

LINDA LINGLE  
GOVERNOR



RUSS K. SAITO  
Comptroller

SANDRA L. YAHIRO  
Deputy Comptroller

STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING  
AND GENERAL SERVICES  
P.O. BOX 119  
HONOLULU, HAWAII 96810-0119  
**LATE TESTIMONY**

TESTIMONY  
OF  
RUSS K. SAITO, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
HOUSE COMMITTEE  
ON  
ECONOMIC REVITALIZATION, BUSINESS & MILITARY AFFAIRS  
ON  
February 4, 2010

H.B. 2443

RELATING TO PROCUREMENT

Chair McKelvey and members of the Committee, thank you for the opportunity to testify on H.B. 2443.

The Department of Accounting and General Services (DAGS) supports the intent of this bill. DAGS also believes that this bill takes the right approach to speeding up the process for contract signing. By specifying the time interval for certification and not legislating the process, it allows the procuring agencies the flexibility to achieve the contract signing in the most effective way for the agencies. The one caveat that DAGS points out is that some of the requirements for certification are the responsibility of the contractors, and for federally funded projects, the federal funding agency can also affect the certification interval. There should be provisions for non-compliance that are outside the control of the government procurement agency.

Thank you for the opportunity to testify on this matter.

# LATE TESTIMONY

LINDA LINGLE  
GOVERNOR



PROCUREMENT POLICY BOARD  
DARRYL W. BARDUSCH  
LESLIE S. CHINEN  
DARYLE ANN HO  
KEITH T. MATSUMOTO  
RUSS K. SAITO  
PAMELA A. TORRES

AARON S. FUJIOKA  
ADMINISTRATOR

## STATE OF HAWAII STATE PROCUREMENT OFFICE

P.O. Box 119  
Honolulu, Hawaii 96810-0119  
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### TESTIMONY OF AARON S. FUJIOKA ADMINISTRATOR STATE PROCUREMENT OFFICE

TO THE  
HOUSE COMMITTEE  
ON  
ECONOMIC REVITALIZATION, BUSINESS & MILITARY AFFAIRS

February 4, 2010

8:00 am

HB 2443

#### RELATING TO PROCUREMENT

Chair McKelvey, Vice Chair Choy, and committee members, thank you for the opportunity to testify on HB 2443. This bill proposes to require all state agencies to finalize and certify contracts with the department of accounting and general services within sixty days of a contract being awarded.

The State Procurement Office (SPO) understands the intent of this bill, but is unable to address the impact this would have on the state agencies as this is largely addressing a management issue because the responsibility to finalize and certify contracts is with the state agencies. The SPO would not be able to speak on behalf of the numerous state agencies since the resources and level of expertise to meet the 60 days requirement are within the auspices of those agencies.

Another concern would be the delay state agencies encounter with the contractor delaying this process by not furnishing the necessary documents in a timely manner.

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DEPARTMENT OF ACCOUNTING  
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TESTIMONY  
OF  
RUSS K. SAITO, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
HOUSE COMMITTEE  
ON  
ECONOMIC REVITALIZATION, BUSINESS & MILITARY AFFAIRS  
ON  
February 4, 2010

H.B. 2443

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Thank you for the opportunity to testify on this matter.

LINDA LINGLE  
GOVERNOR



MORIOKA  
BRENNON T.  
DIRECTOR  
Deputy Directors  
MICHAEL D.  
FORMBY  
FRANCIS PAUL  
KEENO  
BRIAN H. SEKIGUCKI  
JIRO A. SUMIDA

STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

TO: IN REPLY REFER

## LATE TESTIMONY

FEBRUARY 4, 2010

### TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

COMMITTEE ON ECONOMIC REVITALIZATION,  
BUSINESS, & MILITARY AFFAIRS

HOUSE BILL NO. 2443, RELATING TO PROCUREMENT.

While the Department of Transportation ("DOT") supports expediting the procurement process for projects, we do not support this bill as it is currently written. The DOT does support quick and expedient certification of its contracts, and presently has an established goal of certifying contracts within 60 calendar days which is stipulated within its general provisions. There are however instances beyond the DOT's control to comply with this 60-day period that does result in a delayed contract certification. In these situations, the DOT is able to either request an extension of the bidder's bid price for additional funds; negotiate with the bidder to come within the available funds; or issue a complete cancellation of the project.

We would request that there be exemptions to the 60-day period for situations where the lowest responsible bid exceeds the available funds or if negotiating with the bidder would result in a situation that is in the best interest of the public.

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

HB 2438, Relating to Procurement.

February 4, 2010

Page 2 of 2

substitutions. As a result, the contractors would bid specifically on what is provided in the bid documents which we believe would not be supported by the contractor associations. We believe this restriction would only further delay the procurement process since the procurement officer would have little choice but to issue out an addendum to postpone the eventual bid opening date in order to accommodate the tasks described which will be desired by the contractors.

However, we do agree that some projects are less complex and more straight-forward than others. For these types of projects, the agencies should have the flexibility to reduce the public notice period, to as little as 15 days without requesting a procurement exemption, for a shortened public notice period if the agency deems a project to be of such a nature, in order to expedite the procurement of a project.



Testimony of C. Mike Kido  
External Affairs  
The Pacific Resource Partnership

House Committee on Economic Revitalization, Business, & Military Affairs  
Rep. Angus McKelvey, Chair  
Rep. Isaac Choy, Vice Chair

HB 2443 – Relating to Procurement  
Thursday, February 4, 2010  
8:00 A.M.  
Conference Room 312

Chair Angus McKelvey and members of the committee:

My name is C. Mike Kido, External Affairs for the Pacific Resource Partnership (PRP), a labor-management consortium representing over 240 signatory contractors and the Hawaii Carpenters Union. PRP **supports** HB 2443 – Relating to Procurement, which imposes a sixty day period in which to certify contracts after award of contract of procurement.

PRP understands and appreciates the difficulty faced by the Legislature in determining ways to achieve a quick economic recovery and thus support HB 2443 to promote and expedite construction projects that are subject to an overly long review schedule. Currently, the awarding of a contract is subject to prolonged review which prevents government projects from proceeding in a timely manner.

Thank you for the opportunity to share our opinion and we kindly ask for your support of HB 2443 – Relating to Procurement.

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# GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

February 3, 2010

## LATE TESTIMONY

TO: THE HONORABLE REPRESENTATIVE ANGUS MCKELVEY, CHAIR AND  
MEMBERS OF THE COMMITTEE ON ECONOMIC REVITALIZATION,  
BUSINESS, & MILITARY AFFAIRS

SUBJECT: H.B. 2443, RELATING TO PROCUREMENT.

### NOTICE OF HEARING

DATE: Thursday, February 4, 2010  
TIME: 8:00 AM  
PLACE: Conference Room 312

Dear Chair and Members of the Committee:

The General Contractors Association (GCA), an organization comprised of over five hundred and seventy (570) general contractors, subcontractors, and construction related firms, **supports** the passage of H.B. 2443, Relating to Procurement.

This bill would require that all state agencies certify contracts within sixty days of the contract being awarded. This proposed change in the state's procurement procedure was one of the recommendations of the taskforce formed by Senate Concurrent Resolution 132, S.D. 1 adopted by the 2009 Legislature. We believe that his measure will update and speed up the current procurement procedure for the award of state capital improvement contracts and result in more efficient and timely start of work on construction projects.

The GCA supports the passage of H.B. 2443 and recommends that the committee pass the bill.

Thank you for the opportunity to provide our views on this issue.