

SB 1332

Proposed SD1



EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

Monday, February 14, 2011, 1:15 PM
State Capitol Room 225

Testimony of
Honorable Neil Abercrombie
Governor, State of Hawaii

To the Senate Education Committee
Senator Jill Tokuda, Chair
Senator Michelle Kidani, Vice Chair

SB 1332 SD1 (Proposed) - Relating to the University of Hawai'i

Written Testimony Only

Chair Tokuda, Vice Chair Kidani, and members of the Committee:

Thank you for the opportunity to submit testimony in support of SB 1332 SD1 (Proposed). SB 1332 SD1 (Proposed) would extend the repeal date of Act 82, Session Laws of Hawai'i 2010, from July 1, 2012 to July 1, 2015. The action would extend the University's exemption, with certain exceptions, from the Hawaii Public Procurement Code (Chapter 103D, HRS).

Major University projects, such construction and repair and maintenance, can extend over months and years. Thus, without the extension proposed in this legislation, the timeframe for the pilot would be limited to projects ending by July 1, 2012. In order to evaluate the effectiveness of the University's pilot –the extent to which additional flexibility allows the university to achieve its goals more efficiently while maintaining accountability and fairness in its use of public funds—the pilot should be extended. This pilot is important to achieve the state's educational and economic development goals via the University and also to inform potential improvements in the state's procurement code for all agencies.

We look forward to the results of University's evaluation of Act 82, Session Laws of Hawai'i 2010 which will be strengthened by extending the repeal date to July 1, 2015, as provided by SB 1332 SD 1 (Proposed).



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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Honolulu, Hawaii 96810-0119
Tel: (808) 587-4700 Fax: (808) 587-4703
<http://hawaii.gov/spo>

TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE
SENATE COMMITTEE
ON
EDUCATION

February 14, 2011

1:15 PM

SB No. 1332, Proposed SD 1

RELATING TO THE UNIVERSITY OF HAWAII.

Chair Tokuda, Vice-Chair Kidani and committee members, thank you for the opportunity to testify on SB 1332, Proposed SD 1. The State Procurement Office (SPO) opposes the amendment to extend the exemption granted to the University of Hawaii (UH) from certain provisions of HRS chapter 103D, the Hawaii Public Procurement Code (Code).

UH should not be seeking preferential treatment, as they are a state public university, funded by taxpayer dollars, the same as the Judiciary, DOE, executive agencies, counties, etc., who are all subject to the requirement of the Code. Our public university should be an example of fostering equality, fairness, transparency and openness in government contracting and the procurement process. Passage of this bill provides special treatment for the UH, instead of the university being a leader in championing a level playing field for all.

In 2010, the National Association of State Procurement Officials (NASPO), a non-profit association established in 1947 dedicated to strengthening the procurement community through education, research, and communication wrote a white paper in response to a study conducted by the American Association of State Colleges and Universities (AASCU) and the National Association of Educational Procurement (NAEP). Essentially the Universities and colleges wanted greater autonomy from state statutes and policies governing procurement, and to operate with independence from the state central purchasing office.

NASPO agreed with several recommendations for change by the AASU and NAEP, but did not agree that public colleges and universities be exempt from state procurement laws.

“Exempting public colleges and universities from state procurement law is completely inconsistent with sound public policy and sound business practices.”

<http://www.naspo.org/higherEdProcure.cfm>

Public procurement's primary objective is to give everyone equal opportunity to compete for government contracts; to prevent favoritism, collusion or fraud in awarding of contracts. The true nature of competition gives government agencies the benefits of knowing that the acquiring of goods and services were conducted in a fair and objective manner. Meeting this objective requires a single set of statutes and rules that define and mandate the use of selection processes that are competitive, efficient, fair, transparent, open and impartial.

Statutory exemptions for specific agencies are contrary to the Hawaii Public Procurement Code, section 103D-102, HRS, on the applicability of the chapter that states in part ". . . shall apply to all procurement contracts made by governmental bodies whether the consideration for the contract is cash, revenues, realizations, receipts, or earnings, . . ." Any governmental agency with the authority to expend funds should be in compliance with chapter 103D, which promotes the policy of fair and equitable treatment of all persons who deal with the procurement system; fosters effective broad-based competition and increases public confidence in public procurement.

