

HB 985
HD2, SD1

NEIL ABERCROMBIE
GOVERNOR



AARON S. FUJIOKA
ADMINISTRATOR

**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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**COMMENTS
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE**

**TO THE
SENATE COMMITTEE
ON
WAYS AND MEANS**

April 1, 2011

9:00 a.m.

HB 985, HD 2, SD 1

RELATING TO PROCUREMENT.

Chair Ige, Vice Chair Kidani and committee members, thank you for the opportunity to COMMENT on HB 985, HD 2, SD 1. This bill amends §103D-303 on competitive sealed proposals, or commonly known as requests for proposals (RFP) procurement method, to create an optional process for design-build contracts by combining design and construction into a single request for proposal.

The SPO supports the intent of this bill, however, proposes the attached changes for your consideration, to clarify the proposed amendments to the section.

Thank you.

SECTION 3. Section 103D-303, Hawaii Revised Statutes, is amended to read as follows:

"§103D-303 **Competitive sealed proposals.** (a) Competitive sealed proposals may be ~~[utilized]~~ used to procure goods, services, or construction ~~[designated in rules adopted by the procurement policy board as goods, services, or construction which are]~~ that are either not practicable or not advantageous to the State to procure by competitive sealed bidding.

~~[Competitive sealed proposals may also be utilized when the head of a purchasing agency determines in writing that the use of competitive sealed bidding is either not practicable or not advantageous to the State.]~~

(b) Proposals shall be solicited through a request for proposals~~[.]~~; ~~provided that for construction projects the procurement officer may procure services using the design-build method; provided further that:~~

~~(1) The cost of preparing proposals is high in view of the size, estimated prices, and complexity of the procurement;~~

~~(2) A request for proposals is issued to initially request pre-qualification of offerors, in order to select from among them a short list of up to three responsible offerors; provided that a second request for proposals shall be issued to the pre-qualified offerors selected~~

~~for the short list prior to submittal of proposals or discussions and evaluations pursuant to subsection (f); provided further that the number of short-listed proposals shall be stated in the request for proposals and prompt public notice shall be given to all offerors as to which proposals have been short-listed; and~~

~~(3) Non-selected offerors who were pre-qualified and selected for the short list may be paid a conceptual design fee; provided that the amount of the fee and the terms under which the fee is to be paid shall be stated in the request for proposals.~~

(c) Notice of the request for proposals shall be given in the same manner as provided in section 103D-302(c).

(d) Proposals shall be opened so as to avoid disclosure of contents to competing offerors during the evaluation process [~~of negotiation~~]. A register of proposals shall be prepared [~~in accordance with rules adopted by the policy board~~] and shall be open for public inspection after contract award.

(e) The request for proposals shall state the relative importance of price and other evaluation factors.

(f) Discussions may be conducted with responsible offerors who submit proposals determined to be reasonably susceptible of being selected for a contract award for the purpose of

clarification to assure full understanding of, and responsiveness to, the solicitation requirements. Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, and revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of any information derived from proposals submitted by competing offerors.

(g) Award shall be made to the responsible offeror whose proposal is determined in writing to be the most advantageous, taking into consideration price and the evaluation factors set forth in the request for proposals. No other factors or criteria shall be used in the evaluation. The contract file shall contain the basis on which the award is made.

(h) In cases of awards made under this section, ~~[nonslected]~~ non-selected offerors may submit a written request for debriefing to the ~~[chief]~~ procurement officer ~~[or designee]~~ within three working days after the posting of the award of the contract. Thereafter, the ~~[head of the purchasing agency]~~ procurement officer shall provide the ~~[requester]~~ non-selected offeror a prompt debriefing ~~[in accordance with rules adopted by the policy board]~~. Any protest by the ~~[requester]~~ non-selected offeror pursuant to section 103D-701 following debriefing shall

be filed in writing with the [~~chief~~] procurement officer [~~or~~
~~designee~~] within five working days after the date that the
debriefing is completed.

(i) In addition to any other provisions of this section,
construction projects may be solicited through a request for
proposals to use the design-build method provided:

- (1) A request for proposals is issued to prequalify
offerors to select a short list of no more than five
responsible offerors, prior to submittal of proposals;
provided the number of offerors to be selected for the
short list shall be stated in the request for proposals
and prompt notice is given to all offerors as to which
offerors have been short listed;
- (2) A conceptual design fee may be paid to non-selected
offerors that submit a technically responsive proposal;
and
- (3) The criteria for pre-qualification of offerors, design
requirements, development documents, proposal
evaluation criteria, terms of the payment of a
conceptual design fee, or any other pertinent
information shall be stated in the request for
proposals."

