

Small Business Utilization Council Meeting

MINUTES OF REGULAR MEETING

August 6, 2007

No. 1 Capitol District Building – Conference Room 436

1. Call to Order - Chair Liu called the meeting to order at 1:02 p.m., with a quorum present.

MEMBERS PRESENT:

- Theodore E. Liu
- Russ K. Saito
- Aaron Fujioka

ATTENDEES:

- Mary Patricia Waterhouse
- Patricia Ohara
- Jessica Horiuchi
- Ann Murata
- Jeff Bloom
- Karen Iwamoto
- Anthony Marlin
- Richard Kane
- Caroline Kim
- Karl Borgstrom
- Justin Fo
- Dori Palcovich

ABSENT MEMBERS:

- Barry Fukunaga

2. Approval of July 16, 2007 Minutes – Minutes of the July 16, 2007 Small Business Utilization Council (SBUC) meeting were approved as presented.
3. Recommendation to the Procurement Policy Board for additional members to the Small Business Utilization Council – Chair Liu welcomed and introduced Ms. Mary Patricia Waterhouse as the Honolulu city & County's designee to this Council; Vice Chair Saito discussed the SBUC's background for Ms. Waterhouse's benefit. Chair Liu explained that the administrative rules provide for the SBUC to recommend additional voting members with the approval of the Procurement Policy Board (PPB).

Chair Liu recommended that a formal recommendation be sent to the State Procurement Policy Board for the approval of Ms. Mary Patricia Waterhouse, Director of Budget and Fiscal Services of the City and County of Honolulu, to become a voting member on the Small Business Utilization Council; the members unanimously concurred.

4. Follow-up on Chair Liu's discussion with the Departments of Education and Human Services – Chair Liu has had conversations with the Department of Human Services' Director Lillian Koller and Deputy Director Henry Oliva as well as the Department of Health's Director, Doctor Chiyome Fukino. They expressed their desire to be supportive of this Council's work but were unaware of the exact proportion of the small business procurement work their departments did; they will research it and get back to Chair Liu. Chair Liu expects to meet with Superintendent of Education Patricia Hamamoto this week to discuss the potential participation on this Council.
5. Follow-up on letters sent to County Mayors for representation on the SBUC – Letters were sent to the three remaining County mayors along with follow-up telephone calls. Chair Liu will report to the Council next month as to the results of his follow-up.

6. Discussion and advisement from the Small Business Administration regarding additional suggestions and legal mechanisms of the Small Business Preference Program – Ms. Murata, SBA District Council, explained the federal process and how each agency determines which contracts they want to set aside for small business. She also explained that there was a big push this year for the SBA to meet its small business goals, which is 23 percent; she will report back to the Council as to what analytics went into arriving at this percentage. She suggested that Council members review the federal acquisition regulations as a reference and distributed this document, which entails scope, definitions, explanation of terms, and size standards. She also suggested that this Council speak with Mr. Lawrence Orr, Procurement Officer with the SBA for more specific information regarding the Federal procurement process. Much discussion ensued regarding the federal processes and mechanisms as well sub-contracting. It was agreed that a major educational program regarding the small business preference program is needed. Ms. Horiuchi stated that Chapter 103-D provides for a 20 percent goal for small business contracting but the law can be changed to show a different percentage.
7. Discussion and recommendation to the Procurement Policy Board for clarification of additional procedural guidelines regarding the SBA Table of Small Business Size Standards – Vice Chair Saito stated that, in essence, the Council's action in defining small business is the basis of the preference program, however, the definition now needs to be put in proper Hawaii Administrative Rules format. It was noted that public hearing was not required because the administrative rules governing this Council are on an interim basis. Vice Chair Saito suggested that the small business definition be put in Ramseyer format and placed in the rules after § 3-124-71, as this section defines the Small Business Utilization Council. However, member Fujioka reiterated his concern from last month that inserting the recommendation statement by this Council to adopt the SBA Table of Small Business Size Standards was not sufficient because the rules need to be clear from the user's standpoint with clearly explicit procedural requirements.

Chair Liu recommended that Vice Chair Saito prepare draft administrative rules for consideration by the State Procurement Policy Board at the next meeting. The language in the rules will include the adoption of the SBA guidelines of the Federal acquisition regulations "size standards" in Ramseyer format.

Ms. Waterhouse suggested that the program be well planned out with sufficient "lead time" set in place in order to educate the business community. Chair Liu requested that Member Fujioka bring to the next meeting some suggestions regarding resources that the SBUC may provide to interested parties such as an electronic manual or other such procurement options.

8. Discussion of suggestions for potential pilot sectors – Vice chair Saito explained that one reason DBEDT was put on this Council was to assist in developing the economy. Therefore, he suggested that relative to the potential pilot areas, the Council hear from DBEDT as to which areas would be of the greatest interest to develop and promote and are relevant to maintain a sustainable economy. Chair Liu will provide the Council with discussion items at the next meeting.
9. Public input and discussion – Mr. Jeff Bloom recommended that a tracking system for the preference program be put into place to monitor a company as a "small business" pursuant to the Federal standards. Mr. Fujioka recommended that the tracking system be included in Vice Chair's Saito's recommendation to the PPB noted under Section 7. It was confirmed that twenty percent of the State's annual purchase expenditures would be awarded to small businesses; and it was interpreted that sub-contractors are included.
10. Next Meeting: Monday, September 10, 2007, No. 1 Capital Building, Room. 436, 1:00 to 3:00 p.m.
11. Adjournment – Chair Liu adjourned the meeting at 2:33 p.m.