The SPO opposes statutorily exempting specific agencies from the Code, as it is not in the best interest of government, the business community, and the general public. The Code establishes a time-tested, fair, and reliable process for award of contracts. The competitive procurement processes of the Code are to insure that all potential providers are afforded the opportunity to compete for the required services. To the extent agencies may need specific purchases to be exempted from Code requirements, the Code provides an exemption process on a case by case basis as opposed to a total blanket statutory exemption.

The Code should not be viewed as an obstacle to a purchasing agency's mission, but rather as the single source of public procurement policy to be applied equally and uniformly. It was the legislature's intent for the Code to be a single source of public procurement policy. If individual agencies are exempted and allowed to develop their own individual processes, it becomes problematic and confusing to vendors, contractors and service providers that must comply with a variety of different processes and standards. Fairness, open competition, a level playing field, and government disclosure and transparency in the procurement and contracting process are vital to good government. For this to be accomplished, we must participate in the process with one set of statutes and rules. To legislate that any one entity should be exempt from compliance with the procurement code conveys a sense of disproportionate equality in the law's application.

If the Legislature intends to exempt specific programs or funds from the Code, the exemption should include assurances that the agency's exempt process includes fair and open competition, disclosure, transparency, due process for aggrieved parties, a defined selection and awards process, and the various elements contained in the Code to ensure public confidence that the exempt procurement process is as fair as the Code.

We request that this bill be held. Thank you.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Education
February 14, 2011 at 1:15 p.m.

by

Howard Todo

Vice President for Budget & Finance/CFO, University of Hawai'i

SB1332 Proposed SD1 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Tokuda, Vice Chair Kidani and Members of the Committee:

The University of Hawai'i supports SB1332 SD1 (Proposed) which would extend the repeal date of Act 82, Session Laws of Hawai'i 2010, from July 1, 2012 to July 1, 2015.

Act 82 provided the University with an exemption, with certain exceptions, from the requirements of the Hawai'i Public Procurement Code (Chapter 103D, HRS), effective July 1, 2010. The intent of this legislation was to afford the University with flexibility to pilot revisions to its procurement procedures to accelerate the acquisition of goods, services, and construction while still obtaining best value and maintaining transparency and fairness in the procurement process.

The President of the University appointed a Task Group consisting of members from other governmental agencies and representatives from the construction and engineering industry to assist the University in developing construction procurement procedures. The Board of Regents approved initial revisions to the University's procurement procedures at its meeting of June 28, 2010, for implementation effective July 1, 2010. The Board subsequently approved the Task Group recommended revisions to these procedures in the area of qualification-based construction procurement at its meeting of September 16, 2010. The University then conducted numerous workshops with the majority of construction related organizations statewide. About 250 contractors attended these workshops and 232 contractors have submitted or are in the process of submitting their statement of qualifications. UH has begun the procurement of construction services for several major projects, such as the Hawaiian Language Building at UH Hilo, and the IT Building at UH Mānoa using these new procedures.

While Act 82 afforded the University a very limited two-year period in which to pilot its revisions to its procurement procedures, SB1332 SD1 (Proposed) would expand this period to a total of five years. Because new construction projects normally take between 2 to 3 years to complete, this expanded window of time would provide the

University with a more reasonable period to refine further its procurement procedures and to conduct a more comprehensive evaluation and assess the effectiveness of this interim procurement process. It is for these reasons that the University strongly supports SB1332 SD1 (Proposed).

Thank you for this opportunity to testify with respect to SB1332 SD1 (Proposed).

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Email: info@gcawhawaii.org
Website: www.gcawhawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

February 11, 2011

TO: THE HONORABLE SENATOR JILL N. TOKUDA, CHAIR AND MEMBERS OF THE
COMMITTEE ON EDUCATION

SUBJECT: S.B. 1332, SD1 PROPOSED, RELATING TO UNIVERSITY OF HAWAII.

NOTICE OF HEARING

DATE: Monday, February 14, 2011
TIME: 1:15PM
PLACE: Conference Room 225

Dear Chair Tokuda and Members of the Committee:

The General Contractors Association (GCA), an organization comprised of over five hundred and eighty (580) general contractors, subcontractors, and construction related firms, **supports** this bill because it provides an additional three years of experience for the University of Hawai'i to fully implement its interim procurement procedures for construction services.

It has been eight months since this bill took effect and during this time, the UH established an advisory task group which included members of the construction industry, developed interim procedures and conducted workshops to the majority of construction related organizations statewide. UH has begun implementing its interim procurement procedures on several major construction projects. These interim procedures are based on the selection of general contractors with the objective of "maximizing value" and not based on strictly "low price". These procedures provide for procurement processes, such as "design assist" which accelerates the start of construction and thus puts construction people to work faster.

