



STATE OF HAWAII
STATE PROCUREMENT OFFICE

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

TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
JUDICIARY & HAWAIIAN AFFAIRS
April 4, 2022; 2:00 PM

SENATE BILL 2383, SD2, HD1
RELATING TO THE STATE PROCUREMENT POLICY BOARD

Chair Nakashimi, Vice Chair Matayoshi, and members of the committee, thank you for the opportunity to submit testimony on Senate Bill 2383, SD2, HD1. The State Procurement Office (SPO) provides comments on this bill.

It is critical for the SPO in overcoming roadblocks to adopt, amend, or repeal administrative rules and carry out the objectives of Chapters 103D and 103F, Hawaii Revised Statutes.

Pursuant to Sections 103D-201, 103D-202, and 103F-106 of the Hawaii Revised Statutes (HRS), the seven-member Procurement Policy Board (PPB) adopts, amends, or repeals, administrative rules to carry out and effectuate the purpose and provisions of Chapter 103D, Hawaii Revised Statutes (HRS), governing the procurement, management, control, and disposal of any and all goods, services, construction, and Chapter 103F, HRS, for the purchase of health and human services. The PPB considers and decides on matters of policy, audits and monitors the implementation of its Hawaii Administrative Rules (HAR) and the requirements of its statutes and issues Procurement Directives to transmit the HAR and policies, and review applications for and recommends the appointment of the administrator for State Procurement Office.

The PPB last held a meeting in May 2019 but has not been able to hold subsequent meetings due to attrition, a lack of applications to fill resulting vacancies, and the inability to meet quorum. At the end of the 2022 Legislative Session, the PPB will have the Comptroller as its only member after losing a holdover member pursuant to Section 26-34(b), HRS. Achieving quorum of four for the seven-member PPB is a challenge.

The SPO wishes to provide the following revised language to §103D-201 to replace the existing language in the current version of the bill:

§103D-201 Creation and membership of the procurement policy board. (a) There is hereby created an autonomous state procurement policy board. The policy board shall be assigned, for administrative purposes only, to the department of accounting and general services.

(b) The policy board shall consist of ~~seven~~ five members. Notwithstanding the limitations of section 78-4, the members of the board shall include:

(1) The comptroller;

(2) A county employee with significant high-level procurement experience; and

(3) ~~Five~~ Three persons who shall not otherwise be full-time employees of the State or any county; provided that at least one member shall be a certified professional in the field of procurement, at least one member shall have significant high-level, federal procurement experience, and at least two one members shall have significant experience in the field of health and human services, and least one member with significant high-level construction experience.

Each appointed member shall have demonstrated sufficient business or professional experience to discharge the functions of the policy board. The initial and subsequent members of the policy board, other than the comptroller, shall be appointed by the governor. ~~from a list of three individuals for each vacant position, submitted by a nominating committee composed of four individuals chosen as follows: two persons appointed by the governor; one person appointed by the president of the senate; and one person appointed by the speaker of the house.~~ Except as provided in this section, the selection and terms of the policy board members shall be subject to the requirements of section 26-34. No member of the policy board shall act concurrently as a chief procurement officer. The members of the policy board shall devote such time to their duties as may be necessary for the proper discharge thereof.

(c) The policy board shall be assisted by employees of the department of accounting and general services, which shall provide at least one full-time support staff and funding necessary to support the policy board.

(d) Members of the policy board shall be reimbursed for any expenses, including travel expenses, reasonably incurred in the performance of their duties.

(e) The chairperson of the policy board shall be elected annually by a majority of its members from among all of its members; provided that the state comptroller shall not be eligible to serve as the chairperson.

The main objective of the SPO is the timely adoption of administrative rules governing the procurement, management, control, and disposal of any and all goods, services, and construction. Until the issue of the PPB is resolved, this rule-making process continues to be in a standstill.

Thank you.



Lori M.K. Kahikina, P.E.
Executive Director and CEO

Rick Keene
Deputy Executive Director and COO

BOARD OF DIRECTORS

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HOUSE COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS

April 4, 2022

2:00 p.m.

Conference Room 325, State Capitol

Chair Nakashima, Vice Chair Matayoshi, and Members of the Committee:

On behalf of its Board of Directors, the Honolulu Authority for Rapid Transportation (HART) **provides comments** on **SB2383, SD2 HD1** Relating to Procurement.

