

Honolulu, Hawaii

Ag: 23, 2010

RE: H.B. No. 2441  
H.D. 2  
S.D. 2  
C.D. 1

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

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2010  
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 2441, H.D. 2, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to facilitate new construction in the state by requiring the Department of Hawaiian Home Lands (DHHL), Department of Transportation (DOT), county boards of water supply, and county departments of housing, planning and permitting, and transportation to award project contracts within 30 days of the bid opening date with certain exceptions.

This measure was recommended by the task force that was established pursuant to S.C.R. No. 132, S.D. 1, 2009, to determine the economic contributions of the construction industry in Hawaii, and develop, propose, and recommend state actions to preserve and create new jobs in the construction industry.

HB2441 CD1 HCCR HMS 2010-3338



Your Committee on Conference believes that this measure will streamline the manner in which the specified procurements are made, thereby funneling much-needed funds into local businesses and industries. However, your Committee on Conference acknowledges that the realities of preparing and evaluating proposals for some types of projects may require more than 30 days before a contract may be awarded in a manner that provides the best value for the State.

Furthermore, your Committee on Conference finds that there have been instances in which the provisions of the procurement code effectively prevented goods and services from being given to the State. Although requiring a potential donee to go through the procurement process to donate goods or services to the State seems nonsensical, your Committee on Conference is nonetheless cognizant of the concerns of the State Procurement Office (SPO) that this measure may encourage a "donate to play" arrangement.

Your Committee on Conference has amended this bill by:

- (1) Limiting the 30-day contract award deadline to only DHHL and DOT projects by removing references to the county boards of water supply and county departments of housing, planning and permitting, and transportation;
- (2) Allowing the deadline to be extended for up to 14 business days if this will provide the opportunity for further negotiations with the lowest responsible bidder relating to considerations that could result in benefits to the public;
- (3) Exempting design-build contracts from the 30-day contract award deadline;
- (4) Changing the effective date to July 1, 2010, and providing that the law will sunset on June 30, 2012;
- (5) Requiring that donations accepted by state agencies be promptly reported to SPO; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.



As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2441, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2441, H.D. 2, S.D. 2, C.D. 1.

Respectfully submitted on behalf of the managers:

ON THE PART OF THE SENATE



J. KALANI ENGLISH, Chair

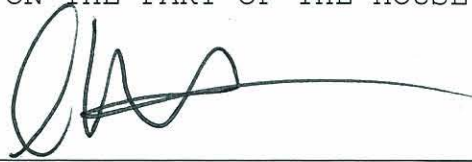


CLAYTON NEE, Co-Chair



BRIAN T. TANIGUCHI, Co-Chair

ON THE PART OF THE HOUSE



ANGUS L.K. MCKELVEY, Co-Chair



ISAAC W. CHOY, Co-Chair