Because construction projects normally take 2 to 3 years to build, the GCA believes that a three year extension to UH's procurement exemption is justified.

The GCA **supports** the passage of S.B. 1332, SD1 and recommends that the committee pass this bill.

Thank you for the opportunity to testify on this matter.

SAH - Subcontractors Association of Hawaii

1188 Bishop St., Ste. 1003**Honolulu, Hawaii 96813-2938

Phone: (808) 537-5619 ✦ Fax: (808) 533-2739

February 14, 2011

Testimony To: Senate Committee on Education
Senator Jill N. Toduka, Chair

Presented By: Tim Lyons
President

Subject: S.B. 1332 – PROPOSED SD 1

Chair Tokuda and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii. The Subcontractors Association of Hawaii is composed of the following nine separate and distinct subcontracting organizations which include:

HAWAII FLOORING ASSOCIATION

ROOFING CONTRACTORS ASSOCIATION OF HAWAII

HAWAII WALL AND CEILING INDUSTRIES ASSOCIATION

TILE CONTRACTORS PROMOTIONAL PROGRAM

PLUMBING AND MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII

SHEETMETAL CONTRACTORS ASSOCIATION OF HAWAII

PAINTING AND DECORATING CONTRACTORS ASSOCIATION

PACIFIC INSULATION CONTRACTORS ASSOCIATION

ELECTRICAL CONTRACTORS ASSOCIATION OF HAWAII

We are opposed to this bill.

We thought that everyone was agreed that the exception to the procurement code and the other exceptions put into the law for the University of Hawaii were to be a trial period. A trial to see that it would work fairly and it was put in with a cautionary expiration date of July 1, 2012 because there was concern as to whether the provisions would be followed. We wanted to be sure that the result of an exemption still insured continued fair treatment, particularly for subcontractors who protested the exemption. So now after that law has passed, to come in and request that the exception be extended for another three years on top of the original expiration of 2012 does not appear to us to resemble anything close to an experiment. It appears to be a way of doing business, and we object, perhaps fruitlessly, but we object.

If in fact the new way of doing business at UH does in fact cause harm or does in fact leave some people screaming that it is unfair it would seem to us that the legislature would want to exert its oversight function on that process and straighten it out sooner, rather than later. An exemption to the procurement code should not be taken lightly and arbitrarily extended out for a five year period.

Based on the above, we oppose this bill and do not recommend its passage.

Erin Conner

From: Grace Yee [grace@ack-inc.com]
Sent: Friday, February 11, 2011 9:50 AM
To: EDU Testimony
Subject: FW: 2011-02-10 UH Procurement Exemption Extension Draft Testimony.doc

From: Duffy Uyehara [<mailto:countertopsetc@hawaii.rr.com>]
Sent: Friday, February 11, 2011 9:48 AM
To: Grace Yee
Subject: 2011-02-10 UH Procurement Exemption Extension Draft Testimony.doc

February 14, 2011

Senator Jill Tokuda, Chair
Senator Michelle Kidani, Vice Chair
Senate Education Committee
State Capitol, Room 225
Honolulu, Hawai'i 96813

Subject: Senate Bill Number 1332

Honorable Chair Tokuda, Vice Chair Kidani, and members of the Senate Education Committee:

I support this bill because it provides an additional two years of experience for the University of Hawai'i (UH) to fully implement its interim procurement procedures for construction services. It has been eight months since this bill took effect and during this time, the UH established an advisory task group which included members of the construction industry, developed interim procedures, conducted workshops to the majority of construction related organizations statewide. Then, UH began the procurement of construction services for several major projects. These interim procedures are based on the selection of general contractors with the objective of "maximizing value" and not based on strictly "low price". These procedures provide for procurement processes, such as "design assist" which accelerates the start of construction and thus puts construction people to work faster.

Because construction projects normally take 2 to 3 years to build, I believe that a two year extension to UH's procurement exemption is justified and I fully support the extension.

Thank you,

D.S. UYEHARA
COUNTERTOPS ETC., INC.



