

Honolulu, Hawaii

MAR 23 2018

RE: H.B. No. 1669  
H.D. 1  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Ninth State Legislature  
Regular Session of 2018  
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred H.B. No. 1669, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONCESSIONS ON PUBLIC PROPERTY,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Repeal the fifteen-year limit on the granting of concession contracts and repeal the exemption from the fifteen-year limitation for non-profits;
- (2) Allow the granting of thirty-year contracts for concession space if certain conditions are met;
- (3) Allow qualified offerors to submit proposals for concessions on public property;
- (4) Specify advertising, submission, opening, and deposit or bond requirements for proposals for concessions on public property; and
- (5) Require that the responsible officer award the contract to, and negotiate with, the offeror whose proposal is determined to be the most advantageous to the State.



Your Committee received testimony in support of this measure from the State Procurement Office.

Your Committee finds that concessions on public property benefit the public by providing goods and services and revenue to support the properties' operations. Under existing law, agreements for concession entered into by vendors and a government agency are awarded based on the highest responsible bid. However, this bid process does not necessarily consider each potential vendor's total potential benefit to the public. However, the "best value" process, or competitive sealed bid proposals, would allow a government agency to consider all potential benefits, such as a vendor's consistency, reliability, responsiveness, and overall ability to enhance customer experiences, in considering bid proposals.

However, your Committee finds that extending the maximum allowable time period for concession contracts to thirty years would not enhance the effectiveness of concession contracts. Your Committee has concerns that allowing a longer contract period would lessen government's effectiveness in providing quality concessions.

Moreover, your Committee finds that this measure's proposals relating to the awarding of concession contracts should be strengthened to ensure that procurement officers and others involved in the process act in adherence to the State's requirements of ethical public procurement. Further, your Committee finds that under the existing proposal in this measure the procurement officer charged with awarding concession contracts is afforded a wide range of authority which may lead to questions about the legitimacy and fairness of contract awards.

Accordingly, your Committee has amended this measure by:

- (1) Re-establishing the existing fifteen-year limit for concession contracts;
- (2) Requiring that concession contracts be awarded by a procurement officer based on the rankings of a committee of a minimum of three individuals designated by the



procurement officer to review and evaluate proposals from offerors;

- (3) Requiring that all persons involved in the review, evaluation, or awarding of concession contracts adhere to all requirements of ethical public procurement under section 103D-101, Hawaii Revised Statutes; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1669, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1669, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Government  
Operations,



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DONNA MERCADO KIM, Chair



The Senate  
 Twenty-Ninth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Government Operations**  
**GVO**

Bill / Resolution No.:* <b>HB 1669 HDI</b>	Committee Referral: <b>GVO, NAM</b>	Date: <b>3-20-18</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
<b>Members</b>	<b>Aye</b>	<b>Aye (WR)</b>	<b>Nay</b>	<b>Excused</b>
KIM, Donna Mercado (C)	<del>X</del>			
RUDERMAN, Russell E. (VC)	<del>X</del>			
GALUTERIA, Brickwood	<del>X</del>			
KEITH-AGARAN, Gilbert S.C.	<del>X</del>			
RHOADS, Karl	<del>X</del>			
<b>TOTAL</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes