the opportunity to comment on this measure.



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TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
GOVERNMENT REFORM

February 9, 2022; 9:30 AM

HOUSE BILL 2349
RELATING TO THE HAWAII PUBLIC PROCUREMENT CODE

Chair McKelvey, Vice Chair Wildberger, and members of the committee, thank you for the opportunity to submit testimony on HB2349. The State Procurement Office (SPO) submits the following comments:

The SPO recognizes the intent of the bill, however, Section 1, page 2, lines 18 to 20, and page 3, lines 1 to 8, need further clarification:

However, the legislature also finds that there have been instances where non-profits have been informed that the state procurement system did not allow for the distribution of funds to non-profits, even though the grant had been approved.

The legislature finds that the state procurement system is outdated, with limited options for providing funds to non-profit organizations collaborating with governmental agencies on projects, including those projects mandated by the Hawaii State Constitution to meet the State's natural resource management responsibilities.

The procurement rules, specifically HAR §3-122 subchapter 4.5, "Source Selection for Federal Grant", lays out the process for State and County agencies to award providers for federal grants. It states that selection of providers for federal grants shall be in accordance with the appropriate source selection methods such as:

- Subchapter 4.5 – Source Selection for federal grants;
- Subchapter 6 – Competitive sealed proposals;
- Subchapter 7 - Professional services procurement;
- Subchapter 8 – Small purchases;
- Subchapter 9 – Sole source procurements; and
- Subchapter 10 – Emergency procurements.

The agency can choose the appropriate procurement method in making an award for the provider of the federal grant. In the event that time or economic situations exist, under Subchapter 4.5, the Request for Interest (RFI) method is available.

The process is very simple. A public notice is publicized that identify the scope of work to be done, the deadline for submittal of written responses, and the selection of a provider(s) will be based on the criteria established by the procuring agency, written in the RFI, and the notice of award shall be posted to a state governmental website or all respondents shall be notified in writing.

In the procurement code, there is no distinction or preference for non-profits. Pursuant to 103D-101, HRS, "Requirement of ethical public procurements", it states that procurement shall be to encourage economic competition, that all persons are afforded an equal opportunity to compete in a fair and open environment; and to ensure that all persons are afforded an equal opportunity to compete in a fair and open environment.

There are no barriers for non-profits to be awarded federal funded grants and it is unclear what in the procurement system is outdated.

Thank you.