

Honolulu, Hawaii
March 20, 2015RE: S.B. No. 1228
S.D. 2
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred S.B. No. 1228, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is to provide the State with greater flexibility in the procurement of certain goods and services to meet unique or unusual needs or situations while maintaining the accountability and transparency afforded by the State Procurement Code. Among other things, this measure:

- (1) Establishes the special innovative procurement process for procurement of supplies, services, professional services, and construction;
- (2) Requires the Procurement Policy Board to establish procedures for use of the special innovative procurement process;
- (3) Requires the Procurement Policy Board to develop draft rules regarding special innovative procurements, including public-private partnerships in Hawaii, and to submit a report of its draft rules and any proposed legislation to the 2017 Legislature; and



- (4) Appropriates funds for a temporary position to assist the Procurement Policy Board in drafting rules.

The Department of Agriculture, State Procurement Office, Department of Transportation, City and County of Honolulu, Ulupono Initiative, The Kohala Center, Hawaii Farm to School and School Garden Hui, and Local Food Coalition testified in support of this measure.

Currently, when unique or unusual circumstances arise in the public procurement process, the State lacks the flexibility to respond in an effective, efficient, and timely manner. According to the State Procurement Office, exemptions from the Procurement Code are provided in many of these instances, which has resulted in millions of dollars of goods and services being procured with minimal accountability. The creation of a new process for the procurement of goods and services in these situations would provide the State with the flexibility it needs to balance the reality of an ever changing marketplace with the guiding principles of government contracting and the State's responsibility to the public.

Your Committee finds that the Samuel Mahelona Memorial Hospital and Kauai Veterans Memorial Hospital, both part of the Hawaii Health Systems Corporation (HHSC), serve the rural communities of Kauai by providing numerous medical services. These facilities are integral to the public health and safety of the Kauai communities. However, the HHSC faces dire financial realities that continue to escalate, placing an ever increasing burden on state revenues.

One possible solution to the long-term financial sustainability of HHSC would be through the establishment of a long-term public-private partnership that would provide HHSC with financial security while allowing for the continuation of services provided by these hospitals. However, your Committee finds that the development of a master plan to allow for this type of public-private partnership to develop lands under the jurisdiction of the HHSC require the procurement of specialized services. Accordingly, your Committee has amended this measure by:

- (1) Appropriating \$750,000 for the procurement of services to develop a master plan for the design and expansion of Samuel Mahelona Memorial Hospital and the Kauai Veterans Memorial Hospital; and



- (2) Requiring the master plan to be established using a collaborative project management system that spans the entire pre-construction period and involves community input.

Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1228, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1228, S.D. 2, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business,



DEREK S.K. KAWAKAMI, Chair



State of Hawaii
 House of Representatives
 The Twenty-eighth Legislature

HSCE 958

Record of Votes of the Committee on Economic Development & Business

Bill/Resolution No.: SB 1228 SD2	Committee Referral: EDB, CPC, FIN	Date: 18 Mar 15		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. KAWAKAMI, Derek S.K. (C)	✓			
2. KONG, Sam Satoru (VC)	✓			
3. BROWER, Tom				✓
4. CACHOLA, Romy M.	✓			
5. CHOY, Isaac W.	✓			
6. DECOITE, Lynn	✓			
7. ITO, Ken	✓			
8. OHNO, Takashi	✓			
9. ONISHI, Richard H.K.	✓			
10. TOKIOKA, James Kunane				✓
11. TSUJI, Clift	✓			
12. WOODSON, Justin H.	✓			
13. MATSUMOTO, Lauren Kealohilani	✓			
14. WARD, Gene	✓			
TOTAL (14)	12			2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <i>Samuel S. King</i>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				