

Small Business Utilization Council Meeting

MINUTES OF REGULAR MEETING

June 12, 2007

No. 1 Capitol District Building – Conference Room 436

1. Call to Order - Chair Liu called the meeting to order at 1:06 p.m., with a quorum present.

MEMBERS PRESENT:

- Theodore E. Liu
- Barry Fukunaga
- Russ K. Saito

ATTENDEES:

- Patricia Ohara
- Anne Murata
- Jessica Horiuchi
- Ruth Yamaguchi
- Lisa Gibson
- Jeff Bloom
- Anthony Marlin
- Richard Kane
- Caroline Kim
- Dori Palcovich

2. Approval of May 16, 2007 Minutes – Minutes of the May 16, 2007 Small Business Utilization Council (SBUC) meeting were approved as presented.

3. Introduction of Deputy Attorney General

Chair Liu introduced and welcomed Deputy Attorney General Pat Ohara from the Attorney General's Office. Ms. Ohara is familiar with the Department of Accounting and General Services and the State Procurement Office procedures and processes.

4. Updates from May 16, 2007 meeting

- a. Letters from Governor to Mayors

Chair Liu noted that for this Council to be effective and because it was given the flexibility and power to expand upon the number of voting members, it was expressed at the last meeting that members include the Counties' chief procurement officers. As a result, letters from the Governor to the Mayors requesting the designation of each County's finance director were mailed on May 29, 2007. To date, no responses have been received.

- b. Letters to Chambers and Trade Agencies

Chair Liu indicated that a preliminary letter was sent out to some of the major chamber groups and trade agencies announcing the small business preference program; he encouraged the members to add other agencies and trade groups to the list. Ms. Palcovich updated the Council on responses to this letter. Chair Liu explained that more education is needed to allow the small business community to be aware of this program by using op-ed pieces and doing presentations in front of the various small business organizations. Vice Chair Saito also noted that education of the preference program should begin with procurement, in general, and the various processes.

5. Small Business Set-Asides

- a. Recommendation on potential service sectors for initial set-asides

In reference to the difference between a "preference" and a "set-aside," Ms. Yamaguchi explained that currently the State has seven different procurement preferences ranging from Hawaiian made products to software products. Of these products, for example, a three, five or ten percent preference or price increase will be given over a non-Hawaii product preference. She further explained that a set-aside designates certain sector areas for services or contracts and only those particular sectors would be contracted with. Much discussion ensued regarding these topics along with questions and

answers. Mr. Saito suggested when that the SBUC decides on which categories it would want to create set-asides for, that such ideas should be solicited from all the business groups that have an interest.

b. Discussion from HPI on size standard/criteria

Ms. Horiuchi reiterated that at the last SBUC meeting, she suggested that the State mirror and adopt the federal Small Business Administration (SBA) size standards and if necessary modify them by geographical areas; Ms. Murata concurred. Ms. Horiuchi stated that part of the benefit in adopting the SBA's size standards is that there are very clear, well-defined definitions for each North American Industry Classification System (NAICS) code which are standardized and nationally recognized. Ms. Murata added that from a legal standpoint, there have been a lot of past protests challenging the size standards, which have gone to tribunals but have been adjudicated. Therefore, another benefit regarding size decisions is that if it is ever protested, there is already some legal past precedent established.

Chair Liu recommended that a memorandum be sent to the Hawaii Procurement Policy Board (PPB) from the SBUC requesting to adopt the SBA's Table of Small Business Size Standards, matched to the NAICS codes, for the purpose of reference definitions and size standards for small businesses in the overall variety of sectors; Messrs. Saito and Fukunaga unanimously agreed. Chair Liu suggested that as many business groups as possible be made aware that this recommendation has been made; in response Mr. Saito suggested that the SBUC's agenda be posted on the State Procurement Office's website.

c. Other recommendations

Chair Liu indicated that the next step will be to recommend input on specific areas of where set-asides should be looked at by this Council. Mr. Anthony Marlin, an attendee at the meeting, inquired as to how the SBUC would like him to get involved and provide input into this process as he associates and interacts regularly with various small business groups. Mr. Saito suggested that one of the best things to do is to show up at the scheduled meetings.

6. Review of 2007 scheduled meetings

It was decided that the next SBUC meeting will be held on Monday, July 2, 2007 at 1:00 p.m., in conference room 436 at 250 South Hotel Street. Messrs. Saito and Fukunaga will provide Ms. Palcovich agenda items by June 25th to include in the upcoming agenda regarding recommendation for specific set-aside areas.

7. Adjournment - Chair Liu adjourned the meeting at 2:30 p.m.