February 14, 2011

Senator Jill Tokuda, Chair
Senator Michelle Kidani, Vice Chair
Senate Education Committee
State Capitol, Room 225
Honolulu, Hawai'i 96813

Subject: Senate Bill Number 1332

Honorable Chair Tokuda, Vice Chair Kidani, and members of the Senate Education Committee:

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Because construction projects normally take 2 to 3 years to build, I believe that a two year extension to UH's procurement exemption is justified and I fully support the extension.

Thank you,

A handwritten signature in black ink, appearing to read 'Harry J. Cornish', with a long horizontal flourish extending to the right.

Harry J. Cornish
Member Manager

Island Pacific Distributors, Inc.

500 Alakawa St. #114 • Honolulu, HI 96817-4576
TEL: (808) 955-1126 • FAX: (808) 946-6480 • www.ipdhawaii.com

February 11, 2011

Senator Jill Tokuda, Chair
Senator Michelle Kidani, Vice Chair
Senate Education Committee
State Capitol Room 225
Honolulu, Hi. 96813

Subject: Senate Bill Number 1332

Honorable Chair Tokuda, Vice Chair Kidani, and members of the Senate Education Committee:

I support this bill because it provides an additional two years of experience for the University of Hawaii (UH) to fully implement its interim procurement procedures for construction services. It has been eight months since this bill took effect and during this time the UH has taken the following major steps:

1. Established an advisory task group which included members from the construction industry.
2. Developed Interim Procedures.
3. Conducted workshops with the majority of construction related organizations statewide.

The UH then began the procurement of construction services for several major projects. These interim procedures are based on the selection of general contractors with the objective of “maximizing value” and not based on strictly “low price”.

These procedures provide for procurement processes such as “design assist” which accelerates the start of construction and this puts construction people to work much faster.

Due to the fact that construction projects normally take 2 to 3 years to build, I believe that a two year extension to the UH’s procurement exemption is justified and I fully support the extension.

Sincerely,

Leon Wolfley
President



February 14, 2011

Senator Jill Tokuda, Chair
Senator Michelle Kidani, Vice Chair
Senate Education Committee
State Capitol, Room 225
Honolulu, Hawai'i 96813

Subject: Senate Bill Number 1332

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Because construction projects normally take 2 to 3 years to build, I believe that a two year extension to UH's procurement exemption is justified and I fully support the extension.

Respectively,

Christopher Knitter
Manager

1151 Marina Village Parkway, Suite 101
San Jose, CA 95128-1044
T. 510-244-6100 F. 510-434-6160

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February 14, 2011

Senator Jill Tokuda, Chair
Senator Michelle Kidani, Vice Chair
Senate Education Committee
State Capitol, Room 225
Honolulu, Hawai'i 96813

Subject: Senate Bill Number 1332

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Because construction projects normally take 2 to 3 years to build, I believe that a two year extension to UH's procurement exemption is justified and I fully support the extension.

Thank you,

A handwritten signature in black ink, appearing to read 'Darin Yokoyama', is written over a horizontal line.

Darin Yokoyama
President

DY:da



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February 11, 2011

Senator Jill Tokuda, Chair
Senator Michelle Kidani, Vice Chair
Senate Education Committee
State Capitol, Room 225
Honolulu, Hawaii 96813

Subject: Senate Bill Number 1332

Honorable Chair Tokuda, Vice Chair Kidani and members of the Senate Education Committee:

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Because construction projects normally take 2 to 3 years to build, I believe that a two year extension to UH's procurement exemption is justified and I fully support the extension.

Thank you,

A handwritten signature in black ink, appearing to read "Dean Noyama", written in a cursive style.

Dean Noyama, Treasurer



Maui 202 Lalo Street • Kahului, HI. 96732-2924
Phone: (808) 877-3902 • Fax: (808) 871-6828
Service Dept: (808) 877-4040 • Fax: (808) 873-6199
Oahu 2265 Hoonee Place • Honolulu, HI. 96819
Phone: (808) 841-2112 • Fax: (808) 847-1991

February 11, 2011

Senator Jill Tokuda, Chair
Senator Michelle Kidani, Vice Chair
Senate Education Committee
State Capitol, Room 225
Honolulu, Hawai'i 96813

Subject: Senate Bill Number 1332

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Because construction projects normally take 2 to 3 years to build, I believe that a two year extension to UH's procurement exemption is justified and I fully support the extension.