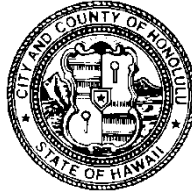
The Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu (RCH) 1973 (2017 Edition). RCH Section 17-103.1 authorizes HART to "develop the fixed guideway system." In order to perform its duties and functions pursuant to RCH 17-103.2(a) the transit authority shall make and execute contracts, project labor agreements and other instruments requiring execution by the authority on such terms as the authority may deem necessary and convenient or desirable with any person or entity in the execution and performance of its powers, duties and functions.

The **HART Board of Directors has concerns** with legislative measures and language that would result in less opportunity for citizens to have a voice in government. Proposals to eliminate the Procurement Policy Board may result in less of an opportunity for citizens to have a voice in government and provide a means to influence decisions that shape the quality of life for the residents of the State.

Mahalo for this opportunity to testify.

LATE

RICK BLANGIARDI
MAYOR



ANDREW T. KAWANO
DIRECTOR

CARRIE CASTLE
DEPUTY DIRECTOR

TESTIMONY OF ANDREW T. KAWANO
DIRECTOR OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
BEFORE THE HOUSE COMMITTEE ON JUDICIARY AND HAWAIIAN AFFAIRS
April 4, 2022, 2:00 PM, Conference Room 325 and Videoconference

TO: The Honorable Mark M. Nakashima, Chair
and Members of the House Committee on Judiciary and Hawaiian Affairs

RE: SENATE BILL 2383, SD2, HD1 RELATING TO THE STATE PROCUREMENT
POLICY BOARD

The Department of Budget and Fiscal Services, City and County of Honolulu (City), **offers comments** on Senate Bill (SB) 2383, SD2, HD1 Relating to the State Procurement Policy Board.

The City would support a bill that 1) helps to ensure all vacancies on the State Procurement Policy Board ("Policy Board") are filled and 2) allows for county representation on the Policy Board.

If the board contains seven members and the State Comptroller is a member, there are only six seats remaining. If one of those six must be a county employee, it contradicts that the "remaining six members shall not otherwise be full-time employees of the State or any county."

The City does offer the following revision:

On page 3, beginning on line 14 and ending on line 17, "provided further that one member shall be a county employee with significant high level procurement experience and the remaining ~~six~~ **five** members shall not otherwise be full-time employees of the State or any county."

For the reasons stated above, the City offers its comments on Senate Bill 2383, SD2, HD1.

Mahalo for the opportunity to testify on this bill. Should you have any questions or concerns, please feel free to contact the Department of Budget & Fiscal Services' Division of Purchasing at 808-768-5535 or bfspurchasing@honolulu.gov.

1065 Ahua Street
Honolulu, HI 96819
Phone: 808-833-1681 FAX: 839-4167
Email: info@gcahawaii.org
Website: www.gcahawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

LATE

Uploaded via Capitol Website

April 4, 2022

TO: HONORABLE MARK NAKASHIMA, CHAIR, HONORABLE SCOTT MATAYOSHI, VICE CHAIR, COMMITTEE ON JUDICIARY & HAWAIIAN AFFAIRS

SUBJECT: **COMMENTS ON S.B. 2383 SD2 HD1, RELATING TO THE STATE PROCUREMENT POLICY BOARD.** Requires the governor, president of the senate, and speaker of the house of representatives to each appoint two members to the state procurement policy board. Clarifies the experience requirements for members of the board. Repeals the procurement policy board nominating committee.

HEARING

DATE: Monday, April 4, 2022
TIME: 2:00 p.m.
PLACE: Capitol Room 325

Dear Chair Nakashima, Vice Chair Matayoshi and Members of the Committee,

The General Contractors Association of Hawaii (GCA) is an organization comprised of approximately five hundred (500) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. Our mission is to elevate Hawaii's construction industry and strengthen the foundation of our community.

GCA **supports** S.B. 2383 SD2 HD1, which requires the governor, president of the senate, and speaker of the house of representatives to each appoint two members to the state procurement policy board. Clarifies the experience requirements for members of the board. Repeals the procurement policy board nominating committee.

GCA understands that this measure attempts to address the quorum issue that board faces. GCA finds that the HD1 version of the measure is a reasonable method of appointing members to the Procurement Policy Board, while ensuring that the various interested parties are represented on the Board.