PROCUREMENT POLICY BOARD MEETING
October 28, 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
Clayton Wong, Honolulu City Council
Francis Kagawa, Department of Labor and Industrial Relations
Veronica MacDonald, PMCI Hawaii
Christine Ogawa, PMCI Hawaii
Chris Chun, Hisaka, Stone, Goto
Carl Varady, Attorney at Law
Rick Daysog, Honolulu Star-Bulletin
Chris Butt, Department of Education

Call to Order

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

Minutes

Mr. Aaron Fujioka pointed out an error to the Board on page 2, under New Business, For Action, Item No. 1, paragraph 4, line 4, first word "and" should be changed to "or".

Motion

Mr. Gordon Ing made, and Mr. Myron Tong seconded, a motion that the minutes of the September 24, 2003 meeting be approved as corrected.

The minutes were approved with the correction.

New Business

For Action

Item No. 1, §3-126-11.01, HAR. Mr. Fujioka explained that this item was previously approved by the Board as an interim rule, but the State Procurement Office is requesting formal approval to proceed to public hearing. At the last meeting it was not on the agenda to proceed to public hearing.

Ms. Pat Ohara further explained that there was a motion made at the last meeting to amend the agenda to allow the interim rule to proceed to public hearing. At that time she thought it was okay, but upon further consideration, she concluded that the item should not have been added to the agenda because it has significance that would affect a number of people and it was decided the item should be placed on the agenda for today's meeting.

Ms. Winifred Odo made a motion to adopt and approve the interim rule for public hearing. Mr. Gregory King seconded. The motion was unanimously passed.

Item No. 2, DLIR form LIR #27. Mr. Fujioka informed the Board that the Department of Labor & Industrial Relations made a few changes to the form that was previously approved. One of the questions has been reworded and reference to the department's internal process has been removed and separated. This makes the form a user friendly one and simplifies the process for the requestor.

There being no discussion, Mr. Myron Tong made a motion to approve the form as amended and Mr. Russ Saito seconded. The motion was unanimously passed.

Item No. 3. Chapter 3-122, HAR. Mr. Fujioka explained that this chapter has had many piecemeal changes over the past year that have been approved at earlier meetings, except for revisions to section 3-122-112 "Responsibility of Offerors" which was being presented for approval during the meeting. The SPO was requesting approval of the chapter as a comprehensive and compiled set of rules.

Mr. Fujioka further explained there were two issues that needed to be addressed by the Board. The first was to approve chapter 3-122 as interim rules and the second was to follow-up on Senator Kawamoto's concern for §3-122-112 and the Senator's suggested amendment. Mr. Fujioka reported that in his discussions with Senator Kawamoto following the last Board meeting, the Senator wanted subsection (a) to apply to all small purchases. As currently written, it excludes section 103D-305. The Senator said he was also aware of the administrative burden associated with including 103D-305 process in subsection (a). As a compromise, of not having to add the 103D-305 to subsection (a), Senator Kawamoto requested subsection (c) be amended by deleting the words "included in subsection (a)". This means subsection (c) (1) and (2) would apply to small purchases.

Chair Koike questioned the effect this would have administratively. Mr. Fujioka explained that the self-certification process for final payment would apply for small purchases and most of the burden would be on the vendor. During the course of the discussion, Mr. Russ Saito felt that his department would not be able to comply, if the rule applied to all payments. Mr. Gregory King stated this would be a tremendous burden on his office. The Board requested a legal opinion from the deputy attorney general on the present language of the rule, without the Senator's proposed deleted language. Ms. Ohara said the proposed rule would not address the problems of those who need to be licensed, and the small purchase vendors would be exempt from providing the final payment documents, but would still be responsible for producing the documents specified in subsection (a) if requested by the agency. After a lengthy discussion Mr. Gordon Ing moved to adopt chapter 3-122, which includes the September 24, 2003 interim rule for §3-122-112 and Mr. Gregory King seconded. The motion was unanimously passed.

Item No. 4, Chapter 3-122, HAR. Mr. Fujioka stated this would allow the SPO to proceed with chapter 3-122 to public hearing. Ms. Winifred Odo made a motion to approve for public hearing and Mr. Myron Tong seconded. The motion was unanimously passed.

Administrator's Report

Mr. Aaron Fujioka announced that the State Procurement Office did issue a notice of award for the Hawaii electronic procurement system yesterday. The Board will be provided additional information at future board meetings.

A new handout for SPO's web page was given to the Board reflecting the new section on Act 52. In addition, a button will be added for suspension and debarment, to include the statutes, Hawaii Administrative Rules, SPO's procedures in handling suspension and debarment and possibly flow charts and other relevant information. Another addition the SPO would like to add would be the Procurement Policy Board, to include the statutes, HAR, composition of the board, current members with a short bio and expiration of term. Mr. Fujioka will contact the Board members for their bio.

Next Meeting

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

Adjournment

There being no further business, the meeting was adjourned at 3:05 p.m.

Respectfully submitted,

11/13/03
Date

RUSS K. SAITO, Secretary
Procurement Policy Board