SECTION 6. This Act shall take effect on ~~July 1, 2010~~
January 1, 2012.

JUSTIFICATION:

Limit the short-list to 'no more than five' responsible offerors so that all potential offerors are not impacted in preparing the RFP proposal, and there is a sufficient pool of offerors.

Incorporated into new subsection (i) the processes to conduct a design-build method.

The bill effective date be delayed to allow for development of interim rules to implement the amendments to this section.



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

IN REPLY REFER TO:

April 1, 2011

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

COMMITTEE ON WAYS AND MEANS

HOUSE BILL 985, H.D. 2, S.D. 1

The Department of Transportation (DOT) supports the intent of this bill, however we cannot support the passage of the bill as currently written. The following are our concerns and recommended revisions:

1. We have concerns with the language that requires a stipend to unsuccessful offerors. It is not clear if the unsuccessful offerors are those that are short-listed or are inclusive of all offerors responding to the solicitation. We recommend that the requirement for the payment of stipends be optional.
2. We also recommend that conditions/limitations be imposed upon a stipend: a) limiting the stipend to payment for conceptual design fee reimbursement; b) if the non-selected qualified offeror(s) accepts the conceptual design fee reimbursement, it relinquishes any right to file any protest against the State on the project; c) and, the non-selected qualified offeror(s) proposals become the property of the State.
3. We also recommend that the bill acknowledge waivers from the requirement that a design-build offeror(s) be a contractor licensed under Chapter 444, HRS. On occasion, the DOT gets waivers from the Department of Commerce and Consumer Affairs Contractors Licensing Board to hire a consultant instead of a licensed contractor. This would be for projects where there is minimal construction work like pulling of cables, or installation of electronic devices.
4. It should be noted that the current State law for competitive sealed proposals under chapter 103D-303, Hawaii Revised Statutes (HRS), does not preclude the use of stipends.

AMERICAN INSTITUTE OF ARCHITECTS

WAM
4.1.11
9:00 am

April 1, 2011

Honorable David Ige, Chair
Senate Committee on Ways and MeansRe: **House Bill 985 HD 2 SD 1**
Relating to Procurement

Dear Chair Ige and Members of the Committee,

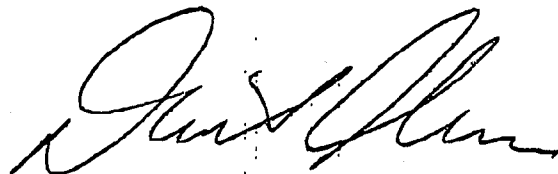
My name is Daniel Chun, Government Affairs Chair of the American Institute of Architects (AIA) Hawaii State Council. **AIA SUPPORTS HB 985 HD 2 SD 1.**

House Bill 985 HD 2 SD 1 remedies some of the more onerous aspects of current design-build by using a two-step process to qualify offerors, short-listing a reasonable number of offerors, and allowing for payment to unsuccessful offerors.

Payment to unsuccessful offerors promotes continuing competition for design-build projects. The currently typical practice of some agencies for no payment will ultimately limit offerors to an ever-decreasing number of contractors/design professionals who can afford the high business overhead cost of losing a competition.

The state of Hawaii will receive the benefit of multiple design solutions to choose from. The state gets to "test drive" several designs before having to buy one. This choice has substantial value to the state and the state needs to be willing to pay for the choice.

AIA supports comments made by other design professional societies, such as ACEC Hawaii, and the General Contractors Association of Hawaii, that refine the language of this worthy bill. Thank you for this opportunity to **SUPPORT** House Bill 985 HD 2 SD 1.