Sincerely,

Stephen T. Leis,
President

DORVIN D. LEIS

202 LALO STREET
KAHULUI, HAWAII 96732

—
(808) 877-3902
FAX (808) 871-6828

February 11, 2011

Senator Jill Tokuda, Chair
Senator Michelle Kidani, Vice Chair
Senate Education Committee
State Capitol, Room 225
Honolulu, Hawai'i 96813

Subject: Senate Bill Number 1332

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Because construction projects normally take 2 to 3 years to build, I believe that a two year extension to UH's procurement exemption is justified and I fully support the extension.

Sincerely,



Dorvin D. Leis



GROUP BUILDERS, INC.

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Honolulu, Hawaii 96819
Phone (808) 832-0888
Fax (808) 832-0890

February 11, 2011

Senator Jill Tokuda, Chair
Senator Michelle Kidani, Vice Chair
Senate Education Committee
State Capitol, Room 225
Honolulu, Hawai'i 96813


Subject: Senate Bill Number 1332

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Because construction projects normally take 2 to 3 years to build, I believe that a two year extension to UH's procurement exemption is justified and I fully support the extension.

Thank you,

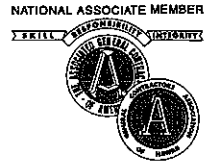

Lito R. Alcantra
President
Group Builders, Inc.

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1164 Bishop Street • Suite 1710 • Honolulu, Hawaii 96813
Telephone: (808) 521-8311
Fax: (808) 526-3893



February 11, 2011

TO: THE HONORABLE SENATOR JILL N. TOKUDA, CHAIR AND MEMBERS OF THE
COMMITTEE ON EDUCATION

SUBJECT: S.B. 1332, SD1 PROPOSED, RELATING TO UNIVERSITY OF HAWAII.

NOTICE OF HEARING

DATE: Monday, February 14, 2011
TIME: 1:15PM
PLACE: Conference Room 225

Dear Chair Tokuda and Members of the Committee:

King & Neel, Inc. SUPPORTS S.B. 1332, SD1 because it provides an additional three years of experience for the University of Hawai'i to fully implement its interim procurement procedures for construction services.

It has been eight months since this bill took effect and during this time, the UH established an advisory task group which included members of the construction industry, developed interim procedures and conducted workshops to the majority of construction related organizations statewide. UH has begun implementing its interim procurement procedures on several major construction projects. These interim procedures are based on the selection of general contractors with the objective of "maximizing value" and not based on strictly "low price". These procedures provide for procurement processes, such as "design assist" which accelerates the start of construction and thus puts construction people to work faster.

Because construction projects normally take 2 to 3 years to build, I believe that a three year extension to UH's procurement exemption is justified.

Thank you for the opportunity to testify on this matter.

February 11, 2011

Senator Jill Tokuda, Chair
Senator Michelle Kidani, Vice Chair
Senate Education Committee
State Capitol, Room 225
Honolulu, Hawai'i 96813

Subject: Senate Bill Number 1332

Honorable Chair Tokuda, Vice Chair Kidani, and members of the Senate Education Committee:

My name is Kathryn Inouye, Chief Operating Officer of Kobayashi Group. I am in strong support of providing the University of Hawaii the ability to operate under the interim procurement procedures for construction services.

The process allows you to select the best general contractor to participate in a "design assist" process as plans are more fully designed. Selection is based on a number of factors which include the contractor's experience specific to the type of project being proposed, critical problem-solving ability and experience in a design-assist process for a specific type of project, experience of the individuals in both the pre-construction and construction process, as well as numerous other factors. These factors are typically not measured in a hard bid process. The result is often a low-bidder that may not be the most qualified bidder. Results under a hard bid process are often disastrous and laden with change orders that both increase a project's overall cost and contract duration.

Under the somewhat outdated design-bid-build or hard bid process, you are required to complete plans without input from contractors and subcontractors. The plans are bid and a value-engineering process is often required. This could lengthen the start of a project by anywhere from 6-9 months.

I would be happy to discuss the process with you on a more detailed basis if desired but have abbreviated this testimony.

As an interested taxpayer, I strongly encourage you to support this bill.

Mahalo,



Kathryn Inouye

February 13, 2011

Senator Jill Tokuda, Chair
Senator Michelle Kidani, Vice Chair
Senate Education Committee
State Capitol, Room 225
Honolulu, Hawai'i 96813

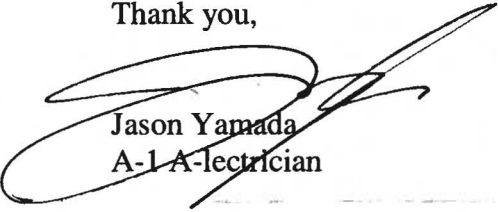
Subject: Senate Bill Number 1332

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Because construction projects normally take 2 to 3 years to build, I believe that a two year extension to UH's procurement exemption is justified and I fully support the extension.

