



JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

BONNIE KAHAKUI
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STATE OF HAWAII | KA MOKU'ĀINA O HAWAII'
PROCUREMENT POLICY BOARD

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**PROCUREMENT POLICY
BOARD**
RICHARD HELTZEL
LANCE INOUE
LISA MARUYAMA
KEITH REGAN

Procurement Policy Board

Minutes of Meeting

Date/Time: Friday, January 31, 2025

Locations: Comptroller's Conference Room
Kalanimoku Building, Room 410
1151 Punchbowl Street
Honolulu, Hawaii 96813

Virtual Meeting Using Interactive Conference Technology – Zoom

Members Present: Rick Heltzel
Lance Inouye
Lisa Maruyama

Member Excused: Keith Regan

State Procurement Office Staff: Bonnie Kahakui, Administrator
Christopher Amandi
Ruth Baker (in public conference room)
Jacob Chang
Stacey Kauleinamoku
Kelli Nekomoto
Carey Ann Sasaki
Donn Tsuruda-Kashiwabara
Alan Yeh

Department of Accounting and General Services
Division of Public Works Staff: Jolie Yee

Guests: Jeff Masatsugu

I. Call to Order, Public Notice

Chair Lisa Maruyama called the Procurement Policy Board (PPB) meeting to order at 9:33 a.m. held on Zoom and in-person at the physical location. The meeting was recorded.

II. Roll Call, Quorum

Roll call was taken of the Procurement Policy Board members; there was quorum. Staff of the State Procurement Office (SPO) were introduced.

III. Consideration and Approval of Minutes of June 27, 2024, Meeting

The minutes of the June 27, 2024, were reviewed and revised for clarity. Member Heltzel made a motion to approve the revised minutes and Member Inouye seconded the motion. The members voted to approve the minutes.

IV. Public Testimony

Chair Maruyama announced that public testimony will be taken on all items as those items occur during the meeting.

V. Election of Officers

Written testimony: None
Oral testimony: None

A. Chair, Pursuant to [Hawaii Revised Statutes §103D-201\(e\)](#)

B. Option to elect Vice Chair and Secretary

SPO staff clarified Chair Maruyama's status as a holdover and the Chair acknowledged the Comptroller Regan's ineligibility to serve as Chair. The members agreed that the Vice Chair may assume the role of Chair when necessary. Since the statute does not mandate that the Board have a secretary, the Board can defer voting on that position at its next meeting after checking with the Department of Attorney General. Member Inouye made a motion to nominate Chair Maruyama to continue serving as Chair and Member Heltzel as Vice Chair. Member Heltzel seconded the motion, and the members voted unanimously in favor.

VI. State Procurement Office Administrator's Report

Written testimony: None
Oral testimony: None

A. Report on the State Contractor Past Performance Database

State Procurement Office Administrator Bonnie Kahakui reported that the State Contractor Past Performance Database was launched January 2024. As of January 30, 2025, 56 past performance forms were submitted. The 56 submittals consisted of 14 Sole Source, 33 Information for Bids, and 9 Requests for Proposals. The State Procurement Office plans to send a circular reminding all Departments about the statutory requirements to submit contractor past performance.

Chair Maruyama's asked for Administrator Kahakui's feedback on the data submitted to the past performance database, and if the Procurement Policy Board can play a role in populating the

database. Administrator Kahakui responded that the number of submittals is low, and that purchasing agencies need to be reminded to submit information to the contractor past performance database. She added that there are legislative bills that will require additional categories in the contractor past performance database, and that the State Procurement Office will just have to follow up with and remind agencies to submit that information.

B. Report on "SPOCon," Statewide Training Event

Administrator Kahakui provided a brief report on "SPOCon," the State Procurement Office's procurement training conference held on October 30, 2024. Approximately 150 purchasing staff representing almost all jurisdictions, plus about 50 vendors, participated in the event, which received positive reviews. The training agenda covered topics such as Cooperative Purchasing, Chief Procurement Officer Requests, Artificial Intelligence, and Change Management.

C. Report on State Procurement Office 2025 Legislation

Administrator Kahakui reported that the following bills relating to procurement were introduced via the Governor's Package (also referred to as "Admin Bills"):

1. [Senate Bill 1306](#) / [House Bill 987](#), **RELATING TO PROCUREMENT.**

Description: Establishes a procurement automation system special fund, into which fees from the State's eProcurement system (Aloha eBUYS) will be deposited. The fund will be used for future enhancements to Aloha eBUYS. The bill also aligns section 103D-203(b), Hawaii Revised Statutes, with section 302A-1702, HRS, which added the Executive Director of the School Facilities Authority as a chief procurement officer.

2. [Senate Bill 1307](#) / [House Bill 988](#), **RELATING TO PROCUREMENT.**

Description: Amends section 103D-303 of the Hawaii Revised Statutes to provide guidance that competing offerors' proposal or evaluation scores shall not be provided to anyone being debrief until after a protest is resolved and the contract is executed.

Members asked questions about Senate Bill 1307 / House Bill 988. Member Heltzel asked Administrator Kahakui to elaborate on what information can be provided to an unsuccessful bidder prior to a protest being filed. She explained that the purpose of the debriefing is to let the bidder know how they scored against the criteria and can be given a summary of the scores and where the bidder ranked. There have been instances during the debriefing process in which bidders want to see the other vendors' proposals. While the statute allows the procuring agency to deny that request, the statute provides clarity that the information cannot be provided.

