

PROCUREMENT POLICY BOARD
Meeting Minutes
Wednesday, October 12, 2016, 10:30 a.m.
Comptroller's Conference Room
Kalanimoku Building Room 410, 1151 Punchbowl Street
Honolulu, Hawaii 96813

Members Present

Ronald N. Hirano
Gregory L. King, Chair
Douglas Murdock
Kathy Suzuki-Kitagawa
Elizabeth Webb

Staff

Sarah Allen, State Procurement Office (SPO)
Ruth Baker, SPO
Audrey Hidano, Deputy Comptroller
Corinne Higa, SPO
Stella Kam, Department of the Attorney General
Andrew Lum, SPO
Michael Ong, SPO
Mara Smith, SPO
Donn Tsuruda-Kashiwabara, SPO

Others

Shannon Alivado, General Contractors Association of Hawaii
June Burke, Grainger
Melissa Pavicek, Procurement Policy Board Nominating Committee

I. Call to Order, Public Notice, Quorum

Chair Gregory King called the Procurement Policy Board (PPB) meeting to order at 10:32 a.m.

II. Approval of June 15, 2016, Meeting Minutes

Ronald Hirano made a motion to accept the minutes of the June 15, 2016, meeting as presented. Kathy Suzuki-Kitagawa seconded the motion, and the Board members unanimously agreed to accept the minutes.

III. PPB Nominating Committee

Melissa Pavicek spoke on behalf of the Procurement Policy Board (PPB) Nominating Committee, which also consists of Douglas Murdock, Doug Luiz and Ray Soon. She stated that the committee used the guidelines adopted by the past Nominating Committee. The current Committee will need to meet and discuss language on the qualifications of each PPB position, and if the minimum qualifications can be changed in the Hawaii Revised Statutes (HRS). Sarah Allen stated that the process of changing the HRS is through having a state legislator introduce legislation. The Nominating Committee is required to submit three qualified nominees for each vacant position to the Governor for consideration.

IV. Procurement Audits (SB2493 SD2 - 2016)

Ms. Allen reported that State Senator Donna Mercado Kim, the introducer of the SB2493 (the original form), urged the PPB to conduct audits. Since such audits require much resources and audit expertise/knowledge, the SPO has scheduled procurement training for the Office of the Auditor and the Department of Accounting and General Services (DAGS) Audit Division. Ms. Allen said the SPO will continue to conduct its own procurement reviews, which are not seen as formal audits. She also spoke to State Auditor Les Kondo about a partnership on conducting audits. Doug Murdock suggested that Mr. Kondo be invited to provide a report on audits at the next PPB meeting.

V. HRS Chapter 103F, Purchases of Health and Human Services

The proposed changes to HRS Chapter 103F and Hawaii Administrative Rules (HAR) Sections 141 through 149 were distributed to the PPB members.

Ms. Allen introduced Corinne Higa, Health & Human Services Manager of the SPO. Ms. Higa provided an overview of proposed amendments to HAR Chapter 103F, Purchases of Health and Human Services. The rules were last updated in 2006. Ms. Higa reported that the SPO met with personnel from the Department of Health and the Department of Human Services—to review the proposed changes.

Ms. Higa stated that the SPO also proposes to amend HRS 103F-404, Treatment Purchase of Service, to allow departments, at their option, to procure and establish their own treatment list based on their respective needs, and to expedite the procurement process when the need arises and established criteria are met. She also explained that the proposed revision to HRS 103F-405, Small Purchase of Service, allows the chapter to stand on its own by deleting the reference to follow HRS Chapter 103D-305.

Ms. Allen said she will investigate the feasibility of getting the legislation introduced during the next Legislative Session.

A justification sheet to explain the proposed HAR changes was distributed to the PPB members. Many of the proposed changes are for the purposes of housekeeping, providing clarity, deleting unnecessary language and adjusting to the use of new technology.

VI. 2017 Legislative Session

In addition to working on the introduction of legislation regarding Health & Human Services and qualifications to serve on the Procurement Policy Board, the SPO is working on a possible pilot policy for a Small Business Set-Aside.

Sarah reported that a Small Business Set-Aside was attempted in the past, but that set-aside needed resources. The SPO is now in the research/analysis stage in preparing a white paper and develop Small Business Set-Aside. The white paper will incorporate input from the community. The SPO's research includes having a phone conference with the head of Delaware's Office of Supplier Diversity on the subject of small business, and looking at opening up North American Industry Classification System codes to businesses owned by women and Native Hawaiians.

VII. Announcements

- A. Introduction of Assistant Administrator
Mara Smith, who has been with the SPO for approximately 24 years, was introduced as Assistant Administrator of the SPO.
- B. Launch of Procurement Wizard
Ms. Allen introduced Donn Tsuruda-Kashiwabara, Purchasing Supervisor of the SPO. Donn provided a demo on the online Procurement Wizard, which was launched on August 5, 2016. She showed where the Wizard is located on the SPO website, the video tutorial, the search feature, and links to important references and information. No other state in the U.S. has a program like the SPO's Procurement Wizard. The SPO has already received feedback from users and will gather metrics and data on the usage of the Wizard. Ms. Allen hopes that people will transition to using the Wizard.

The Wizard was submitted for consideration for the National Association of Procurement Officials Cronin Award.

- C. Procurement Conference
Sarah reported that the SPO is organizing the Inaugural Procurement Conference, called SPOCon, which will be a one-day event for government procurement and purchasing staff. The event will include procurement training, training on contract law fundamentals, information on cooperative contracts, and the first time that the Procurement Professional Excellence Award is presented. SPOCon will be held on October 21, 2016.
- D. SPO Award
The SPO's Procurement Wizard Team, which consists of Bonnie Kahakui, Corinne Higa, Ms. Tsuruda-Kashiwabara, and Shawn Richey, was named the DAGS "Team of the Year" in September.

VIII. Next Meeting

The next meeting will be held in January 2017.

IX. Adjournment

The meeting was adjourned at 11:30 am.

Respectfully submitted,

Procurement Policy Board