

Honolulu, Hawaii

Feb 12, 2010

RE: H.B. No. 2057

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Economic Revitalization, Business, & Military Affairs, to which was referred H.B. No. 2057 entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC PROCUREMENT,"

begs leave to report as follows:

The purpose of this measure is clarify the requirements for pre-bid conferences. Specifically, this measure:

- (1) Shortens the time frame for a pre-bid conference from fifteen days to ten working days;
- (2) Permits pre-bid conferences to be conducted so that persons may participate remotely; and
- (3) Requires parties that protest a contract award to have attended a pre-bid conference.

No written testimony was submitted on this bill.

Your Committee finds that Hawaii's procurement process is in need of simplification and streamlining to enable agencies to quickly acquire the resources or services they need. Accordingly your Committee has amended this bill by:

- (1) Clarifying procurement authority by changing references from "purchasing agency" to "procurement officer";



- (2) Adding a definition for "subcontractor", clarifying the definitions of "contractor" and "procurement officer", deleting the definition of "purchasing agency", and making conforming amendments throughout the bill;
- (3) Requiring bid results for procurements conducted on an electronic system to be posted on the electronic system;
- (4) Requiring bidders to have tax clearances and appropriate licensure at the time a bid is submitted;
- (5) Removing the option for the head of a purchasing agency to determine in writing that the use of competitive sealed bidding is not practicable or advantageous to the State;
- (6) Requiring a procurement officer to conduct a pre-bid conference for specified construction or design-build projects;
- (7) Deleting the requirement for the adoption of rules and provision of training as a prerequisite to requiring small purchase procurements through an electronic procurement system;
- (8) Requiring a sole source determination to be made only after the head of a purchasing agency:
 - (a) Determines in writing that there is only one source for the required goods, services, or construction;
 - (b) Was previously unable to award a contract for the goods, services, or construction under section 103D-302(h) or 103D-303(g), Hawaii Revised Statutes; and
 - (c) Provides thirty days public notice of the intent toward a contract by sole source procurement;
- (9) Authorizing the filing of an objection to a sole source determination within five days of the determination and prescribing procedures for processing objections;
- (10) Requiring the Auditor to conduct an annual audit of sole source procurements;




- (11) Deleting present provisions relating to cost and pricing data to require a less burdensome standard appropriate to the commercial goods and services that government agencies buy;
- (12) Authorizing the procurement officer or the Auditor to audit the books of a contractor;
- (13) Increasing the threshold contract amount for requiring bid security from \$25,000 to \$100,000 for construction contracts, and establishing a threshold contract amount for requiring bid security of \$50,000 for contracts for goods or services;
- (14) Requiring solicitations for contracts that will require a bid security or a performance and payment bond to state that requirement in the solicitation;
- (15) Requiring performance and payment bonds to be delivered to the procurement officer within ten days of the contract award;
- (16) Increasing the threshold contract amount for requiring performance or payment bonds from \$25,000 to \$100,000 for construction contracts;
- (17) Broadening the scope of persons that may prepare specifications;
- (18) Repealing the authority for government agencies to contract on their own behalf for professional services;
- (19) Repealing the authority of a purchasing agency to prepare specifications for procurements under section 103D-209 and 103D-210, Hawaii Revised Statutes;
- (20) Changing the effective date to January 1, 2011; and
- (21) Making various technical amendments throughout the bill for the purposes of consistency, clarity, and style.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization, Business, & Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2057, as amended herein, and recommends that it pass Second Reading in the form attached hereto



as H.B. No. 2057, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Revitalization, Business, &
Military Affairs,



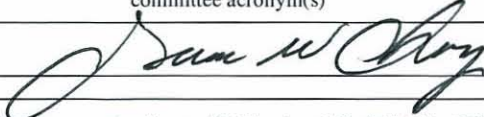
ANGUS L.K. MCKELVEY, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

HS CR 346-10

Record of Votes of the Committee on Economic Revitalization, Business, & Military Affairs

Bill/Resolution No.: HB 2057	Committee Referral: EBM / FIN	Date: 2/11/10		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EBM Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	✓			
2. CHOY, Isaac W. (VC)	✓			
3. BERG, Lyla B.	✓			
4. EVANS, Cindy	✓			
5. MANAHAN, Joey	.			✓
6. TAKAI, K. Mark	✓			
7. TOKIOKA, James Kunane				✓
8. TSUJI, Clift	✓			
9. WAKAI, Glenn	✓			
10. WOOLEY, Jessica	✓			
11. WARD, Gene	✓			
TOTAL (11)	9			2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: 				
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