ACEC

AMERICAN COUNCIL OF ENGINEERING COMPANIES
of Hawaii

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March 30, 2011

Senate Committee on Ways and Means

Hearing Date: Friday, April 1, 9:00 a.m., Conference Room 211

Honorable Senators David Y. Ige, Chair; Michelle Kidani, Vice Chair; and Members of the Senate Committee on Ways and Means

Subject: COMMENTS IN SUPPORT of HB 985, HD2, SD1, Relating to Procurement

Dear Chair Ige, Vice Chair Kidani, and Committee Members:

The American Council of Engineering Companies of Hawaii (ACECH) represents 67 member firms with over 1,300 employees throughout Hawaii, most of which are small businesses. We are comprised of the most highly qualified engineers, land surveyors, scientists, and other specialists. ACECH strongly supports HB 985, Relating to Procurement.

HB 985 would provide for the procurement of design-build contract teams in a manner used by the Federal Government and many other jurisdictions, and recommended by the American Bar Association's *2000 Model Procurement Code for State and Local Governments*. The design-build process is increasingly used by State and County agencies for the procurement of design and construction services. Design-build teams consist of one team of designers/builders, and can provide a number of advantages over traditional design-bid-build for the project owner:

- flexibility and innovation in design resulting from the collaboration of designers and builders;
- fewer change orders due to the collaboration of designers and builders;
- quicker delivery of projects (studies show projects are delivered an average 10-15% faster than design-bid-build);
- reduced project costs (studies show average cost savings of 3% over design-bid-build; plus cost savings associated with faster project completion).

HB 985 would establish a two-step process for procuring design-build teams, and is the recognized national best practice for procuring design-build services. At the first stage, potential design-build teams would submit their qualifications particular to the proposed project. A selection committee would select the most qualified teams (up to three) that would then proceed to the second proposal stage. The two-step process serves to reduce industry costs in responding to requests for design-build proposals, to encourage the most qualified design-builders to participate by increasing their chances of success, and to reduce the cost to the agency of reviewing the proposals.

HB 985 also provides for the granting of a conceptual design fee to the unsuccessful short-listed teams. Because a design-build proposal includes a conceptual design, there is far more work up front for the design firm than with traditional procurement methods, and many small design firms are reluctant to pursue design-build opportunities. Studies have shown that providing even a nominal fee to the losing teams encourages more teams to participate. In addition, providing a conceptual design fee would help level the playing field for our local small firms to participate, since larger mainland design firms are more likely to be able to have "off-the-shelf" designs, thereby reducing their costs to prepare the proposal, and pricing Hawaii firms out of the competition.

ACEC

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of Hawaii

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Many other states and federal agencies offer a conceptual design fee or "stipend". Fees aren't intended to pay all the proposal costs, and are typically one-third to one-half the estimated proposal development cost. This is generally equivalent to 0.2 - 2 percent of the estimated contract value. Studies have indicated that public agencies that offer a fee to shortlisted proposers believe that this expenditure is more than offset by the potential benefits of increased proposal competition, increased proposal quality, and the potential for savings or other improvements in the agency's program through use of the unsuccessful proposers' concepts.

ACECH has a number of concerns with respect to the current version of HB 985, HD2, SD1 and recommends the following revisions be made:

1. In SECTION 2, revise the definition of "Design-build" to meet the nationally recognized definition:
"Design-build" means a project delivery method in which one entity - the design-build team - works under a single contract with the project owner to provide design and construction services."

2. SECTION 3, has a number of technical issues:


- (b)(2) calls both the initial request and the second-tier request a "request for proposal" which is confusing. The first tier should be a "request for qualifications".
- (b)(3) does not state that shortlisted nonselected offerors must prepare a technically responsive offer in order to get the conceptual design fee.

In light of these issues, ACECH recommends that the entirety of Section 3 be replaced with the Section 3 language adopted by the House in SB 779, SD2, HD1.

3. SECTION 6, revise the effective date to July 1, 2011.

We appreciate the opportunity to provide testimony regarding HB 985. Please do not hesitate to contact us if you have any questions regarding our testimony.

Respectfully submitted,
AMERICAN COUNCIL OF ENGINEERING COMPANIES OF HAWAII


John Katahira, P.E.
Past-President



RALPH S. INOUYE CO LTD
GENERAL CONTRACTOR

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License No. ABC-457
Founded in 1962

March 30, 2011

TO: THE HONORABLE DAVID Y. IGE, CHAIR AND MEMBERS OF THE
SENATE WAYS AND MEANS COMMITTEE

SUBJECT: HB985, HD2, SD1 RELATING TO PROCUREMENT.

