

House of Representatives
Committee on Labor and Public Employment
March 20, 2009, Conference Room 309

Statement of the Hawaii Carpenters Union on S.B. 19, SD 1 Relating To Procurement

The Hawaii Carpenters Union strongly supports S.B. 19, SD 1., to: a) Maintain our capacity to construct public works, and a skilled work force for one of our main private value-adding economic engines. b) Advance State education policy, and the long standing public-private partnership of apprenticeship. c) Bolster worker safety.

S.B 19 has gone through a series of amendments to address concerns, similar to H.B. 1289 as passed by the House of Representatives. We support the amendments that:

- Reduce the “requirement” that contractors bidding on public works be participants in an apprenticeship program, to a “preference” of 5%. By changing a requirement to an incentive, no contractor will be prevented from bidding. Bidding practices are in place for preferences such as utilization of Hawaii products, recycled goods and others.
- Remove references to subcontractors, allowing flexibility for contractors, simplifying administration, and exempting most small contractors.
- Increase the minimum applicable contract value from \$100,000 to \$250,000, also exempting small contractors in a different way.
- Amend Part X of chapter 103D, preferences, rather than 103D-310, therefore affecting only 103D-302 and 303 contracts, not sole source or other construction contracts.
- Technical amendments to conform language to chapter 372, apprenticeship, making an offeror that is a party to a registered apprenticeship agreement conforming to existing standards, eligible for the incentive.

Without increasing labor costs, the benefits of public construction funds will be maximized by this incentive for apprenticeship training. Construction is down now, but not so long ago there was a clamor over a shortage of skilled construction workers, here and across the nation. All contractors should be encouraged to bear their fair share of this industry need.

Apprenticeship is State policy, supported by Community College and other programs, and along with “pre-apprenticeship” programs, for example in the State’s Construction academy, Department of Hawaiian Home Lands, and legislated funding for Building Industry Association facilities. This public-private partnership with existing apprenticeship programs does not require the employment of apprentices at all times.

Apprenticeship is also an education and career option, in addition to that of seeking a college degree. It greatly advances construction safety training, thereby preventing human tragedy, furthering State policy, and reducing construction costs.

S.B. has undergone thorough modification, and we urge its passage, as is. Thank you for considering our testimony.

LINDA LINGLE
GOVERNOR



DARWIN L.D. CHING
DIRECTOR

COLLEEN Y. LaCLAIR
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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March 19, 2009

To: The Honorable Karl Rhoads, Chair
and Members of the House Committee on Labor and Public Employment

Date: Friday, March 20, 2009
Time: 9:30 a.m.
Place: Conference Room 309
State Capitol

From: Darwin L.D. Ching, Director
Department of Labor and Industrial Relations

**Comments Regarding
Re: S.B. 19, Relating to Procurement**

I. OVERVIEW OF PROPOSED LEGISLATION

S.B. 19 SD 1 proposes to add a new section to Chapter 103, H.R.S, to require governmental bodies that enter into public works contracts having an estimated value of not less than \$250,000 to decrease the bid amount of a bidder by five per cent if the bidder is a party to an apprenticeship agreement registered with the Department of Labor and Industrial Relations. The contract amount awarded shall be the amount of the price offered, exclusive of the 5% deduction in bid price.

In determining whether the bidder is participating in a bona fide apprenticeship program, the procurement officer shall consider the following:

- (1) Actual number of apprentices enrolled in the program; and
- (2) Annual number of graduates of the apprenticeship program.

In addition, bidders shall certify in writing on a monthly basis, their maintenance and participation in the apprenticeship program for the entire duration of the bidder's work on the project.

II. CURRENT LAW

Chapter 103D currently does not require a bidder to participate in an apprenticeship program.

