
A BILL FOR AN ACT

RELATING TO PROCUREMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that a fundamental
2 objective of the State's procurement practices and procedures is
3 to control and, where possible, appropriately minimize costs to
4 the State and counties, including both immediate and future
5 costs. The procurement of goods, services, and construction by
6 the State and counties can materially affect the ongoing "life-
7 cycle" operating and maintenance costs of the State and
8 counties.

9 The legislature further finds that although existing law
10 encourages the consideration of ongoing life-cycle costs to
11 promote energy efficiency, it does not require nor effectively
12 provide for the full and effective accounting and consideration
13 of life-cycle operation and maintenance costs in procurement
14 practices and procedures. Full and effective accounting and
15 consideration of life-cycle costs in the procurement of goods,
16 services, and construction is critical to ensure the economic
17 management of the State's financial resources. The purpose of



1 this Act is to require the procurement policy board to adopt
2 specific rules that require the consideration of life-cycle
3 costs in all state procurements by December 31, 2021.

4 SECTION 2. Section 103D-104, Hawaii Revised Statutes, is
5 amended by adding a new definition to be appropriately inserted
6 and to read as follows:

7 "Life-cycle costs" means the sum of the present values of
8 investment costs, capital costs, installation costs, energy
9 costs, operating costs, maintenance costs, and disposal costs,
10 over the lifetime of the project, product, or measure."

11 SECTION 3. Section 103D-211, Hawaii Revised Statutes, is
12 amended to read as follows:

13 **"§103D-211 Procurement rules.** (a) The procurement policy
14 board shall adopt all rules necessary to carry out the purposes
15 of this chapter and to implement its provisions in accordance
16 with chapter 91. The policy board shall not delegate its power
17 to adopt rules.

18 (b) No rule shall change any commitment, right, or
19 obligation of the State or of a contractor under a contract in
20 existence on the effective date of such rule.



1 (c) On or before December 31, 2021, the procurement policy
2 board may adopt and, as necessary, amend rules to:

3 (1) Provide standards and procedures for the effective
4 consideration of expected operation, maintenance,
5 disposal, and any other directly-induced costs,
6 including:

7 (A) The determination of which types of procurements
8 shall require an analysis and identification of
9 life-cycle costs used in bid evaluation;

10 (B) The specification of methods for the
11 determination of life cycle costs used in bid
12 evaluation; and

13 (C) The specification of criteria and methods for
14 appropriate weighing of life-cycle costs in bid
15 evaluation; and

16 (2) Ensure that modifications to the contracts or
17 specifications for procurements, including any value
18 engineering provisions in accordance with section
19 103D-411, do not result in net increases to the total
20 costs, including immediate or future operating,
21 maintenance, disposal, or any other directly-induced



1 costs associated with the procured goods, services, or
2 construction to the State or counties."

3 SECTION 4. New statutory material is underscored.

4 SECTION 5. This Act shall take effect upon its approval.



S.B. NO. 1391
S.D. 2

Report Title:

Procurement Policy Board; Procurement Rules; Life-cycle Costs

Description:

Authorizes the procurement policy board to adopt specific rules relating to life-cycle cost analysis by 12/31/2021. (SD2)

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