NOTICE OF HEARING

DATE: Friday, April 1, 2011
TIME: 9:00 A.M.
PLACE: Conference Room 211

Dear Chair Ige and Members of the Ways and Means Committee:

My name is Lance Inouye, President of Ralph S. Inouye Co., Ltd. (RSI), a Hawaii General Contractor since 1962 and member of the General Contractors Association of Hawaii (GCA). RSI fully **supports the intent** of HB985 HD2, SD1 Relating to Procurement but suggests using the wording in SB779, SD2, HD1 (attached).

HB779, SD2, HD1 provides a design build procurement process for construction. The proposed bill will give State procurement officers essential minimum requirements to follow when using the design build process for procuring construction services that include:

1. Delineating a two-step design build process;
2. Selecting up to only 3 offerors for step two, the most costly part of competing in the design build process; and
3. Providing for a conceptual design fee to help defray costs of the step two proposals to encourage quality proposals.

RSI believes that the implementation of this two step procedure for the procurement of design build construction projects as proposed in HB779, SD2, HD1 will result in enhanced proposal quality, provide better opportunities to participate by smaller, local design professionals, and provide the State with the most innovative and cost effective proposals.

RSI recommends that the Committee pass HD985 HD2, SD1 as amended using the wording in HB779, SD2, HD1 as drafted and suggests a more current effective date. Thank you for the opportunity to testify on this matter.

Sincerely,

RALPH S. INOUYE CO. LTD.

Lance M. Inouye
President & CEO

LMI:ma

A BILL FOR AN ACT

RELATING TO PROCUREMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the current
2 procurement process for design-build contracts requires offerors
3 to prepare, in most instances, conceptual design drawings as
4 part of their proposals. This requires a considerable initial
5 investment and may prevent many local firms from submitting
6 proposals for design-build contracts. As a result, purchasing
7 agencies may experience a decrease in competition and an
8 increase in prices, and may potentially be forced to sacrifice
9 design and construction creativity.

10 The purpose of this Act is to provide for the selection of
11 the most qualified offerors for design-build contracts and to
12 encourage the participation of Hawaii-based companies, including
13 local small firms, in the design-build contract proposal
14 process.

15 SECTION 2. Section 103D-104, Hawaii Revised Statutes, is
16 amended by adding a new definition to be appropriately inserted
17 and to read as follows:



1 "Design-build" means a project delivery method in which
2 the procurement officer enters into a single contract for design
3 and construction of an infrastructure facility."

4 SECTION 3. Section 103D-303, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "§103D-303 Competitive sealed proposals. (a) Competitive
7 sealed proposals may be [utilized] used to procure construction,
8 goods, or services [7-or construction designated in rules adopted
9 by the procurement policy board as goods, services, or
10 construction which are] that are either not practicable or not
11 advantageous to the State to procure by competitive sealed
12 bidding. [Competitive sealed proposals may also be utilized
13 when the head of a purchasing agency determines in writing that
14 the use of competitive sealed bidding is either not practicable
15 or not advantageous to the State.]

16 (b) Proposals shall be solicited through a request for
17 proposals.

18 (c) Notice of the request for proposals shall be given in
19 the same manner as provided in section 103D-302(c).

20 (d) Proposals shall be opened so as to avoid disclosure of
21 contents to competing offerors during the process of
22 [~~negotiation~~] evaluation. A register of proposals shall be



1 prepared [~~in accordance with rules adopted by the policy board~~]
2 and shall be open for public inspection after contract award.

3 (e) The request for proposals shall state the relative
4 importance of price and other evaluation factors.

5 (f) Discussions may be conducted with responsible offerors
6 who submit proposals determined to be reasonably [~~susceptible of~~
7 being] likely to be selected for a contract award for the
8 purpose of clarification to assure full understanding of, and
9 responsiveness to, the solicitation requirements. Offerors
10 shall be accorded fair and equal treatment with respect to any
11 opportunity for discussion and revision of proposals, and
12 revisions may be permitted after submissions and prior to award
13 for the purpose of obtaining best and final offers. In
14 conducting discussions, there shall be no disclosure of any
15 information derived from proposals submitted by competing
16 offerors.

17 (g) Award shall be made to the responsible offeror whose
18 proposal is determined in writing to be the most advantageous,
19 taking into consideration price and the evaluation factors set
20 forth in the request for proposals. No other factors or
21 criteria shall be used in the evaluation. The contract file
22 shall contain the basis on which the award is made.



