

JOSH GREEN, M.D.
GOVERNOR



KEITH T. HAYASHI
SUPERINTENDENT

STATE OF HAWAII
DEPARTMENT OF EDUCATION
KA 'OIHANA HO'ONA'AUAO
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/07/2025

Time: 09:30 AM

Location: 325 VIA VIDEOCONFERENCE

Committee: House Agriculture & Food Systems

Department: Education

Person Testifying: Keith T. Hayashi, Superintendent of Education

Bill Title: HB 0812 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) appreciates the opportunity to provide comments on HB 812.

The Department appreciates that longer term contracts could help with providing stability to some vendors but has concerns about the lack of flexibility that a minimum contract of five years would result in. There are also concerns that the vendor pool will shrink if vendors are required to lock in prices for a long period of time. The requirement for a longer term for a contract could also reduce the Department's ability to explore specialty options on a short-term basis to gauge student interest on a proposed new menu item.

Thank you for the opportunity to testify in support of this measure.



STATE OF HAWAII | KA MOKU'ĀINA O 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, ADMINISTRATOR
STATE PROCUREMENT OFFICE**

**TO THE HOUSE COMMITTEE
ON
AGRICULTURE & FOOD SYSTEMS
FEBRUARY 7, 2025; 9:30 AM**

**HOUSE BILL 812
RELATING TO AGRICULTURE**

Chair Kahaloa, Vice Chair Kusch, and members of the committee, thank you for the opportunity to submit testimony on HB812. The State Procurement Office (SPO) supports the intent of the bill, which proposes to mandate the term to at least five years for any purchases of local produce having a value of more than (two hundred fifty dollars) \$250.00. The SPO provides the following comments and recommendations.

Pursuant to Section 103D-305, Hawaii Revised Statute (HRS), purchase of goods and services under \$100,000 are considered small purchases. Typically, small purchases are one-time purchases or for a limited period. Requiring an agency to commit to at least a five-year contract on a small purchase is not realistic, restricts the agencies, and creates an administrative burden.

A purchasing entity has the ability to determine use a multi-year contract, when:

1. Estimated requirements cover the period of the contract and are reasonably firm and continuing;
2. Such a contract will serve the best interests of the State by encouraging effective competition or otherwise promoting economies in [State] procurement.

Furthermore, a supplier may not be able to maintain a fixed price over a five-year period due to the natural volatility of produce prices. Price fluctuation in produce refers to the frequent changes in the cost of fruits and vegetables, influenced by various factors such as weather conditions, harvest yields, pests, diseases, transportation challenges, seasonal variations, and fluctuations in global market demand. These factors lead to periods of both high and low supply, directly affecting market prices.

To address this uncertainty, a **price adjustment clause** is included in contracts to protect the suppliers from unforeseen cost increases and allows for price modifications in response to significant market changes. At the same time, it provides the purchasing agency with some level of comfort that the contractor will not default or terminate the contract due to unmanageable cost fluctuations.

The SPO recommends revisions to Section 1, page 1, lines 4 to 7:

“103D – Purchases of local produce, specifications. (a) Notwithstanding any provisions to the contrary, any contract for the purchase of local produce having a value of more than ~~\$250~~ \$100,000 shall be for a term of at least five years, provided that such contract contain a price adjustment clause to either increase or decrease.

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



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 7, 2025

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE & FOOD SYSTEMS

TESTIMONY ON HB 812
RELATING TO AGRICULTURE

Conference Room 325 & Videoconference
9:30 AM

Aloha Chair Kahaloe, Vice-Chair Kusch, and Members of the Committee:

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

The Hawai'i Farm Bureau supports HB 812, which requires a contract for the purchase of local produce with a value of more than \$250 to be for a term of at least five years. This measure is an important step in increasing farmer participation in the Farm to School and helping the Department of Education achieve its goal of sourcing 30 percent of school food locally by 2030, as established in Act 175, SLH 2021.

Hawai'i's farmers and ranchers face unique challenges, including high land, water, labor, energy, transportation, and input costs, as well as uncertainty in market stability. Short-term contracts do not provide the reliability farmers need to justify expanding production, investing in new infrastructure, or hiring additional labor. Requiring contracts of at least five years for local produce creates a more predictable and stable institutional market for farmers and ranchers, encouraging them to increase production and invest in their operations.

