

DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
COMPTROLLER
AUDREY HIDANO
DEPUTY COMPTROLLER

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
CURT T. OTAGURO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE SENATE COMMITTEE ON
WAYS AND MEANS

THURSDAY, FEBRUARY 20, 2020, 10:35 A.M.
CONFERENCE ROOM 211, STATE CAPITOL

S.B. 3143, SD1

RELATING TO PROCUREMENT

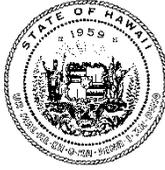
Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee, thank you for the opportunity to submit testimony on S.B. 3143, SD1.

The Department of Accounting and General Services (DAGS) strongly supports this bill with amendments as proposed by the State Procurement Office (SPO).

The DAGS agrees with SPO that a higher salary would be required to hire a qualified individual with experience to be able to understand and negotiate complex contract terms and conditions as well as develop value-for-money formula on multi-million-dollar construction projects.

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

DAVID Y. IGE
GOVERNOR



SARAH ALLEN
ADMINISTRATOR
BONNIE KAHAKUI
ASSISTANT ADMINISTRATOR

**STATE OF 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>
Twitter: [@hawaiispo](https://twitter.com/hawaiispo)

TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE
ON
WAYS AND MEANS
February 20, 2020; 10:35 a.m.

SB3143, SD1
RELATING TO PROCUREMENT

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee, thank you for the opportunity to submit testimony on SB3143, SD1. The State Procurement Office strongly supports this bill.

The last several years have shown multiple challenges in construction procurement and infrastructure needs, to include the lack of planning and funding for repairs and maintenance of infrastructure. In an effort to support siloed agencies in achieving best value through innovative construction procurement, the idea of the Construction Innovative Procurement shop was devised to enable better management of policy, training and assistance to counties and agencies state-wide.

This pilot program would create the necessary conduit between the SPO and the day-to-day activities of construction procurement, giving SPO better visibility to enable value-added policy and guidance. Agencies will; 1) have access to specialists who can help state-wide agencies with their innovate project delivery, 2) reduce the overall risk of failure, and 3) assure benefits have been weighed against a value for money formula which includes factors such as cultural, environmental and community benefits.

SPO requests the following amendment to the current Bill:

1. Amend the language on Page 4, Section 5, Line 2 to: SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of ~~\$85,000~~ **\$120,000** or so much thereof as may be necessary for one full-time equivalent (1.0 FTE) innovative project delivery officer position, which will sit within the public works division;

provided that it is the intent of the legislature that this appropriation be matched annually until the completion of the ten-year pilot program.

JUSTIFICATION: Our recruiting research shows that a person substantially qualified and experienced to be able to understand and negotiate complex contract terms and conditions as well as develop a value-for-money formula on multi-million-dollar construction projects must earn a proportional wage.

Thank you.



OFFICE OF PLANNING STATE OF HAWAII

235 South Beretania Street, 6th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 587-2846
Fax: (808) 587-2824
Web: <http://planning.hawaii.gov/>

DAVID Y. IGE
GOVERNOR

MARY ALICE EVANS
DIRECTOR
OFFICE OF PLANNING

Statement of
MARY ALICE EVANS
Director, Office of Planning
before the
SENATE COMMITTEE ON WAYS AND MEANS
Thursday, February 20, 2020
10:35 AM
State Capitol, Conference Room 211

in consideration of
SB 3143, SD 1
RELATING TO PROCUREMENT.

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Senate Committee on Ways and Means.

The Office of Planning (OP) **supports** SB 3143 SD1, which would require the State Procurement Office and the Department of Accounting and General Services' Public Works Division (DAGS-PW) to establish a ten-year pilot program for innovative methods of procurement within DAGSPW. The measure also provides resources for a new innovative project delivery officer position.

The Hawaii Interagency Council for Transit-Oriented Development (TOD Council), of which OP is a co-chair, is charged with fostering use of programs and tools that create a TOD-supportive environment. Adoption and use of innovative procurement methods and alternative financing and delivery mechanisms, such as public private partnerships (P3), is a key objective in the *State Strategic Plan for Transit-Oriented Development* issued and updated in 2019.

State and County TOD Council representatives are very interested in the technical assistance, training, and guidance on effective procurement methods and delivery systems that will be developed pursuant to this bill, since they lack the resources to acquire such expertise. Many have already benefitted from attendance at P3 workshops and presentations that DAGS-PW has hosted over the past two years.

OP notes that consideration should be given to fully authorizing the establishment of such a program rather than limiting it to a pilot program—the need for ongoing innovation is likely to be the new normal given the challenges and uncertainties that government will face in the future.

Thank you for the opportunity to testify on this measure.



HAWAII INTERAGENCY COUNCIL FOR TRANSIT-ORIENTED DEVELOPMENT

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

MARY ALICE EVANS
CO-CHAIR

DENISE ISERI-MATSUBARA
CO-CHAIR

Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Website: <http://planning.hawaii.gov/state-tod/>

Telephone: (808) 587-2846
Fax: (808) 587-2824

Statement of
MARY ALICE EVANS AND DENISE ISERI-MATSUBARA
Co-chairs
Hawaii Interagency Council for Transit-Oriented Development

before the
SENATE COMMITTEE ON WAYS AND MEANS
Thursday, February 20, 2020
10:35 AM
State Capitol, Conference Room 211

in consideration of
SB 3143, SD 1
RELATING TO PROCUREMENT.

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Senate Committee on Ways and Means.

The Hawaii Interagency Council for Transit-Oriented Development (TOD Council) supports SB 3143, SD 1. The TOD Council is comprised of 25 members representing State agencies, the counties, the State Senate and House of Representatives, the Honolulu office of the U.S. Department of Housing and Urban Development, and affordable housing, business, and development interest groups. The TOD Council is charged with coordinating and facilitating State agency TOD planning, and facilitating consultation and collaboration between the State and the counties in support of State and county TOD and Smart Growth initiatives.

SB 3143, SD 1 requires the State Procurement Office and the Department of Accounting and General Services' Public Works Division (DAGS-PW) to establish a ten-year pilot program for innovative-construction procurement within DAGSPW.

The adoption and use of innovative procurement methods and alternative financing and delivery mechanisms—such as public private partnerships (P3)—is a key objective in the TOD Council's *State Strategic Plan for Transit-Oriented Development*. State and County TOD Council representatives have expressed interest in the technical assistance, training, and guidance that could be developed under the pilot program.

Thank you for the opportunity to testify on this measure.