1 (h) In cases of awards made under this section,
2 nonselected offerors may submit a written request for debriefing
3 to the chief procurement officer [~~or designee~~] within three
4 working days after the posting of the award of the contract.
5 Thereafter, the [~~head of the purchasing agency~~] procurement
6 officer shall provide the [~~requester~~] nonselected offeror a
7 prompt debriefing [~~in accordance with rules adopted by the~~
8 ~~policy board~~]. Any protest by the [~~requester~~] nonselected
9 offeror pursuant to section 103D-701 following debriefing shall
10 be filed in writing with the [~~chief~~] procurement officer [~~or~~
11 ~~designee~~] within five working days after the date [~~that~~] upon
12 which the debriefing is completed.

13 (i) In addition to any other provisions of this section,
14 construction projects may be procured using the design-build
15 method described herein:

16 (1) Step One. The procurement officer shall issue a
17 request for qualifications in advance of the request
18 for proposals to prequalify offerors; provided that a
19 short list of no more than three responsible offerors,
20 based on the qualifications stated in their proposals,
21 shall be selected prior to submittal of proposals.
22 The number of offerors to be selected for the short



1 list shall be stated in the request for
2 qualifications, and the procurement officer shall
3 provide prompt notice to all offerors as to which
4 offerors have been short listed.
5 (2) Step Two. The procurement officer shall issue a
6 request for proposals to the offerors selected for the
7 short list in step one. The request for proposals
8 shall include design requirements, solicit proposal
9 development documents, and state proposal evaluation
10 criteria. The procurement officer may pay a
11 conceptual design fee to non-selected offerors that
12 submit a technically responsive proposal to the
13 request for proposals in step two; provided that the
14 terms of the payment of a conceptual design fee shall
15 be stated in the request for qualifications and the
16 request for proposals."

17 SECTION 4. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 5. This Act shall take effect on July 1, 2112.



Report Title:

Procurement; Design-build Contracts

Description:

Establishes discretionary request for competitive sealed proposal procedures using a two-step design-build process. Defines design-build. Authorizes the procurement officer to pay a conceptual design fee to unsuccessful offerors. Clarifies process of short-listing of offerors for purposes of nonselection. Effective 7/1/2112. (HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



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March 29, 2011

Senate Committee on Ways and Means
Hearing Date: Friday, April 1, 9:00 a.m., Conference Room 211

Honorable Senators David Y. Ige, Chair; Michelle Kidani, Vice Chair; and Members of the Senate Committee on Ways and Means

Subject: HB 985 HD2 SD1, Relating to Procurement - TESTIMONY IN SUPPORT

Dear Chair Ige, Vice Chair Kidani, and Committee Members:

Our company strongly supports **SB 985, Relating to Procurement**. **HB 985** would provide for the procurement of design-build contract teams in a manner used by the Federal Government and many other jurisdictions.

HB 985 would put in place a two-step process for procuring design-build teams. At the first stage, potential design-build teams would submit their qualifications particular to the proposed project. A selection committee would select the most qualified teams (up to five) that would then proceed to the second proposal stage. The two-step process serves to reduce industry costs in responding to requests for design-build proposals, to encourage the most qualified design-builders to participate by increasing their chances of success, and to reduce the cost to the agency of reviewing the proposals.

HB 985 also provides for the granting of a conceptual design fee to the losing short-listed teams. Preparation of a design-build proposal is an onerous task, and teams can spend more than \$1 million to prepare their proposal. Studies have shown that the providing even a nominal fee to the losing teams encourages more teams to participate. In Hawaii, many of our local A/E firms are small businesses, and we feel that providing a conceptual design fee would encourage more of our small firms to participate in design-build projects.

We appreciate the opportunity to provide testimony regarding HB 985. Please do not hesitate to contact us if you have any questions regarding our testimony.

Respectfully submitted,

Brown and Caldwell

A handwritten signature in black ink, appearing to read "Douglas B. Lee".

