

Small Business Utilization Council Meeting

MINUTES OF REGULAR MEETING

April 7, 2008

No. 1 Capitol District Building – Conference Room 436

1. Call to Order - Chair Liu called the meeting to order at 1:10 p.m., with a quorum present.

MEMBERS PRESENT:

- Theodore E. Liu
- Russ K. Saito
- Kalbert Young
- Mary Patricia Waterhouse
- Aaron Fujioka

ATTENDEES:

- Ann Murata
- Justin Fo
- Karl Borgstrom
- Caroline Kim
- Dori Palcovich
- Ilene Deutsch

ABSENT MEMBERS:

- Brennon Morioka
- Wallace Rezentes, Jr.
- William Takaba

2. Approval of March 3, 2008 Minutes - Approval of the March 3, 2008 SBUC minutes was deferred until the May 5, 2008 meeting.
3. Update on the Annual Report – Ms. Palcovich indicated that the Annual Report is completed and was sent to the Governor's Office for approval. Once approval is received, copies of the report will be distributed to the members, appropriate legislators; the report will also be placed on the SBUC website. Chair Liu stated that the report summarizes the Council's monthly meetings in its start-up period.
4. Discussion of Proposed Action Plan for Identifying Set Asides and Areas for Subcontracting – Vice Chair Saito read to the members HAR Chapter 3-124, Subchapter 9, Subsection 73.1(a) 2(i), (ii) entitled "Implementation of Small Business Preference by Heads of Purchasing Agencies." He explained that these sections allow this Council to recommend to the Procurement Policy Board (PPB) small business targets; and once this is done, all purchasing agencies must elect set-asides. Much discussion ensued regarding ideas for targeted areas. Chair Liu stated that the overall process is that this Council would initially discuss various ideas for set-asides, make a recommendation to the PPB, and if the PPB was in concurrence, the recommendation would be adopted into an interim rule.

Vice Chair Saito indicated that for sub-contracting, the Council would assign a value or rating system to larger contractors that use sub-contractors in the areas that are targeted. Ms. Ann Murata, legal council for the Small Business Administration, explained that on the federal side for a sub-contracting plan to be instituted, a certain percentage of the sub-contracts would have to go to small business; an example would be women-owned businesses. Absent that, if it is a very large procurement, the federal government allows "teaming arrangements;" this permits companies to qualify as a small business even though "teaming" with a large business for purposes of developing that small business.

The discussion of arriving at targeted industries and targeted geographic areas was discussed at length. The idea of providing a set-aside to the Island of Molokai, specifically to Molokai-based businesses, was reviewed. Vice Chair Saito explained that the expectation is that the State wants to create and nurture economic development and stimulate the economy. Member Fujioka added that there can be geographic limitations but the agencies cannot limit to certain island-domiciled companies. Several suggestions and

ideas for set-asides were discussed. Chair Liu requested that for the next meeting that all the members provide ideas of sectors and or geographic areas for this Council to consider.

5. Discussion of Administrative Directive on Set Asides and Subcontracting – Vice Chair indicated that in regards to the status of the Governor's administrative directive, there was nothing new to report as set-asides have yet to be identified; however, the Governor could in fact encourage the agencies' procurement officers to proceed towards establishing set-asides. Chair Liu requested that Vice Chair Saito speak to the cabinet members at tomorrow's cabinet meeting about the preference program.
6. Discussion of Procurement Training Views of the Legislature and Administration – Vice Chair Saito explained that the legislature is encouraging training; the legislature is attempting to take training from under the control of the Department of Human Resources Development (DHRD) and transfer procurement training to the State Procurement Office. While he believes that procurement training should stay in DHRD, training should be broadened by taking advantage of the Federal government's offerings, Hawaii Procurement Institute and perhaps even the Core of Engineers. Much discussion ensued regarding procurement and State Procurement Code.
7. Discussion Potential Pilot Programs – This was discussed in agenda item 5.
8. Public Input and Discussion – Any public input was discussed throughout the meeting.
9. Next Meeting: Monday, May 5, 2008, No. 1 Capital Building, Room 436, 1:00 to 3:00 p.m.
10. Adjournment - Chair Liu adjourned the meeting at 2:28 p.m.