



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

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TESTIMONY  
OF  
BONNIE KAHAKUI, ACTING ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE  
ON  
GOVERNMENT REFORM  
March 23, 2022; 9:30 AM

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

Chair McKelvey, Vice Chair Wildberger, and members of the committee, thank you for the opportunity to submit testimony on Senate Bill 2383, SD2. 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.

The SPO wishes to provide the following comments on Senate Bill 2383, SD2:

- SECTION 2 (b), on Page 3, lines 3 to 7, outlines that the members to the PPB will be appointed by the Governor (four members), President of the Senate (one member), and Speaker of the House of Representatives (one member).

- The bill does not address how the appointment for each specific board position will be handled.
  - Will the people making the appointments meet as a collective body, similar to the process of the Procurement Policy Board Nominating Committee, to discuss the appointments?
  - Will the appointments for specific board positions be divided up between the Governor, President of the Senate, and Speaker of the House of Representatives?
  - Will all the appointees need to go through the confirmation process?
- Section 2, page 3, lines 13 to 16 state:  
“provided further that one member shall be a county employee with significant high level procurement experience and the **remaining six members** shall not otherwise be full-time employees of the State or any county.

This is contradictory to having 1) the comptroller and 2) one county member, and the **remaining five members** are not full-time employees of the State or county.

Achieving quorum of four for the seven-member PPB is a challenge. The SPO recommends that the number of members be reduced from seven to five, which means that quorum of three is needed and thus easier to achieve. The SPO recommends the PPB membership to consist of the following:

- (1) The comptroller
- (2) A county employee with significant high level procurement experience
- (3) One member with federal experience
- (4) One member with health and human services experience
- (5) One member with construction experience

The SPO has done its due diligence in reaching out to various organizations and procurement professionals but found that the biggest challenge is finding procurement professionals for every board position who are 1) willing to submit an application and 2) go through the advice and consent (confirmation) process in the Senate.

The SPO recommends that the application process remain with the existing Boards and Commissions office, which has an established system in place, at <https://boards.hawaii.gov>.

The SPO respectfully submits guidelines on the qualifications on serving as a volunteer member of the PPB. This will ensure that proper representation on the PPB include a county employee, the federal government, health and human services, and construction.

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 at a standstill.

Thank you.

Attachment

## **PROCUREMENT POLICY BOARD**

### **Creation and Membership of the Procurement Policy Board**

[Section 103D-201](#), Hawaii Revised Statutes, describes the membership of the Procurement Policy Board (Board) and states that “each appointed member shall have demonstrated sufficient business or professional experience to discharge the functions of the policy board.”

The following are recommended qualifications for some, but not all, of the board positions:

### **County Employee with Significant High Level Procurement Experience**

- Is a current county employee
- Graduated from an accredited four-year college or university with a Bachelor's degree;
- Planned, coordinated, and directed the work of one or more procurement programs;
- Solved difficult and important procurement problems on a county-wide basis;
- Demonstrates ability to write clear and comprehensive reports and other documents;
- Possesses a minimum of five (5) years of specialized procurement experience. Specialized procurement experience shall mean:
  - a. Knowledge of purchasing principles and practices and applicable federal, state and county laws, ordinances, and rules or regulations;
  - b. Knowledge of the procurement process, to include competitive sealed bidding, competitive sealed proposals, small purchases and formal contracts;
  - c. Experience in evaluating user situations and concerns;
  - d. Experience in analyzing and evaluating documentation; and
  - e. Experience in writing complex or technical procurement policies and procedures.

### **Federal Employee with Significant High Level Federal Procurement Experience**

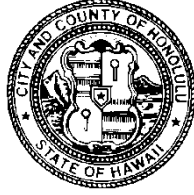
- Is a current or former employee, or retiree, from the federal government in the procurement area;
- Graduated from an accredited four-year year college or university with a Bachelor's degree;
- Planned, coordinated and directed the work of one or more procurement programs;
- Solved difficult and important procurement problems on a broad basis;
- Demonstrates ability to write clear and comprehensive reports and other documents;
- Possesses a minimum five years of specialized procurement experience. Specialized procurement experience shall mean:
  - a. Knowledge of purchasing principles and practices and applicable federal laws, rules and regulations;
  - b. Knowledge of the procurement process, to include competitive sealed bidding, competitive sealed proposals, small purchases and formal contracts;
  - c. Experience in evaluating user situations and concerns;
  - d. Experience in analyzing and evaluating documentation; and
  - e. Experience in writing complex or technical procurement policies and procedures.