Douglas B. Lee, PE
Vice President

DBL:lt

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March 29, 2011

Senate Committee on Ways and Means
Hearing Date: Friday, April 1, 9:00 a.m., Conference Room 211

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HB 985 would put in place a two-step process for procuring design-build teams. At the first stage, potential design-build teams would submit their qualifications particular to the proposed project. A selection committee would select the most qualified teams (up to five) that would then proceed to the second proposal stage. The two-step process serves to reduce industry costs in responding to requests for design-build proposals, to encourage the most qualified design-builders to participate by increasing their chances of success, and to reduce the cost to the agency of reviewing the proposals.

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We appreciate the opportunity to provide testimony regarding HB 985. Please do not hesitate to contact us if you have any questions regarding our testimony.

Respectfully submitted,

Brown and Caldwell

A handwritten signature in black ink, appearing to read "Raymond N. Matasci".

Raymond N. Matasci, PE
Vice President

RNM:it



THE LIMTIACO CONSULTING GROUP
CIVIL ENGINEERING AND ENVIRONMENTAL CONSULTANTS

March 31, 2011

Senate Committee on Ways and Means
Hearing Date: Friday, April 1, 9:00 a.m., Conference Room 211

Honorable Senators David Y. Ige, Chair; Michelle Kidani, Vice Chair; and Members of the Senate Committee on Ways and Means

Subject: COMMENTS IN SUPPORT of HB 985, HD2, SD1, Relating to Procurement

Dear Chair Ige, Vice Chair Kidani, and Committee Members:

The Limtiaco Consulting Group, a small and local business, **strongly supports HB 985, HD2, SD1, Relating to Procurement**. HB 985 will promote fair and engaging design-build procurement procedures consistent with agencies highly experienced with design-build projects, such as the federal government.

HB 985 promotes a two-step process for procuring design-build teams. Design-build teams will submit their qualifications particular to the proposed project in the first phase. An agency-developed selection committee will then select a short list of the most qualified teams (typically three, but may be up to five) for the second phase where conceptual designs and fee proposals are prepared. The selection committee then selects the highest ranked team. A nominal fee (for conceptual design services) would be awarded to the short listed teams not awarded the contract.

Without HB 985, all design-build teams are required to participate all the way through the conceptual and fee proposal phase. This effort is significant, expensive, and too financially risky for most engineering companies, particularly our small and local businesses. As a result, highly-qualified firms will not be able to afford to participate in applicable design-build projects. This will have negative impacts on infrastructure and facility projects. In the end, HB 985 will end up saving the State of Hawaii money and will result in better designs due to better competition.

There are a number of concerns with respect to the current version of HB 985, HD2, SD1 and recommends the following revisions be made:

1. In SECTION 2, revise the definition of "Design-build" to meet the nationally recognized definition:

"Design-build" means a project delivery method in which one entity - the design-build team - works under a single contract with the project owner to provide design and construction services."
2. SECTION 3, has a number of technical issues:
 - (b)(2) calls both the initial request and the second-tier request a "request for proposal" which is confusing. The first tier should be a "request for qualifications".

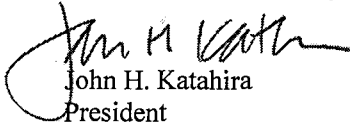
- (b)(3) does not state that shortlisted nonselected offerors must prepare a technically responsive offer in order to get the conceptual design fee.

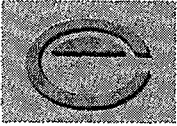
In light of these issues, we recommend that the entirety of Section 3 be replaced with the Section 3 language adopted by the House in SB 779, SD2, HD1.

3. SECTION 6, revise the effective date to July 1, 2011.

We appreciate the opportunity to provide testimony regarding HB 985 HD2, SD1

Best always,
The Limtiaco Consulting Group, Inc.


John H. Katahira
President



ENGINEERING CONCEPTS, INC.
Consulting Engineers

March 29, 2011

Senate Committee on Ways and Means

Hearing Date: Friday, April 1, 9:00 a.m., Conference Room 211

Honorable Senators David Y. Ige, Chair; Michelle Kidani, Vice Chair; and Members of the Senate Committee on Ways and Means

Subject: **HB 985 HD2 SD1, Relating to Procurement**
TESTIMONY IN SUPPORT

Dear Chair Ige, Vice Chair Kidani, and Committee Members,

Our company strongly **supports SB 985, Relating to Procurement**. HB 985 would provide for the procurement of design-build contract teams in a manner used by the Federal Government and many other jurisdictions.

