

PROCUREMENT POLICY BOARD MEETING

May 2, 1995

2:00 p.m.

Comptroller's Conference Room
1151 Punchbowl Street, Room 410
Honolulu, Hawaii 96813

Members Present

Haruo Shigezawa, Chairman
Timothy Johnson, Vice Chairman
Eugene Imai, Secretary
Robert Oyama, Member

Members Excused

Bill Gray, Member

Others

Lloyd Unebasami, Interim Administrator
Robert Governs, State Procurement Office
Grant Turner, State Procurement Office
Kay Fujimoto, State Procurement Office
Eric Tom, DOE Procurement Office
Gwen Won, University of Hawaii

Call to Order

The meeting was called to order at 2:00 p.m. by Chairman Haruo Shigezawa.

Minutes

Motion

A motion was made by Mr. Robert Oyama, seconded by Mr. Tim Johnson, to approve the minutes of the meeting held on April 4, 1995.

AYES: Mr. Haruo Shigezawa
Mr. Timothy Johnson
Mr. Eugene Imai
Mr. Robert Oyama

NAYS: None

The minutes were approved as distributed.

New Business

Review and Approval of Amendments to Interim Rules.

Chapter 3-124, Preferences. Mr. Robert Governs led the discussion on the various amendments.

1. Section 3-124-21. The definition of "bid" was clarified.
2. Section 3-124-24(a). Language was amended to conform with changes made to section 3-124-21 above.
3. Section 3-124-32(a). Clarifies how preferences are applied. If particular preferences are applied, they are stated in the solicitation documents.
4. Section 3-124-35(f). Language was amended for clarity and easier reading.
5. Section 3-124-44(d). Amendment was made for construction contractors to be given the priority of the in-state contractor preference which is more valuable than the Hawaiian products preference (i.e., the in-state contractor preference is applied to the entire bid price whereas the products preference is applied only to the cost of the subject product).

Motion

Mr. Robert Oyama moved that proposed changes to the interim rules, as explained by Mr. Governs, be accepted as published. The motion was seconded by Mr. Tim Johnson.

AYES: Haruo Shigezawa
Tim Johnson
Eugene Imai
Robert Oyama

NAYS: None

The motion was unanimously carried.

Administrator's Report

A. Mr. Unebasami gave a brief overview of the amendments to the procurement bill, a summary of which follows:

Section 1, Attorneys. The process to hire attorneys was removed from the procurement code and placed in Chapter 28, HRS, since it applied only to the State's Executive Branch.

Section 2, Ethics. This section was amended to conform to the new language contained in the procurement code. The amendment covers legislators who wish to do business with the State to procure goods, services or construction in excess of \$10,000.

Section 3, Exemptions. The amendments to this section classified the various exemptions into five (5) categories.

1. Contracts entered into prior to the effective date of the procurement code;
2. Disbursement of funds: (a) for grants, subsidies; (b) public employees' salaries, fringe benefit, etc.; (c) for the satisfaction of obligations by the State to pay fees, settlements, claims, etc.; (d) for entitlement programs, including public assistance, unemployment compensation; (e) for dues and fees to organizations of which the State or its officers and employees are members; (f) the deposit, investment, or safekeeping, including expenses related thereto; (g) to governmental bodies of the State; and (h) as loans, under loan programs administered by other governmental entities;
3. Intergovernmental purchases;
4. Procurement of goods and services, including services of expert witnesses; works of art; research and reference materials; food items for Kalaupapa Settlement; opponents for athletic contests; utility services; performance, including entertainers and speakers; goods and services for resale by the State; and services related to the issuance and sale of bonds (the policy office determines by rule or the chief procurement officer determines in writing that multiple sources are available but procurement by competitive means is not practicable or not advantageous to the State); and
5. Governmental treaties.

Section 4, Sunshine Law. Amendments to this section allows discussions, deliberations, or decisions required to be conducted or made confidentially, without regard to Part 1 of chapter 92, HRS.