Thank you,



Jason Yamada
A-1 A-lectrician

Erin Conner

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 13, 2011 6:03 PM
To: EDU Testimony
Cc: gnohara@kogaeng.com
Subject: Testimony for SB1332 on 2/14/2011 1:15:00 PM

Testimony for EDU 2/14/2011 1:15:00 PM SB1332

Conference room: 225
Testifier position: support
Testifier will be present: No
Submitted by: Glenn Nohara
Organization: Koga Engineering & Construction, Inc.
Address:
Phone:
E-mail: gnohara@kogaeng.com
Submitted on: 2/13/2011

Comments:

Dear Chair Tokuda and Members of the Committee:

Koga Engineering & Construction, Inc. supports SB 1332, SD 1 Proposed. It provides an additional three years for the University of Hawaii to fully implement its interim procurement procedures for construction services.

Since Act 82 became effective on July 1, 2010, the UH established an advisory task group which included members of the construction industry, developed interim procedures and conducted workshops with construction related organizations statewide.

UH should be given an opportunity to develop a better procurement process that benefits the client foremost while still being fair to the contracting community. The State Procurement Code has become so complex that more and more projects are having bid protests, delays in contract awards, and are costing the taxpayers more.

Koga Engineering & Construction, Inc. strongly supports the passage of SB 1332, SD 1 Proposed and respectfully ask that the committee pass this bill.

Sincerely,

Glenn M. Nohara
Chairman
Koga Engineering & Construction, Inc.



ENGINEERING & CONSTRUCTION, INC.

Think Sitework...Say Koga!

February 11, 2011

TO: THE HONORABLE SENATOR JILL N. TOKUDA, CHAIR AND MEMBERS OF THE
COMMITTEE ON EDUCATION

SUBJECT: S.B. 1332, SD1 PROPOSED, RELATING TO UNIVERSITY OF HAWAII.

NOTICE OF HEARING

DATE: Monday, February 14, 2011
TIME: 1:15PM
PLACE: Conference Room 225

Dear Chair Tokuda and Members of the Committee:

Koga Engineering & Construction, Inc. support S.B. 1332, SD1 because it provides an additional three years of experience for the University of Hawai'i to fully implement its interim procurement procedures for construction services.

It has been eight months since this bill took effect and during this time, the UH established an advisory task group which included members of the construction industry, developed interim procedures and conducted workshops to the majority of construction related organizations statewide. UH has begun implementing its interim procurement procedures on several major construction projects. These interim procedures are based on the selection of general contractors with the objective of "maximizing value" and not based on strictly "low price". These procedures provide for procurement processes, such as "design assist" which accelerates the start of construction and thus puts construction people to work faster.

Because construction projects normally take 2 to 3 years to build, I believe that a three year extension to UH's procurement exemption is justified.

Koga Engineering & Construction, Inc. supports the passage of S.B. 1332, SD1 and recommends that the committee pass this bill.

Thank you for the opportunity to testify on this matter.

AN EQUAL OPPORTUNITY EMPLOYER



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

Senate Committee on Education
Senator Jill N. Tokuda, Chair
Senator Michelle Kidani, Vice Chair

SB 1332 – RELATING TO THE UNIVERSITY OF HAWAII
Monday, February 14, 2011
1:15 pm
Conference Room 225

Chair Tokuda, Vice Chair Kidani and Members of the Senate Committee on Education:

My name is C. Mike Kido, External Affairs of the Pacific Resource Partnership (PRP), a labor-management consortium representing over 240 signatory contractors and the Hawaii Carpenters Union.

PRP is in support of SB 1332 which extends the exemption granted to the University of Hawaii from certain provisions of the Hawaii public procurement code with respect to certain designed professional services. (Proposed SD1)

In the first 8 months of its two year exemption, UH developed interim procurement procedures for construction that emphasized “maximum value” based rather than “low price” selection. These procedures also allow for “design assist” construction procurement which not only strives for maximum value but for construction to begin while still in design, thus allowing projects to begin earlier than traditional “design, bid, build” procurement procedure. For example, the Cancer Research Center project started construction last October while final design is being finalized this month, thus accelerating the start of construction by at least 7 months.