Member Inouye asked Administrator Kahakui if there were problems in the process to initiate the legislation, and commented that Senate Bill 382 reads the same as Senate Bill 1307 / House Bill 988. She prefaced that those bills were presented to the Procurement Policy Board because they are bills that the State Procurement Office had introduced through the Governor's Package. She said that purchasing agencies have expressed confusion about what they can and cannot disclose in debriefing and would ask the State Procurement Office for guidance. The bill provides clarity for purchasing agencies and vendors. She acknowledged that Senate Bill 382 is very similar to Senate Bill 1307 / House Bill 988.

Chair Maruyama asked if the State Procurement Office can share a list of all procurement-related Legislation, in addition to those in the Admin Package. This will provide the Procurement Policy Board a broader picture in the discussion of issues. Administrator Kahakui mentioned that there are a variety of bills to increase the small purchase threshold, change the small purchase threshold for electronic procurement, increase threshold for vendor compliance from \$2,500 to \$10,000, check compliance for purchase, require names of officers and immediate family members of contractors to be provided to the Campaign

Spending Commission, require re-procurement of contracts that have change orders that increase the contract by more than 50%, void certain contract when entered in violation of the state lobbying law, limit the amount each agency can spend on external consultants, and give local vendors a 15% preference on all procurement. The State Procurement Office is tracking approximately 200 bills. Jolie Yee of the Public Works Division of the Department of Accounting and General Services mentioned in the Zoom chat that there are also construction procurement bills.

Chair Maruyama requested a list of those bills and where the State Procurement Office stands on those bills to provide the Procurement Policy Board an understanding of the procurement landscape. Vice Chair Heltzel recommended that the State Procurement Office provide a filterable list of bills that it is tracking at the start of each Legislative session.

VII. Report on Public Hearing on Interim Rules

This was deferred and removed from the agenda.

VIII. Review and Possible Approval of Proposed Amendments to Hawaii Administrative Rules Chapter 3-122 – Source Selection and Contract Formation

Written testimony: None

Oral testimony: None

State Procurement Office Purchasing Specialist Carey Ann Sasaki introduced the proposed amendments to Hawaii Administrative Rules (HAR), Chapter 3-122, subchapters 2 to 4.5, that relate to the Hawaii Public Procurement Code, Chapter 103D, Hawaii Revised Statutes (HRS). The proposed rules were included in the board packet and may also be viewed in person at the State Procurement Office at 1151 Punchbowl Street, Room 416, Honolulu, HI 96813, and online at the SPO website at spo.hawaii.gov by clicking on "Procurement Policy Board" then on "Rules."

She provided an explanation of the proposed amendments to the rules.

1. Subchapter 2 – General Provisions

- §3-122-3 – Extension of time on contracts. Amend subsection (4)(b) by adding "and provided the prices are fair and reasonable."
- §3-122-9 – The title is changed from "Use of facsimile machines, electronic mail, or electronic procurement systems" to "Use of electronic communication". Amend entire section to replace legacy verbiage of "facsimile machine, electronic mail, or electronic procurement systems" with "electronic communication". Amend subsections (a), (c), and (d)
 - a. Add "and contract documents" as documents transmitted by vendors via electronic communication in subsection (a).
 - b. Replace "invitation for bids or requests for proposals" with "solicitation" in subsection (c). Also, add "(H) Any other requirement in the solicitation" to subsection (c)(2).
 - c. Remove "complete original offer" in subsection (d) as electronically submitted offers with electronic signatures are accepted.
- §3-122-9.01 – Disclosure of information. Amend subsections (a) and (b).
 - a. Replace "The purchase order is issued or the purchasing card order is placed" with "After the time and date set for receipt for quotes" in subsection (a)(1).
 - b. Amend for clarity, consistence, and style and replace "posting of the award pursuant to section 3-122-57 (a)" with "contract execution" in subsection (b).

Member Inouye asked why the aforementioned amendments are proposed for the Hawaii Administrative Rules, and if there were any problems that initiated the rule changes. Administrator Kahakui responded that the changes are to correct grammar, provide clarification,

and update references to technology. She added that there have been problems regarding Request for Proposals, in which purchasing agencies disclose information when that is not permitted.

2. Subchapter 3 – Specifications

- §3-122-12 - Duties of the administrator. Amend subsection (b)(1)(A) by removing reference to Presidential Executive Order No. 12873 dated October 20, 1993, because this presidential executive order was revoked in 1998. Amend (b)(2) and (b)(3) for clarity, consistency, and style to allow the administrator of the state procurement more flexibility for specifications.
- §3-122-13 – Development of Specifications. Amend subsection (b)(3) to require procurement officer approval for use of restrictive specifications in small purchases procurement to be documented in the procurement file.

The State Procurement Office Staff answered members' questions and provided clarification on the proposed amendments to the Hawaii Administrative Rules. Chair Maruyama asked that when presenting the changes, that staff provide the intent of and justification for the proposed amendments.

Administrator Kahakui pointed out that Subchapter 4 is lengthy and suggested that this be deferred to the next Procurement Policy Board meeting.

No written or verbal testimony was received.

Member Inouye made a motion to approve the proposed amendments to Hawaii Administrative Rules, Sections 3-122-3, part of 3-122-9, 3-122-12, and 3-122-13, with the exception of Section 3-122-9.01. Member Heltzel seconded the motion. The members voted to approve the proposed amendments.

IX. Announcements

Chair Maruyama recommended that the Procurement Policy Board increase its cadence and the frequency of its meetings to get through the State Procurement Office's proposed amendments to the Hawaii Administrative Rules. State Procurement Office staff will poll the members and come up with a proposed meeting schedule.

There were no additional announcements.

VIII. Adjournment

Since there was no new business, Member Heltzel moved to adjourn the meeting and Member Inouye seconded the motion. All members voted to adjourn the meeting. The meeting adjourned at 11:32 a.m.

Respectfully submitted,

Lisa Maruyama, Chair
Procurement Policy Board