

Honolulu, Hawaii

March 24, 2011

RE: S.B. No. 1332  
S.D. 2  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committee on Higher Education, to which was referred  
S.B. No. 1332, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII,"

begs leave to report as follows:

The purpose of this bill is to continue to afford the  
University of Hawaii (UH) flexibility with respect to procurement  
in a manner that ensures accountability by extending UH's  
exemption from the Hawaii Public Procurement Code and requiring  
increased reporting requirements.

The Governor, UH, the General Contractors Association of  
Hawaii, Shimokawa + Nakamura, and several concerned individuals  
supported this bill. The State Procurement Office and  
Subcontractors Association of Hawaii opposed this measure.

Your Committee has amended this bill by:

- (1) Requiring UH to provide the Legislature with a  
description and status of construction projects procured  
in excess of \$1,000,000, rather than \$3,000,000;
- (2) Removing the requirement for recommendations for best  
practices for procurement and replacing it with a  
report, required for each year during the period of time



UH is exempt from the Hawaii Public Procurement Code, that includes:

- (A) Problems UH has identified with the Hawaii Public Procurement Code provisions;
  - (B) Procedures UH has implemented as solutions to address identified problems with Hawaii Public Procurement Code provisions;
  - (C) Quantifiable outcomes of procurement procedures UH has implemented; and
  - (D) How procurement procedures implemented by UH have accelerated the acquisition of goods, services, and construction while addressing issues of equity and transparency in public procurement;
- (3) Specifying that with respect to construction project bids with a total estimated contract value of \$1,000,000 or more, UH must require each bidder to submit a list of subcontractors who will perform work with a value exceeding one percent rather than five percent of the total bid amount;
- (4) Extending UH's exemption from the Procurement Code until December 31, 2012, rather than July 1, 2014;
- (5) Authorizing the Administrator of the State Procurement Office to determine corrective actions in the case of a complaint filed with the State Procurement Office regarding procurement at UH;
- (6) Subjecting UH to the provisions of section 103D-206, Hawaii Revised Statutes, which authorizes the Administrator of the State Procurement Office to, among other things:
- (A) Perform periodic reviews of UH procurement practices;
  - (B) Assist, advise, and guide UH in procurement matters; and
  - (C) Determine corrective actions;



and

- (7) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1332, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1332, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Higher Education,



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SCOTT NISHIMOTO, Chair