HB 985 would put in place a two-step process for procuring design-build teams. At the first stage, potential design-build teams would submit their qualifications particular to the proposed project. A selection committee would select the most qualified teams (up to five) that would then proceed to the second proposal stage. The two-step process serves to reduce industry costs in responding to requests for design-build proposals, to encourage the most qualified design-builders to participate by increasing their chances of success, and to reduce the cost to the agency of reviewing the proposals.

HB 985 also provides for the granting of a conceptual design fee to the losing short-listed teams. Preparation of a design-build proposal is an onerous task, and teams can spend more than \$1 million to prepare their proposal. Studies have shown that the providing even a nominal fee to the losing teams encourages more teams to participate. In Hawaii, many of our local A/E firms are small businesses, and we feel that providing a conceptual design fee would encourage more of our small firms to participate in design-build projects.

We appreciate the opportunity to provide testimony regarding HB 985. Please do not hesitate to contact us if you have any questions regarding our testimony.

Respectfully submitted,

Kenneth Ishizaki, P.E.
Executive Vice President

MOSS Engineering, Inc.

1357 Kapiolani Blvd., Suite 830

Electrical / Lighting Engineers

Honolulu, Hawaii 96814

Richard M. Moss, P.E., LEED® AP

March 29, 2011

Senate Committee on Ways and Means

Hearing Date: Friday, April 1, 9:00 a.m., Conference Room 211

Honorable Senators David Y. Ige, Chair; Michelle Kidani, Vice Chair; and Members of the Senate Committee on Ways and Means

**Subject: HB 985 HD2 SD1, Relating to Procurement
TESTIMONY IN SUPPORT**

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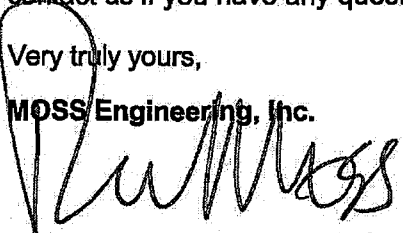
HB 985 would put in place a two-step process for procuring design-build teams. At the first stage, potential design-build teams would submit their qualifications particular to the proposed project. A selection committee would select the most qualified teams (up to five) that would then proceed to the second proposal stage. The two-step process serves to reduce industry costs in responding to requests for design-build proposals, to encourage the most qualified design-builders to participate by increasing their chances of success, and to reduce the cost to the agency of reviewing the proposals.

HB 985 also provides for the granting of a conceptual design fee to the losing short-listed teams. Preparation of a design-build proposal is an onerous task, and teams can spend more than \$1 million to prepare their proposal. Studies have shown that the providing even a nominal fee to the losing teams encourages more teams to participate. In Hawaii, many of our local A/E firms are small businesses, and we feel that providing a conceptual design fee would encourage more of our small firms to participate in design-build projects.

We appreciate the opportunity to provide testimony regarding HB 985. Please do not hesitate to contact us if you have any questions regarding our testimony.

Very truly yours,

MOSS Engineering, Inc.


Richard M. Moss, P.E., LEED® AP
President

Supporting AutoCAD and Revit Platforms

TEL: (808) 951-6632

mail@moss-engineering.net

FAX: (808) 941-0917



March 29, 2011

EMAILED TESTIMONY

Senate Committee on Ways and Means

Hearing Date: Friday, April 1, 9:00 a.m., Conference Room 211

Honorable Senators David Y. Ige, Chair, Michelle Kidani, Vice Chair, and Members of the Senate Committee on Ways and Means

Subject: **HB 985, HD2, SD1, Relating to Procurement
TESTIMONY IN SUPPORT**

Dear Chair Ige, Vice Chair Kidani, and Committee Members,

Pacific Geotechnical Engineers, Inc. strongly **supports HB 985, Relating to Procurement**. This bill would put in place a two-step process for procuring design-build teams similar to what is used by the Federal Government and many other jurisdictions. At the first stage, potential design-build teams would submit their qualifications particular to the proposed project. A selection committee would select the most qualified teams (up to five) that would then proceed to the second proposal stage. The second step is issuance of a request for proposals and evaluation of technical and price proposals from the pre-qualified/short-listed teams.

This two-step process reduces the cost to the agency reviewing the proposals by ensuring the agency reviews a select number of proposals from the most highly qualified short-listed teams. It also reduces industry cost and encourages the most qualified design-builders to participate by increasing their chances of success.

