

PROCUREMENT POLICY BOARD
Meeting Minutes
Thursday, April 17, 2014, 1 p.m.
Conference Room 410
1151 Punchbowl Street
Honolulu, Hawaii 96813

Members Present

Howard S. Garval, MSW
Ronald N. Hirano
Greg King, Chair
David Langille
Dean Seki
Kathy Suzuki-Kitagawa, MBA, MPH, CHES

Staff

Stella Kam, Department of the Attorney General
Sarah Allen, State Procurement Office (SPO)
Ruth Baker, SPO
Corinne Higa, SPO
Bonnie Kahakui, SPO
Andrew Lum, SPO
Mara Smith, SPO
Donna Tsuruda-Kashiwabara, SPO

Others

Shannon Alivado, General Contractors Association of Hawaii
John Cheung, Building Industry Association
David Ching, Hawaii Procurement Institute
Kevin Vegas, Grainger

I. Call to Order

Chair Greg King called the meeting to order at 1:05 p.m.

II. Approval of Minutes of Meeting on September 9, 2013.

The PPB approved the minutes of its September 9, 2013, meeting (Attachment 1).

III. Introduction of State Procurement Office Administrator and Board Members

SPO Administrator Ms. Sarah Allen was formally introduced to the Board. Each member of the PPB was introduced to all in attendance.

IV. Board Vacancies and Activation of PPB Nominating Committee

The Nominating Committee of the PPB needs to be activated to fill an existing vacancy and two anticipated vacancies of boardmembers whose terms will end on June 30, 2014.

The SPO reported that Governor Neil Abercrombie, Senate President Donna Mercado Kim and House Speaker Joseph Souki are to submit names of potential candidates for the Nominating Committee to the SPO. Ms. Allen said it would be nice to have people with a procurement background serve on the PPB. Mr. Dean Seki said it would be appropriate for the PPB to show support for the reappointment of Mr. Garval and Ms. Suzuki-Kitagawa. Ms. Kam of the AG and Ms. Allen will confirm if Mr. Garval and Ms. Suzuki-Kitagawa can be reappointed since they are holdovers from last year.

V. Professional Services – Legislative change 2015

Professional Services source selection was created to ensure a fair process to procure “design professional services” provided by licensees, including architects, engineers, landscape architects and surveyors as defined in Hawaii Revised Statutes (HRS) §103D-304.

Ms. Tsuruda-Kashiwabara, Procurement Specialist of the SPO, informed the PPB that there are two issues regarding HRS §103D-304, which was created for 464 architects and engineers as defined by the HRS.

- 1) Some state departments are having problems with the 304 process and are using it improperly. Applicants are qualified, then ranked.
- 2) Some departments use a hybrid of 303, which uses price as evaluation, and 304, which is based on qualifications. In one instance, one department chose this method. It posted a notice, but instead of ranking, it used price as part of the evaluation process.

The SPO plans to train and guide departments through a procurement circular. Mr. Seki stated that although this is not in the scope of the PPB, it will work with SPO administration. Ms. Allen said that rule changes must go through the PPB, and that a change in the HRS is needed. The SPO needs to remove language in HRS §103D-304, highlighted in red (see Attachment 2), but re-insert that language after the statute is changed. The SPO will work with the AG.

Chair King asked when it needed to put out proposal. Ms. Tsuruda-Kashiwabara responded that this has to be done before the next legislative session.

VI. Past Performance

Ms. Allen reported that she receives complaints regarding the current acquisition regulation on past performance, specifically in regards to Invitations to Bid (IFBs). The complaints are due to the makeup of the Hawaii Revised Statutes, state departments and agencies are being forced to hire contractors who have shown time and time again that they are poor performers. The Office of the Governor set up a meeting between several department heads and the SPO to come up with a solution, and during the 2014 Session, the State Legislature introduced three bills pertaining to past performance and a resolution for a study on past performance.

Oregon and Virginia have in their respective state codes requiring bidders to complete a questionnaire on past performances.

Although, through examination, the Code and associated Rules talk to Responsiveness, there is perhaps some confusion in the reading and implementation thereof.