III. HOUSE BILL

The Department opposes this bill for the following reasons:

1. Although apprenticeship programs are useful, their existence is highly dependent on the employer's ability to provide adequate supervision and training. If an employer is fully staffed with journey workers, or otherwise unable to provide the necessary supervision and training, the employer may not be able to hire additional workers as apprentices. Although employers are encouraged to participate in apprenticeship programs, many are unable to do so. Therefore, the Department opposes this bill as it gives a significant competitive advantage in the public works bidding process to employers who are able to participate in apprenticeship programs, at the expense of those who cannot.

2. The Department also opposes the criteria given for determining the validity of a bidder's participation, i.e., number of apprentices enrolled and number of graduates. These criteria are highly dependent on factors outside of the contractor's control, such as diminished demand for construction workers, which would lower the need for apprentices and/or lower the number of work hours that an apprentice could complete to meet graduation requirements for apprenticeship programs.

Testimony in **Support** of
SB19, SD1
Relating To Procurement

To the Committee on Labor and Public Employment
Friday, March 20, 2009, 9:30 a.m.
State Capitol, Room 309

By Al Lardizabal, Director
Government Relations
Laborers' International Union of North America Local 368

Honorable Karl Rhoads, Chair; Honorable Kyle T. Yamashita, Vice Chair
and Members of the Committee:

SB19, SD1 requires a procurement preference to a contractor in a public works construction contract of not less than \$250,000 if the contractor is a party to an apprenticeship agreement registered with the department of labor and industrial relations at the time of general bidding.

The Laborers' Union **supports** this measure.

Thank you for the opportunity to present this testimony.

LATE

BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

March 20, 2009

Honorable Karl Rhoads, Chair
Committee on Labor & Public Employment
State Capitol, Room 309
Honolulu, Hawaii 96813

RE: SB19, SD1 "Relating to Procurement"

Chair Rhoads and Members of the Committee on Labor & Public Employment:

I am Karen Nakamura, Chief Executive Officer of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii strongly opposes SB 19, SD1, "Relating to Procurement". SB 19, SD1 requires a procurement preference to a contractor in a public works construction contract of not less than \$250,000 if the contractor is a party to an apprenticeship agreement registered with the department of labor and industrial relations at the time of general bidding. Requires a public works contractor to comply with state labor laws.

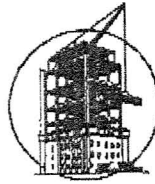
While we concur that we need a well-trained construction trades work force for both private and public construction, we oppose the preference for a bidder for a public works project who is a party to an apprenticeship agreement. Proponents of the bill may think that they have deleted the most objectionable part of the bill; however, the outcome of this bill is that the "reward" or preference is based on the affiliation with a registered apprenticeship program. This places an additional requirement on bidders and results in an uneven bidding situation for contractors who are affiliated with unions and those who are not.

We ask that this bill be held.

Thank you for the opportunity to express our views.



Chief Executive Officer
BIA-Hawaii



LATE

HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO

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March 20, 2009

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Operating Engineers Local 3

EONARD SEBRESOS
International Assoc. of
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Allied Workers Local 132

Honorable Representative Karl Rhoads, Chair
Honorable Representative Kyle T. Yamashita, Vice Chair
Members of the House Committee on Labor & Public Employment
Hawaii State Capital
415 South Beretania Street
Honolulu, HI 96813

RE: IN SUPPORT OF SB 19, SD1
RELATING TO PROCUREMENT
Hearing: Friday, March 20, 2009, 9:30 p.m., Room 309

Dear Chair Rhoads, Vice Chair Yamashita and the House Committee on Labor & Public Employment:

For the Record my name is Buzz Hong, the Executive Director for the Hawaii Building & Construction Trades Council, AFL-CIO. Our Council is comprised of 16-construction unions and a membership of 26,000 statewide.

The Council **SUPPORTS** the passage of SB 19, SD1 that requires a procurement preference to a contractor in a public works construction contract of not less than \$250,000 if the contractor is a party to an apprenticeship agreement registered with the DLIR at the time of general bidding. It will also require public works contractors to comply with state labor laws.

Thank you for the opportunity to submit this testimony in support of SB19, SD1.

Sincerely,

William "Buzz" Hong
Executive Director

WBH/dg

