

SB439

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TESTIMONY
OF
AARON S. FUJIOKA
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STATE PROCUREMENT OFFICE

TO THE
SENATE COMMITTEE
ON
EDUCATION AND HOUSING

February 4, 2009

1:15 P.M.

SB 439

RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY.

Chair Sakamoto, Vice-Chair Kidani and committee members, thank you for the opportunity to testify on SB 439.

The State Procurement Office (SPO) submits written comments on SB 439 that authorizes the authority to develop a partnership or development agreement with a private party, and includes an exemption from HRS Chapter 103D for this purpose.

The Hawaii Public Procurement Code (Code), section 103D-102, HRS, on the applicability of the chapter that states in part “. . . shall apply to all procurement contracts made by governmental bodies whether the consideration for the contract is cash, revenues, realizations, receipts, or earnings, . . .” Any governmental agency with the authority to expend funds should be in compliance with chapter 103D, which promotes the policy of fair and equitable treatment of all persons who deal with the procurement system; fosters effective broad based competition; and increases public confidence in public procurement.

Statutorily exempting an agency from the Code is not in the best interest of government, the business community, and the general public. The Code establishes a time-tested, fair, and reliable set of rules and processes for award of contracts. The competitive procurement processes of the Code are to insure that all potential providers are afforded the opportunity to compete for the required services. To the extent agencies may need specific purchases to be exempted from Code requirements, the Code provides an exemption process.

SB 439

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1:15 PM

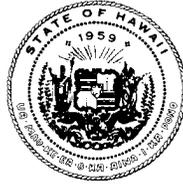
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The Code should not be viewed as an obstacle to a purchasing agency's mission, but rather as the single source of public procurement policy to be applied equally and uniformly. It was the legislature's intent for the Code to be a single source of public procurement policy. If individual agencies are exempted and allowed to develop their own individual processes, it becomes problematic and confusing to vendors, contractors and service providers that must comply with a variety of different processes and standards. Fairness, open competition, a level playing field, and government disclosure and transparency in the procurement and contracting process are vital to good government. For this to be accomplished, we must participate in the process with one set of statutes and rules.

However, if the Legislature deems that this bill will enable the authority to meet their program requirements and the goals of public accountability and public procurement practices, the SPO requests that further clarification be provided to understand what exactly within the Code the authority is unable to comply with. The SPO may be able to address these issues and provide solutions within the Code and its rules and not require legislative amendments specific to this agency.

There needs to be one single source of public procurement policy.

Thank you.



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Statement of
Chad K. Taniguchi
Hawaii Public Housing Authority
Before the

SENATE COMMITTEE ON HUMAN SERVICES & PUBLIC HOUSING

February 4, 2009 1:15 p.m.
Room 225, Hawaii State Capitol

In consideration of

S.B. 439

RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY

The Hawaii Public Housing Authority (HPHA) supports the intent of S.B. 439, which authorizes the Hawaii Public Housing Authority to utilize development agreements with private parties; exempts it from certain procurement requirements; and requires annual reporting of the status of any such project to the Legislature.

The Board of Directors of the Hawaii Public Housing Authority has authorized the agency to investigate the feasibility of such agreements and partnerships. However, HPHA does not have the necessary staff and expertise to engage in development partnerships, and cannot use federal funds to redevelop any state public housing project. Therefore, HPHA asks that if this measure proceeds it be amended to include one FTE and funds to accomplish the objectives.

Also, under Department of Housing and Urban Development (HUD) regulations, HPHA cannot bypass competitive bidding and other source selection requirements, so this measure could only apply to redevelopment of state public housing projects.

For federal public housing projects HPHA would need to use a competitive process to satisfy HUD requirements.