

PROCUREMENT POLICY BOARD MEETING

June 16, 2003

2:00 p.m.

Conference Room 410
1151 Punchbowl Street
Honolulu, Hawaii 96813

Members Present

Phyllis Koike, Chair
Gregory King, Vice Chair
Russ Saito, Secretary
Gordon Ing, member
Winifred Odo, member
Myron Tong, member

Members Excused

Claire Motoda

Others

Aaron Fujioka, State Procurement Office
Robert Governs, State Procurement Office
Doris Lee, State Procurement Office
Ruth Yamaguchi, State Procurement Office
Justin Fo, State Procurement Office
Mara Smith, State Procurement Office
Cheryl Oho, State Procurement Office
Pat Ohara, Attorney General's Office
Charles Katsuyoshi, City and County of Honolulu
Kathi Thomason, Department of Accounting and General Services
Roger McKeague, Office of the Governor
Christian Butt, Department of Education

Call to Order

Chair Phyllis Koike called the meeting to order at 2:00 p.m.

Minutes

Motion

Mr. Gordon Ing made a motion; seconded by Ms. Winifred Odo to approve the minutes of the meeting held on May 29, 2003.

The minutes were approved as distributed.

New Business

For Action

Interim Rules

Mr. Aaron Fujioka explained to the Board there are a number of proposed interim rules for adoption to be presented by staff and for the Board to vote on by sections. The information being presented to the Board would be for additional substantive changes, including new sections, based on the prior meeting.

Ms. Doris Lee explained the change in title for Section 3-122-9.01. The main reason for this being the addition of the names of the selection committee members.

For sections 3-122-21, 22, 23, 24 and 46, Ms. Ruth Yamaguchi explained no substantive changes were made from the last Board meeting. Section 3-122-26 the change as recommended by the Board was made in subsection 4.

Ms. Doris Lee reported for section 3-122-60, the change as recommended by the Board was made.

Mr. Justin Fo explained for section 3-122-63 (a), wording was added for the design professional services to be procured under section 103D-304 or 103D-307. For sections 3-122-67, and 69 no changes were made from the last board meeting. Section 3-122-70 is worded the same as section 3-122-60. Section 3-122-74 added wording that the design professional services are limited only to the 103D-304 process.

Sections 3-122-75 and 76 are discussion items that came up at the October 31, 2002 board meeting. A question was raised as to why there is a difference in the awarding of contracts between goods and services versus construction. Currently goods and services are awarded by best value, whereas construction is awarded by low price. This was presented to the Board to decide whether they would like to allow all construction to also be awarded by best value. The sections presented were section 3-122-75 to be amended to add construction and for section 3-122-76 to be repealed. After some discussion, the Board decided to accept the amendments for adoption as interim rules.

Ms. Doris Lee presented the last section 3-122-112. This was introduced to the Board at the last meeting and at that time, the SPO was awaiting information from the Departments of Taxation, Labor and Industrial Relations, and Commerce and Consumer Affairs. The SPO is still waiting for the information, but wanted to bring to the Board the portion that was agreed upon about applying this section to \$25,000 or more and adding a subsection that this will not hinder or impede the state in contracting for any projects involving federal funds.

The Board has the option of including section 3-122-112 in the interim rules or wait till the information is received from the various departments. The SPO felt it would be helpful for

the various jurisdictions to at least have a dollar amount to work with. After further discussion to clarify all of the above amendments, Mr. Myron Tong made a motion to adopt and Mr. Greg King seconded to adopt items a through p on the agenda. The items were adopted as interim rules.

Mr. Justin Fo stated that Act 52 repeals section 103D-1007, HRS regarding contractor preference, therefore section 3-124-40-45, HAR pertaining to this section is also being repealed. Section 3-124-66 is being amended to allow the distribution of the Partners in Employment Program (PEP) list by the internet. The SPO is currently utilizing this process and would like to update the rules at this time.

Mr. Greg King made a motion to adopt interim rules for Chapter 3-124, subchapter 6 and section 3-124-66 and Mr. Myron Tong seconded. The interim rules were adopted.

Ms. Ruth Yamaguchi stated sections 3-126-4 and 5 were presented at the last Board meeting and only minor grammatical changes were made.

Ms. Winifred Odo made a motion to adopt interim rules for Chapter 3-126-4 and 5 and Mr. Gordon Ing seconded. The interim rules were adopted.

Procurement Directives

Ms. Ruth Yamaguchi explained the first procurement directive on the implementation guidance for Act 52 will be going out to all jurisdictions and agencies to inform them of the various changes and implementation dates.

Mr. Gordon Ing moved to approve the issuance of the directive and Mr. Myron Tong seconded. The directive was approved.

Mr. Fujioka explained that the procurement directive on qualification questionnaire was deferred for further action from the October 31, 2002 meeting. A new questionnaire was developed and updated with the help of the Public Works Division, since the previous one made reference to the state as a territory. The use of the questionnaire is optional. Agencies may utilize the questionnaire to obtain information, but the rules require issuance of a standard qualification form. Mr. Gary Shimazu from the Public Works Division fielded questions from the Board regarding the use of the questionnaire. Mr. Gordon Ing suggested rewording of the directive to clarify the optional use of the questionnaire. After further discussion, Mr. Myron Tong moved to approve the issuance of the directive as amended and Ms. Winifred Odo seconded. The directive was approved.

Election of Officers

Mr. Fujioka explained the statutes require the chairperson to be elected annually by a majority of its members, except the comptroller is not eligible to serve. Ms. Winifred Odo moved to keep Ms. Phyllis Koike as chair and Mr. Gordon Ing seconded. A suggestion was made to vote on the entire slate of officers instead of doing it individually. Ms. Winifred Odo

amended her motion to include the entire slate of officers and Mr. Gordon Ing seconded. The current officers were approved to serve another term.

Administrator's Report

Mr. Aaron Fujioka thanked the Board for their support in developing and adopting the interim rules and acknowledged the staff who worked diligently under the time constraints on getting the rules completed.

Update on the purchasing card, the Department of Education will be joining the program and the City and County of Honolulu has given a verbal commitment to participate also.

The on-line procurement notices system will take effect on July 1st this year. The SPO in conjunction with DAGS, ICSD conducted training sessions for the 17 executive departments and 6 other jurisdictions who are participating. Mr. Fujioka acknowledged Mr. Govers for helping implement the system and Ms. Yamaguchi who conducted the training.

Next Meeting

The next meeting will be at the call of the Chair.

Adjournment

There being no further business, the meeting was adjourned at 2:55 p.m.

Respectfully submitted,

7/9/03
Date



RUSS K. SAITO, Secretary
Procurement Policy Board