HB 985 also provides for the granting of a conceptual design fee to the unsuccessful short-listed teams. Preparation of a design-build proposal is an onerous one, and studies have shown that the use of even a nominal fee encourages more firms, especially small businesses, to participate in design-build projects.

We appreciate the opportunity to provide testimony in **support of HB 985**. Please do not hesitate to contact me at (808) 678-8024 if you have any questions regarding this testimony.

Respectfully submitted,

PACIFIC GEOTECHNICAL
ENGINEERS, INC.

Glen Y.F. Lau, P.E.
President



**CONSULTING
STRUCTURAL HAWAII, INC.**
931 Hausten Street, Suite 200
Honolulu, Hawaii 96826
Phone: (808) 945-0198 - Fax: (808) 944-1177
e-mail: csh@consultingstructuralhawaii.com

March 29, 2011

**Senate Committee on Ways and Means
Hearing Date: Friday, April 1, 9:00 a.m., Conference Room 211**

Honorable Senators David Y. Ige, Chair; Michelle Kidani, Vice Chair; and Members of the Senate Committee on Ways and Means

**Subject: HB 985 HD2 SD1, Relating to Procurement
TESTIMONY IN SUPPORT**

Dear Chair Ige, Vice Chair Kidani, and Committee Members,

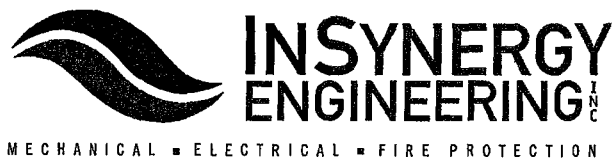
Consulting Structural Hawaii, Inc. strongly supports SB 985, Relating to Procurement. HB 985 would provide for the procurement of design-build contract teams in a manner used by the Federal Government and many other jurisdictions.

HB 985 would put in place a two-step process for procuring design-build teams. At the first stage, potential design-build teams would submit their qualifications particular to the proposed project. A selection committee would select the most qualified teams (up to five) that would then proceed to the second proposal stage. The two-step process serves to reduce industry costs in responding to requests for design-build proposals, to encourage the most qualified design-builders to participate by increasing their chances of success, and to reduce the cost to the agency of reviewing the proposals.

HB 985 also provides for the granting of a conceptual design fee to the losing short-listed teams. Preparation of a design-build proposal is an onerous task, and teams can spend more than \$1 million to prepare their proposal. Studies have shown that the providing even a nominal fee to the losing teams encourages more teams to participate. In Hawaii, many of our local A/E firms are small businesses, and we feel that providing a conceptual design fee would encourage more of our small firms to participate in design-build projects. Consulting Structural Hawaii, Inc. has become very selective and we are often very reluctant on being on a contractor's design-build team since the percentage is very small on being on the winning team. We will definitely be more willing to provide the effort to being on a contractor's design-build team if conceptual design fees are provided.

We appreciate the opportunity to provide testimony regarding HB 985. Please do not hesitate to contact us if you have any questions regarding our testimony.

Respectfully submitted,
Roy K. Yamashiro, P.E., Principal
Consulting Structural Hawaii, Inc.



828 Fort Street Mall
Suite 500
Honolulu, HI 96813
TEL 808.521.3773
FAX 808.521.3993
www.insynergyeng.com

March 29, 2011

**Senate Committee on Ways and Means
Hearing Date: Friday, April 1, 9:00 a.m., Conference Room 211**

Honorable Senators David Y. Ige, Chair; Michelle Kidani, Vice Chair; and Members of the Senate Committee on Ways and Means

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Respectfully submitted,

Joel Yuen, P.E., President

Kennedy/Jenks Consultants

Engineers & Scientists

3375 Koapaka Street, Suite F227
Honolulu, Hawaii 96819
808-488-0477
FAX: 808-488-3776

March 29, 2011

Senate Committee on Ways and Means

Hearing Date: Friday, April 1, 9:00 a.m., Conference Room 211

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We appreciate the opportunity to provide testimony regarding HB 985. Please do not hesitate to contact us if you have any questions regarding our testimony.

Respectfully submitted,
KENNEDY/JENKS CONSULTANTS



Richard E. Frey, P.E.
Vice President