Increasing procurement of locally grown agricultural products supports food security and sustainability while ensuring students receive fresh, nutritious food. However, farmers and ranchers have long struggled with the state procurement process, which has been challenging to navigate. HB 812 will help encourage more local producers to participate in the Farm to School program by ensuring longer-term contracts that provide the financial security necessary for farmers and ranchers to participate in state procurement programs.

Establishing longer contracts will also increase the diversity of available local food products. With greater certainty in purchasing agreements, farmers will be able to grow specialty crops, expand fruit and vegetable production, and raise more livestock and poultry specifically for institutional markets. This will further align with the state's goals of reducing reliance on imports and strengthening Hawai'i's agricultural economy.

To further strengthen this initiative, we encourage the Department of Education to continue working with local farmers and ranchers to ensure procurement policies are accessible, practical, and effective. Helping farmers and ranchers understand and navigate the procurement system is crucial to making Hawai'i-grown food a significant part of school meals and other state purchasing programs.

Thank you for the opportunity to testify on this important measure.



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Aloha Chair Kahaloe, Vice Chair Kusch, and Members of the House Agriculture & Food Systems Committee,

The Hawai'i Farmers Union is a 501(c)(5) agricultural advocacy nonprofit representing a network of over 2,500 family farmers and their supporters across the Hawaiian Islands. **HFU supports HB812.**

HB812 offers a promising opportunity to boost our local agricultural economy by establishing longer-term contracts for the purchase of local produce. By mandating a minimum contract term of five years for purchases exceeding \$250, this legislation provides farmers with greater certainty and financial stability, allowing them to make the necessary investments in sustainable farming practices and infrastructure. This longer-term commitment from buyers is essential for fostering a supportive environment where local farmers can thrive and compete against larger agricultural entities that often monopolize the market.

While the intent of HB812 is commendable in securing the future of local agriculture, it is crucial that the bill includes provisions for flexibility in these purchase agreements. The diverse nature of agriculture means that crop yields and production costs can fluctuate significantly due to unforeseen factors such as weather conditions, pest outbreaks, or shifts in market demand. Thus, allowing for adaptive contract terms can help both farmers and buyers respond to these changes without penalizing either party.

Mahalo for the opportunity to testify.

Hunter Heavilin
Advocacy Director
Hawai'i Farmers Union



February 6, 2025

To: Chair Kahaloe, Vice Chair Kusch, and Members of the Committee
Subject: **HB 812**- Relating to Hawai'i Public Procurement Code; Local Produce;
Specifications

Aloha,

I am writing in support of HB8112 which amends the state's procurement laws requiring a minimum five year contract on purchases of local produce of at least \$250.

This amendment aims to encourage long-term agreements in support of local agriculture. Through this amendment, local farms will be supported and economically lucrative which supports food security and accessibility as a whole.

A few months back, at a panel hosted by MAO Organic farms, CEO of Farmlink Hawaii, Claire Sullivan, shared a story revolving around Whole Foods. Whole Foods is a grocery store known to be organic and high end. In any case, Claire Sullivan used to be the purchasing coordinator for Whole Foods in 2011. During her time, she put in effort to put as much local produce from farmers in Hawai'i on the shelves of Whole Foods. After Amazon bought out Whole Foods, she eventually moved on and so did the efforts of keeping the shelves of Whole Foods local. She ended her story with tears in her eyes as she also has to walk through the aisles of Whole Foods with the majority of imported produce because somehow it is still cheaper, or easier for a big corporation to look over the local needs of a community. All this to say, supporting this bill could help ensure local produce stays on the shelves of big chain grocery stores, which would also help support food sovereignty in Hawai'i as well as a sense of pride that the food we eat in Hawai'i comes from Hawai'i.

Please consider passing **HB812** and support the farmers of Hawai'i.

Mahalo,

Lea Iaea & the Food+ Policy Team
#fixourfoodsystem

The Food+ Policy internship develops student advocates who learn work skills while increasing civic engagement to become emerging leaders. We focus on good food systems policy because we see the importance and potential of the food system in combating climate change and increasing the health, equity, and resiliency of Hawai'i communities.

In 2025, the cohort of interns are undergraduate and graduate students and young professionals working in the food system. They are a mix of traditional and nontraditional students, including parents and veterans, who have backgrounds in education, farming, public health, nutrition, and Hawaiian culture.