### **One Individual with Significant Experience in the Field of Health and Human Services**

1. Graduated from an accredited four-year college or university with a Bachelor's degree;
2. Planned, coordinated and directed the work of one or more programs contracting for health and human services;
3. Solved difficult and important procurement problems on a broad basis;
4. Demonstrates good verbal communication skills and ability to write clear and comprehensive reports and other documents;
5. Possesses a minimum of five years of specialized procurement experience –  
Specialized procurement experience shall mean:
  - a. Knowledge of purchasing principles and practices;
  - b. Knowledge of procurement process, to include request for proposals;
  - c. Experience in advising or assisting with resolving simple to complex procurement situations and concerns;
  - d. Experience in analyzing and evaluating documentation, and providing advice/recommendation based on the analysis and evaluation;
  - e. Experience in working relationship with providers, i.e., assessing needs and planning for purchases of health and human services; and
  - f. Experience in writing complex or technical procurement policies and procedures.

2022

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 GOVERNMENT REFORM  
**March 23, 2022, 9:30 AM, Conference Room 309 and Videoconference**

TO: The Honorable Angus L.K. McKelvey, Chair  
and Members of the House Committee on Government Reform

RE: SENATE BILL 2383, SD2, 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, Relating to the State Procurement Policy Board.

The City would support any initiative to fill all vacancies on the State Procurement Policy Board ("Policy Board") and offers the following revision:

On page 3, beginning on line 13 and ending on line 16, "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.

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](mailto:bfspurchasing@honolulu.gov).



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

Rick Keene  
Deputy Executive Director and COO

**BOARD OF DIRECTORS**

Colleen Hanabusa  
Chair

Anthony B. Aalto  
Michele Chun Brunngraber  
Kika G. Bukoski  
Jade Butay

Mark Howland  
Natalie Iwasa  
Lynn McCrory  
J. Roger Morton

Joseph V. O'Donnell  
Arthur Tolentino  
Dean Uchida

**HOUSE COMMITTEE ON GOVERNMENT REFORM**

**March 23, 2022**

**9:00 a.m.**

**Conference Room 309, State Capitol**

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

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



**Testimony to the House Committee on Government Reform  
Representative Angus McKelvey, Chair  
Representative Tina Wildberger, Vice-Chair  
Wednesday, March 23, 2022, 9:30 a.m.  
Via Videoconference; Room 309  
SB 2383, SD2, Relating to the State Procurement Policy Board**

Dear Chair McKelvey, Vice-Chair Wildberger, and members of the GVR Committee:

On behalf of the Hawai'i Alliance of Nonprofit Organizations, I would like to offer our testimony in support of SB 2383, SD2, Relating to the State Procurement Policy Board.

Hawai'i Alliance of Nonprofit Organizations (HANO) is a statewide, sector-wide professional association of nonprofits. Our mission is to unite and strengthen the nonprofit sector as a collective force to improve the quality of life in Hawai'i. Our member organizations provide essential services to every community in the state.

SB 2383, SD2 would amend the process of appointing members to the State Procurement Policy Board. HANO strongly opposed the elimination of this Board as proposed in the original and SD1 versions of this bill and is therefore highly supportive of this SD2 version. This SD2 version eliminates the Policy Board's nominating committee and makes other changes to streamline the appointment process which HANO believes is the right approach to rectifying vacancy and quorum issues with the Policy Board. Presently, two of the Board's members represent the field of health and human services which gives this sector an important voice in the implementation of Chapter 103F, HRS.

Mahalo for the opportunity to provide written testimony.

Lisa Maruyama  
President and CEO

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# GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

March 23, 2022

TO: HONORABLE ANGUS MCKELVEY, CHAIR, HONORABLE TINA WILDBERGER, VICE CHAIR, COMMITTEE ON GOVERNMENT REFORM

SUBJECT: **COMMENTS ON S.B. 2383 SD2, RELATING TO THE STATE PROCUREMENT POLICY BOARD.** Repeals the Procurement Policy Board Nominating Committee. Requires the Governor to appoint four members to the State Procurement Policy Board. Requires the President of the Senate to appoint one member to the State Procurement Policy Board. Requires the Speaker of the House of Representatives to appoint one member to the State Procurement Policy Board..

HEARING

DATE: Wednesday, March 23, 2022  
TIME: 10:00 a.m.  
PLACE: Capitol Room 309

Dear Chair McKelvey, Vice Chair Wildberger 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 provides comments on S.B. 2383 SD2, which repeals the Procurement Policy Board Nominating Committee. Requires the Governor to appoint four members to the State Procurement Policy Board. Requires the President of the Senate to appoint one member to the State Procurement Policy Board. Requires the Speaker of the House of Representatives to appoint one member to the State Procurement Policy Board.

GCA prefers this version of the measure over the previous versions. However, GCA requests that the measure be amended to require that one member also have significant, high-level experience with the Hawaii Public Procurement Code, Chapter 103D, HRS.

Thank you for the opportunity to provide comments.