Since most construction projects normally take 2 to 3 years to build, PRP feels that the requested extension beyond the original two years is justified and we fully support the extension.

Thank you for the opportunity to share our views with you and we respectfully ask for your consideration on SB 1332 Relating to the University of Hawaii.



S & M SAKAMOTO, INC.
GENERAL CONTRACTORS

February 11, 2011

TO: THE HONORABLE SENATOR JILL N. TOKUDA, CHAIR AND MEMBERS OF THE
COMMITTEE ON EDUCATION

SUBJECT: S.B. 1332, SD1 PROPOSED, RELATING TO UNIVERSITY OF HAWAII.

NOTICE OF HEARING

DATE: Monday, February 14, 2011
TIME: 1:15PM
PLACE: Conference Room 225

Dear Chair Tokuda and Members of the Committee:

S & M Sakamoto, Inc. **supports** S.B. 1332, SD1 because it provides an additional three years of experience for the University of Hawai'i to fully implement its interim procurement procedures for construction services.


It has been eight months since this bill took effect and during this time, the UH established an advisory task group which included members of the construction industry, developed interim procedures and conducted workshops to the majority of construction related organizations statewide. UH has begun implementing its interim procurement procedures on several major construction projects. These interim procedures are based on the selection of general contractors with the objective of "maximizing value" and not based on strictly "low price". These procedures provide for procurement processes, such as "design assist" which accelerates the start of construction and thus puts construction people to work faster.

Because construction projects normally take 2 to 3 years to build, I believe that a three year extension to UH's procurement exemption is justified.

S & M Sakamoto **supports** the passage of S.B. 1332, SD1 and recommends that the committee pass this bill.

Thank you for the opportunity to testify on this matter.

Sincerely,
S & M Sakamoto, Inc.


Dennis Ideta
Senior Vice President

Lindemann Construction Inc.

500 Ala Kawa St. #216-J

Honolulu, HI 96817

February 11, 2011

TO: THE HONORABLE SENATOR JILL N. TOKUDA, CHAIR AND MEMBERS OF THE
COMMITTEE ON EDUCATION

SUBJECT: S.B. 1332, SD1 PROPOSED, RELATING TO UNIVERSITY OF HAWAII.

NOTICE OF HEARING

DATE: Monday, February 14, 2011

TIME: 1:15PM

PLACE: Conference Room 225

Dear Chair Tokuda and Members of the Committee:

Lindemann Construction Inc. **supports** S.B. 1332, SD1 because it provides an additional three years of experience for the University of Hawai'i to fully implement its interim procurement procedures for construction services.

It has been eight months since this bill took effect and during this time, the UH established an advisory task group which included members of the construction industry, developed interim procedures and conducted workshops to the majority of construction related organizations statewide. UH has begun implementing its interim procurement procedures on several major construction projects. These interim procedures are based on the selection of general contractors with the objective of "maximizing value" and not based on strictly "low price". These procedures provide for procurement processes, such as "design assist" which accelerates the start of construction and thus puts construction people to work faster.

Because construction projects normally take 2 to 3 years to build, I believe that a three year extension to UH's procurement exemption is justified.

Lindemann Construction Inc. supports the passage of S.B. 1332, SD1 and recommends that the committee pass this bill.

Thank you for the opportunity to testify on this matter.

William Lindemann, President
Lindemann Construction Inc.



February 11, 2011

TO: THE HONORABLE SENATOR JILL N. TOKUDA, CHAIR AND MEMBERS OF THE
COMMITTEE ON EDUCATION

SUBJECT: S.B. 1332, SD1 PROPOSED, RELATING TO UNIVERSITY OF HAWAII.

NOTICE OF HEARING

DATE: Monday, February 14, 2011
TIME: 1:15PM
PLACE: Conference Room 225

Dear Chair Tokuda and Members of the Committee:

PVT Land Company supports S.B. 1332, SD1 because it provides an additional three years of experience for the University of Hawai‘i to fully implement its interim procurement procedures for construction services.

It has been eight months since this bill took effect and during this time, the UH established an advisory task group which included members of the construction industry, developed interim procedures and conducted workshops to the majority of construction related organizations statewide. UH has begun implementing its interim procurement procedures on several major construction projects. These interim procedures are based on the selection of general contractors with the objective of “maximizing value” and not based on strictly “low price”. These procedures provide for procurement processes, such as “design assist” which accelerates the start of construction and thus puts construction people to work faster.

