



President

William H.Q. Bow, P.E.
Bow Engineering & Development, Inc.
Ph: (808) 941-8853

President-Elect

Robin M. Lim, P.E.
Geolabs, Inc.
Ph: (808) 841-5064

Treasurer

Corey M. Matsuoka, P.E.
SSFM International, Inc.
Ph: (808) 531-1308

Secretary

Jeffrey K. Kalani, P.E.
Yogi Kwong Engineers, LLC
Ph: (808) 942-0001

Past President

Beverly K. Ishii-Nakayama, P.E.
Shigemura, Lau, Sakanashi,
Higuchi & Assoc.
Ph: (808) 942-9100

National Director

Sheryl E. Nojima, P.E., PhD
Gray, Hong, Nojima & Assoc.
Ph: (808) 521-0306

Directors

Garret A. Masuda, P.E.
InSynergy Engineering, Inc.
Ph: (808) 521-3773

Ken Kawahara, P.E.
Akinaka & Assoc.
Ph: (808) 836-1900

Sean K. Sugai, P.E.
Ronald N.S. Ho & Assoc., Inc.
Ph: (808) 941-0577

Ginny M. Wright
Executive Director
P.O. Box 88840
Honolulu, HI 96830
Ph: (808) 741-4772
Email: gwright@acechawaii.org
Website: www.acechawaii.org

April 5, 2015

Senate Committee on Ways and Means

Hearing Date: Monday, April 6, 1:45 p.m., Conference Room 211

Honorable Senators Jill N. Tokuda, Chair; Ronald D. Kouchi, Vice Chair; and Members of the Senate Committee on Ways and Means

Subject: **HB 1180 SD1, Relating to Procurement
TESTIMONY WITH COMMENTS**

Dear Chair Tokuda, Vice Kouchi, and Committee Members:

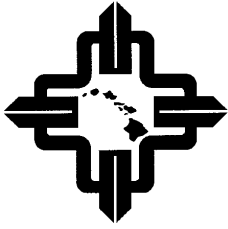
The American Council of Engineering Companies of Hawaii (ACECH) represents more than 70 member firms with over 1,500 employees throughout Hawaii. ACECH is a strong supporter of HRS §103D-304, the State's "qualification-based selection" (QBS) law for procurement of professional services, which follows the National model procurement code. The Legislature has expressed their intent to maintain a strong QBS statute for the procurement of professional services to protect the public interest and to reduce corruption that was rampant prior to enactment of §103D-304. The statute underscores the concern related to design professional (architect-engineer) services by limiting procurement of design professional services to §103D-304 or -307 (emergency procurement), while allowing other professional services to be obtained through other methods (including sole source procurement).

HB 1180 SD1 inserted language that would allow for an "innovative procurement" method that included professional services. ACECH is concerned with the potential use of a process other than QBS for the procurement of design professional services and, therefore, would oppose any reference to the procurement of professional services in the bill. We note that the proposed SD2 removes this language and, therefore, have no opposition to the SD2.

We appreciate the opportunity to provide testimony on this matter. Please do not hesitate to contact us if you have any questions.

Respectfully submitted,
AMERICAN COUNCIL OF ENGINEERING COMPANIES OF HAWAII

Janice C Marsters, Ph.D., FACEC
Legislative Committee
808-371-8504



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Quality Healthcare For All"

Senate Committee on Ways and Means
Senator Jill N. Tokuda, Chair
Senator Ronald D. Kouchi, Vice Chair

April 06, 2015
Conference Room 211
1:45 p.m.
Hawaii State Capitol

Testimony Commenting on House Bill 1180, S.D.1, Relating To Procurement Requires the state procurement office to establish a database to record inadequate past performance by contractors on public works projects. Requires the compliance audit unit to establish a database of meaningful statewide procurement contract data. Transfers authority for the compliance audit unit to the state procurement office and authorizes the compliance audit unit to conduct audits and have authority to access statewide public contract information. Establishes a procurement task force. Appropriates funds for the compliance audit unit to establish a procurement database; operations and maintenance of the procurement database, include one full time equivalent (1.0 FTE) position; and staffing and operation of the compliance audit unit within the state procurement office, including three full-time equivalent (3.0 FTE) positions. Establishes a process for special innovative procurement and requires the procurement policy board to draft rules for special innovative procurements, including rules regarding public-private partnerships. Appropriates funds for a temporary position within the department of accounting and general services. Takes effect on 7/1/2030.

Linda Rosen, M.D., M.P.H.
Chief Executive Officer
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to provide comments regarding HB 1180 S.D.1, which establishes a process for special innovative procurement and requires the procurement policy board to draft rules for special innovative procurements, including rules regarding public-private partnerships.

HHSC agrees that a framework for public-private partnership in Hawaii is needed, and we suggest that such a framework be flexible enough to accommodate all types of public-private partnerships, and not be prescriptive in terms of following a procurement process. HHSC suggests that a working group be convened of departments that have

entered into public-private partnerships in the past, departments that are contemplating public-private partnerships as a strategic option, and the state procurement office, so that all past and future considerations of such endeavors may be factored in to any proposed legislation.

