



**STATE OF HAWAII**  
**STATE PROCUREMENT OFFICE**

P.O. Box 119  
Honolulu, Hawaii 96810-0119  
Tel: (808) 586-0554  
email: [state.procurement.office@hawaii.gov](mailto:state.procurement.office@hawaii.gov)  
<http://spo.hawaii.gov>

TESTIMONY  
OF  
BONNIE KAHAKUI, ACTING ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE  
ON  
GOVERNMENT REFORM  
FEBRUARY 3, 2021, 8:30 A.M.

HOUSE BILL 816  
RELATING TO AGRICULTURE

Chair McKelvey Vice-Chair Wildberger, and members of the committee, thank you for the opportunity to submit testimony on HB 816. The State Procurement Office provides the following comments and concerns.

Comments: The language, in its entirety, in Section 1 does not belong in Chapter 103D, Hawaii Revised Statutes (HRS), the Hawaii Public Procurement Code (Code). The Code should be used for general policy guidance. These specifications are particular to a subject-specific chapter and should be placed there. The Code is meant for general procurement methods and high-level guidance. It should not be a receptacle for all industry-specific specifications or goals as this will, over time, create a vast, and complicated Code that will confuse buyers because they will not be able to trust that specifications are in the respective chapter and procurement specific requirements are lost within the sea of specifications

Concerns: The SPO is also concerned how this bill will impact purchasing agencies. Operating a food service establishment requires attention to details: menu planning, monitoring of food costs, food wastes, customer counts, and supply challenges. The bill could have unintended consequences of increased costs.

There are other questions. What if a company shuts down and other vendors cannot supply the demand? The agency needs to scramble to get a replacement and often at higher costs. What happens if the State no longer need the local produce because of the changing tastes of the customer? What happens if the price of locally grown produce have a sharp increase, due to social and economic conditions? What happens if the contracted food vendor's price for a particular item is priced much higher than other competitors?

Additionally, the bill lacks clarity on what is meant by "having a value of more than \$250." Is this the value of the contract for five years? Is this the cost of a single produce item or is it the entire invoice cost with multiple products? What justification is there for a five-year contract and would it be a fixed rate contract, with cost adjustments?

It is imperative that input from the various food serving agencies are gathered to determine the impact this bill will have on the State.

Thank you.

**DAVID Y. IGE**  
Governor

**JOSH GREEN**  
Lt. Governor



**PHYLLIS SHIMABUKURO-GEISER**  
Chairperson, Board of Agriculture

**MORRIS M. ATTA**  
Deputy to the Chairperson

State of Hawaii  
**DEPARTMENT OF AGRICULTURE**  
1428 South King Street  
Honolulu, Hawaii 96814-2512  
Phone: (808) 973-9600 FAX: (808) 973-9613

**TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER  
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEE ON GOVERNMENT REFORM**

**FEBRUARY 3, 2021  
8:30 A.M.  
VIA VIDEO CONFERENCE**

**HOUSE BILL NO. 816  
RELATING TO AGRICULTURE**

Chairperson McKelvey and Members of the Committee:

Thank you for the opportunity to testify on House Bill 816, relating to agriculture. This bill would require a contract for the purchase of local produce having a value of more than \$250 to be for a term of at least 5 years. The Department offers comments on this measure.

Long-term contracts provide local agricultural producers with a stable source of revenue in an industry. This stability would allow more farms to take the risk involved with expansion of their production capacity and may help to further develop and expand the statewide agricultural industry. The Department supports this concept but defers to the State Procurement Office and those departments that purchase large volumes of produce on how this measure might impact their operations. The Department has additional concerns about this measure's applicability to purchase orders, which can be considered a type of contract. Additionally, application of a 5-year contract requirement to local agricultural producers only may have the unintended consequence of disincentivizing the purchase of local produce in favor of non-local produce in certain circumstances where shorter term contractual arrangements are preferred or appropriate.



Thank you for the opportunity to testify on this measure.



STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
P.O. BOX 2360  
HONOLULU, HAWAII 96804

**Date:** 02/03/2021

**Time:** 08:30 AM

**Location:** Via Videoconference

**Committee:** House Government Reform

**Department:** Education

**Person Testifying:** Dr. Christina M. Kishimoto, Superintendent of Education

**Title of Bill:** HB 0816 RELATING TO AGRICULTURE.

**Purpose of Bill:** Requires a contract for the purchase of local produce having a value of more than \$250 to be for a term of at least 5 years.

**Department's Position:**

The Hawaii State Department of Education (Department) respectfully provides comments on HB 816.

The Department currently procures local food for its food service program. However, the Department would prefer flexibility in determining the appropriate length of a contract term that would best support the needs of the procurement.

A one-size-fits-all minimum five-year term restricts the program's ability to respond to changing program needs or to respond to changing market conditions. This would hamper the Department's ability to issue a new solicitation if, for example, there is an increase in the number of suppliers making the market price more competitive and beneficial to the Department.

Thank you for the opportunity to provide comments on this measure.

The Hawai'i State Department of Education is committed to delivering on our promises to students, providing an equitable, excellent, and innovative learning environment in every school to engage and elevate our communities. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at [www.hawaiipublicschools.org](http://www.hawaiipublicschools.org).



LATE

P.O. Box 253, Kunia, Hawai'i 96759  
Phone: (808) 848-2074; Fax: (808) 848-1921  
e-mail info@hfbf.org; www.hfbf.org

February 3, 2021

HEARING BEFORE THE  
HOUSE COMMITTEE ON GOVERNMENT REFORM

**TESTIMONY ON HB 816**  
RELATING TO AGRICULTURE

Conference Room 309  
8:30 AM

Aloha Chair McKelvey, Vice Chair Wildberger, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

**The Hawaii Farm Bureau supports HB 816**, which requires a contract for the purchase of local produce having a value of more than \$250 to be for a term of at least 5 years.

HFB strongly supports the increased use of locally grown agricultural products, fruits, vegetables, meats, dairy, and poultry products in our schools and other public institutions.

The use of contracts can be attractive to farmers and ranchers. Contracts provide farmers and ranchers with the assured sales of their crops and products which can result in increasing income, building capacity, and generating employment.

HFB appreciates the intent of this measure to provide a 5-year contract to farmers that supply produces to state institutions. Farming is an extremely unpredictable business subject to weather, pest, disease, natural disasters, vog, and theft. We request that a Force Majeure provision be included in any contract to ensure that farmers aren't penalized for not fulfilling their contractual obligations due to unforeseeable circumstances.

Thank you for this opportunity to testify.