Section 5, Procurement Office Organization. The State Procurement Office shall be assigned for administrative purposes to the Department of Accounting and General Services. The State Procurement Administrator shall operate independently of the comptroller; the administrator may also appoint a private secretary.

Section 6, Authority to Contract for Certain Services. The amendment to this section specifically states that the purchasing agency may contract on its own behalf for professional services. Also, paragraph (b) of this section was deleted in its entirety to be in conformance with Section 1 above.

Section 7, Invitation for Bids. Housekeeping amendments were made in this section; the bid acceptance procedure was streamlined.

Section 8, Competitive Sealed Proposals. Presently, if the competitive sealed proposal method is used, it must be determined and put in writing that this method is more advantageous to the State. The amendment in this section allows the Procurement Policy Board to issue rules which will list the types of procurement which are not practicable or not advantageous to procure by competitive sealed bidding.

Section 9, Request for Proposals. Housekeeping amendments were made in this section; the process was streamlined.

Section 10, Professional Services. For the procurement of professional services, the amendments to this section allows the use of the method which is in the best interest of the State at fair and reasonable prices.

Section 11, Small Purchases. The amendment to this section prohibits against parceling. Procurements shall be made in accordance with procedures set forth in the rules and that multiple expenditures shall not be created to evade the requirements of this section.

Section 12, Sole Source. The amendment allows the Procurement Policy Board to adopt rules which will include a listing of sole source procurements and the criteria for determining when a procurement may be considered a sole source procurement.

Section 13, Contract Certification. This section was amended for clarification. A contract with no appropriations attached to it will not be considered void.

Section 14, Records. The amendment requires the chief procurement officer to maintain a record of all procurements for a minimum of five years.

Section 15, Duties of the Attorney General. This section was deleted in its entirety.

Section 16, Act 188. This amendment states the repeal dates of June 30, 1995 for section 2 and June 30, 1996 for the remaining sections of Act 188.

B. Community Hospitals.

Mr. Bertrand Kobayashi, Deputy Director for Community Hospitals, Department of Health, presented an overview of S.B. 1674 which exempts the State hospitals from many sections of chapter 103D, HRS.

Mr. Kobayashi stated that his office will need to develop policies relating to procurement and inquired about the coordination of such policies with the Procurement Policy Board and the Administrator of the State Procurement Office. Mr. Kobayashi also stated that he realizes that the exemption from chapter 103D carries with it a responsibility to carry out the intent of the procurement bill, and that it is his desire to develop policies and guidelines in parallel with the chief procurement officers throughout the State.

Mr. Tim Johnson agreed and said that it would be a good idea for all vendors to be treated in the same manner and that the procurement processes the vendors are required to follow are standardized throughout the governmental entities within the State.

Mr. Kobayashi then inquired whether he should work directly with Mr. Unebasami as he would prefer not entering the jurisdiction of the Procurement Policy Board unless it was necessary. In response, Mr. Unebasami offered the State Procurement Office's full support in assisting in the hospitals' efforts in the development of policies and guidelines for the procurement code.

The Board members were in full agreement with this arrangement.

C. CPO's Meeting.

Mr. Unebasami reported that he will be meeting with all of the chief procurement officers on May 9, 1995. Topics for discussion at the meeting are H.B. 1834, H.D. 2, S. D. 1, C.D. 1 and the auditor's report dated February 1995. The CPO's will be asked to provide their input which will be considered in the drafting of the rules.

D. Informational Meeting.

Mr. Unebasami confirmed the date and time of the informational meeting which is scheduled on May 24, 1995, 5:00 p.m. at the Mabel Smyth Auditorium.

Next Meeting

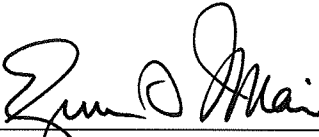
Chairman Shigezawa announced that the next Procurement Policy Board meeting will be held on Tuesday, June 6, 1995 at 2:00 p.m.

Adjournment

There being no further business, the meeting was adjourned at 2:48 p.m.

Respectfully submitted,

Procurement Policy Board



EUGENE S. IMAI, Secretary

2 Jun 95

Date