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

**TESTIMONY OF GINO SOQUENA
GOVERNMENT RELATIONS DIRECTOR
LABORERS' INTERNATIONAL UNION OF NORTH AMERICA LOCAL 368**

STATE SENATE
WAYS AND MEANS COMMITTEE

Sen. Jill Tokuda, Chair
Sen. Ron Kouchi, Vice Chair

NOTICE OF HEARING

DATE: Monday, April 6, 2015

TIME: 1:45 PM

PLACE: Conference Room 211

State Capitol 415 South Beretania Street

TESTIMONY IN SUPPORT OF H.B. 1180 HD1 SD1, RELATING TO PROCUREMENT.

TO THE HONORABLE JILL TOKUDA, CHAIR, RON KOUCHI, VICE CHAIR, AND MEMBERS OF THE WAYS AND MEANS COMMITTEE:

The Laborers' International Union of North America Local 368 is an organization that represents almost 5,000 members throughout the State of Hawaii.

HB 1180 HD1 SD1 would allow a database to be established to monitor contractors with a history of inadequate performance. Tax payers and the State of Hawaii are the ones that end up paying more when Contractor with a history of inadequate performance goes over budget, takes longer than expected to complete a project, or performs poor quality of work but still continues to get awarded contracts. This measure would help ensure that public works projects be completed on time, on budget, with work of high quality.

The Hawaii Laborers' Union is in **support** H.B. 1180 HD1 SD1.

Thank you for the opportunity to submit testimony.

Aloha,

Gino Soquena

Hawaii Laborers Union Local 368



49 South Hotel Street, Room 314 | Honolulu, HI 96813
www.lwv-hawaii.com | 808.531.7448 | voters@lwvhawaii.com

SENATE COMMITTEE ON WAYS AND MEANS
Hearing Scheduled 1:45 pm, Monday April 6, 2015, Conference Room 211
HB 1180, HD 1, SD 1, RELATING TO PROCUREMENT
Douglas Meller, Legislative Committee, League of Women Voters of Hawaii

Chair Tokuda, Vice-Chair Kouchi, and Committee Members:

The League of Women Voters of Hawaii opposes HB 1180, HD 1, SD 1 on procedural grounds. Part I of the bill (to require the state procurement office to establish a database to record inadequate past performance by contractors on public works projects) has a different subject than Part II of the bill (to establish a process for special innovative procurement which includes procurement of public-private partnerships). Because Part II of SB 1180, HD 1, SD 1 was added as an amendment after crossover, the subject of Part II of the bill will not have 3 readings in the House. Article III, Section 15 of Hawaii's Constitution requires that "No bill shall become law unless it shall pass three readings in each house on separate days." The 3 reading requirement applies to the subject of a bill - - not just the bill title and bill number.

Thank you for the opportunity to submit testimony.



Email: communications@ulupono.com

SENATE COMMITTEE ON WAYS & MEANS
Monday, April 6, 2015 — 1:45 p.m. — Room 211

Ulupono Initiative has Comments about HB 1180 HD 1 SD 1, Relating to Procurement

Dear Chair Tokuda, Vice Chair Kouchi, and Members of the Committee:

My name is Brandon Lee and I am a policy and public-private partnership associate of the Ulupono Initiative, a Hawai'i-based impact investment company that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase clean, renewable energy, and waste reduction. We believe that self-sufficiency is essential to our future prosperity, and will help shape a future where economic progress and mission-focused impact can work hand in hand.

Ulupono has comments about HB 1180 HD 1 SD 1. We previously supported HB 1126, which requires the State Procurement Office to establish a database of all government procurement contracts, because it aligns with our goal of providing more locally produced food. The language for HB 1126 was placed in HB 1180 HD 1 SD 1 in a previous committee. However, in the proposed SD 2 for HB 1180, the contents from HB 1126 have been removed. **We would request that the contents of HB 1126 remain in HB 1180 HD 1 SD 2.**

Procurement is one of the major areas where local farmers can obtain large volumes of sales and ultimately grow their businesses. Yet, there are differing policy philosophies to determine the best procurement structure to allow for more locally produced foods to enter into the State's procurement channels. But, there is not an easily searchable procurement database to identify the best procurement policies.

Currently, there are 20+ differing departments with differing procurement processes and criteria. Since different departments have different procurement needs, flexibility is important but standardization is ideal for tracking. In the current procurement database that identifies recipients of procurement contracts, the information is extremely difficult to navigate. At best, I can identify 40,000 different procurement line items across the publicly available database going back roughly 15 years.

Since the database needs a lot of work, it effectively means the State Procurement Office cannot truly identify procurement trends and effectiveness of policies designed to improve

Investing in a Sustainable Hawai'i



procurement. For Ulupono, an agricultural investor, this means as we try to identify the best solution for increasing locally produced foods into the system, we do not know what policies are effective, why they are effective, and what to do in the future. If a database exists, this can re-shape and make procurement much more efficient and effective for many issues, not just local food procurement. Over the last 15 years of data, it appears, the State has spent ~\$26.4 billion in procurement contracts. This figure is also grossly low because better data about procurement contracts exist in latter years.

Yet, without better data tracking and analytics, we do not know, nor will we know going forward, if there are better optimization policies and strategies to allow the State to get the most for its money. A more efficient, transparent, and effective State government is predicated on developing a rich and user-friendly database for the State Procurement Office.

While funding for databases is challenging given the State's fiscal situation, with so much money that the State spends on procurement, they should be better able to track where the money is going and why. If not, the State will continue to open itself up to being penny wise and pound-foolish.

Thank you for this opportunity to testify.

Respectfully,

Brandon Lee
Policy and Public-Private Partnership Associate