PPB discussion on this topic to determine if code/rules need to be changed or whether suitable procurement guidance is adequate.

VII. Health & Human Services Report

Corinne Higa of the SPO provided a report on Health & Human Services. HRS Chapter 103F, Purchases of Health and Human Services, is a single, standardized process for state agencies and providers to procure health and human services. It optimizes information sharing, planning, and service delivery efforts. By State agencies and private providers communicating and working together, the SPO believes that there can be refinement in how the State procures, contracts and administers contracts for health and human services.

As a result, the SPO is establishing the Health and Human Services Action Team (HHSAT) focus groups: Group I (State), Group II (Private Providers), Group III (State & Private Providers). The initial meeting for each group will be by invitation. Thereafter, the meetings will be open to all participating and interested health and human services parties. SPO communicated with HHS agencies and 103F-202 community council, which consists of private providers and has a maximum of nine members. This council advises the SPO on HHS matters.

Legislature had formed a task force to address prompt payment FT

Found other issues

TF submitted report to Legislature

SPO put together focus groups consisting of state, private providers

The HHSAT held a meeting, during which they shared ideas and acknowledged accomplishments Mr. Garval stated that he is glad that the HHST is now part of the process.

VIII. Piggy-Backing – Legislative change or Rule change

Bonnie Kahakui reported on the issue of “piggy-backing” on existing contracts, which is currently not permitted.

HRS 103D-802 allows cooperative purchasing, which occurs when one government procurement unit procures with one or more other government procurement units or qualified nonprofit agencies pursuant to HAR Chapter 3-128. Procurement units have the authority to procure and are of 2 types: internal, or within the State of Hawaii and external, located outside the State of Hawaii.

The focus of piggy-backing is on federal contracts procured by GSA, which manages and supports federal agencies to develop cost-minimization methods. GSA's Cooperative Purchasing Program allows state and local governments to benefit from pre-vetted vendors on a variety of products and services through specific GSA Schedule contracts. This program allows eligible entities to purchase from Cooperative Purchasing approved vendors, at any time, for any reason, using any funds available. Benefits for government agencies include pre-negotiated ceiling, access to local and global companies, and eTools.

Schedule contracts open under Cooperative Purchasing, include:

Schedule 70 - The largest and most widely-used acquisition vehicle in the federal government. Ms. Kahakui reported that there are 21 vendors on Schedule 70.

Schedule 84 - Used for the purchase of security and law enforcement equipment. Ms. Kahakui said that there are 2 vendors on Schedule 84.

Ms. Allen said that while the SPO has no or little experience in this area and doesn't have a pilot program, the SPO can overcome these challenges and conduct a pilot program.

Mr. Seki reported that the State Department of Defense wanted to use piggy-backing for disaster preparedness. The GAS movement will help disaster preparedness by preventing price-gouging.

SPO wants to have control until try it out, put it out in a conservative manner

Mr. Hirano shared his concern that global vendors will take jobs away from Hawaii. Ms. Allen responded that there needs to be a balance.

IX: Sunshine Law Reference

The SPO referred to a guide on the Sunshine Law, which allows boards to hold multi-site meetings where members at different sites are connected via audio- or videoconference, or another form of interactive conference technology, subject to requirements listed in Section 92-3.5 of the Hawaii Revised Statutes. One requirement is that if the next PPB meeting utilizes audio- or videoconference technology, the meeting agenda must list all the locations from which board members will be attending as public meeting sites.

X. Adobe Connect Demonstration

Andrew Lum, Management Analyst of the SPO, held a demonstration of Adobe Connect, which can be used as a tool to connect interactively with board members and the public from neighbor islands. Adobe Connect can be used for the next PPB meeting.

XI. Meeting Schedule

The SPO recommended that future PPB meetings be scheduled quarterly or as needed.

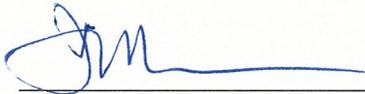
XII. Announcements

There were no announcements

XIII. Adjournment

The meeting was adjourned at 3:16 pm.

Respectfully submitted,



Dean Seki, Secretary
Procurement Policy Board

Attachment: April 17, 2014, PPB Agenda