Because construction projects normally take 2 to 3 years to build, I believe that a three year extension to UH’s procurement exemption is justified.

PVT Land Company supports the passage of S.B. 1332, SD1 and recommends that the committee pass this bill.

Thank you for the opportunity to testify on this matter.

Stephen E. Joseph
Vice-President

February 11, 2011

TO: THE HONORABLE SENATOR JILL N. TOKUDA, CHAIR AND MEMBERS OF
THE COMMITTEE ON EDUCATION

SUBJECT: S.B. 1332, SD1 PROPOSED, RELATING TO UNIVERSITY OF HAWAII.



NOTICE OF HEARING

DATE: Monday, February 14, 2011
TIME: 1:15PM
PLACE: Conference Room 225

Dear Chair Tokuda and Members of the Committee:

Royal Contracting Co., Ltd. **support** S.B. 1332, SD1 since it allows for a more accurate summary of action by the University of Hawaii in implementing its interim procurement procedure.

Many of the projects affected by this bill will require 1 to 2 years to complete.

A review from start to finish will provide legislative and the public with information for evaluation.

Royal Contracting Co., Ltd. **supports** the passage of S.B. 1332, SD1 and recommends that the committee pass this bill.

Sincerely,

A handwritten signature in black ink, appearing to read 'Leonard K.P. Leong', written over the typed name and title.

Royal Contracting Co., Ltd.
Leonard K.P. Leong
Vice President

February 14, 2011

Senator Jill Tokuda, Chair
Senator Michelle Kidani, Vice Chair
SENATE EDUCATION COMMITTEE
State Capitol, Room 225
Honolulu, Hawai'i 96813



Subject: Senate Bill Number 1332

To the Honorable Chair Tokuda, Vice Chair Kidani, and members of the Senate Education Committee:

Shimokawa + Nakamura (S+N), an architectural firm in Honolulu, strongly supports Senate Bill 1332 because it provides an additional two years for the University of Hawai'i (UH) to fully implement its interim procurement procedures for construction services. At a time when cost savings are critical to Hawaii's economy, this procedure allows UH to expedite capital improvements and accelerate the procurement of design services efficiently and at competitive prices.

A Procurement Task Group appointed by UH includes leaders of Hawaii's construction industry and managers from the Army Corps of Engineers and the State of Hawaii Department of Education. In the last seven months, this Task Group has reviewed the interim procedures, developed alternative procedures for the procurement of construction and conducted numerous outreach presentations on several islands to the majority of construction related organizations.

Since adoption of the alternative construction procurement procedures, UH began the procurement of construction services for several major projects. These interim procedures are based on the selection of general contractors with the objective of maximizing "value" and not based solely on "lowest bid". These procedures provide for procurement processes, such as "design assist" which accelerates the start of construction and thus puts construction people to work faster.

Because construction projects normally take 2 to 3 years to build, I believe that a two year extension to UH's procurement exemption is justified and S+N urges your support of SB 1332. Thank you for the opportunity to present our testimony.

Sincerely,
SHIMOKAWA NAKAMURA, INC.

A handwritten signature in blue ink, appearing to read 'Jeffrey S. Nakamura', with a long horizontal line extending to the right.

Jeffrey S. Nakamura, AIA
Vice President

Erin Conner

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 11, 2011 8:31 AM
To: EDU Testimony
Cc: ack@ack-inc.com
Subject: Testimony for SB1332 on 2/14/2011 1:15:00 PM

Testimony for EDU 2/14/2011 1:15:00 PM SB1332

Conference room: 225
Testifier position: support
Testifier will be present: No
Submitted by: Russell Young
Organization: Albert C. Kobayashi, Inc.
Address:
Phone:
E-mail: ack@ack-inc.com
Submitted on: 2/11/2011

Comments:

Erin Conner

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 14, 2011 8:27 AM
To: EDU Testimony
Cc: brent@matsons.net
Subject: Testimony for SB1332 on 2/14/2011 1:15:00 PM

Testimony for EDU 2/14/2011 1:15:00 PM SB1332

Conference room: 225
Testifier position: support
Testifier will be present: No
Submitted by: Brent Matson
Organization: Individual
Address:
Phone:
E-mail: brent@matsons.net
Submitted on: 2/14/2011

Comments:

February 14, 2011

TO: THE HONORABLE SENATOR JILL N. TOKUDA, CHAIR AND MEMBERS OF THE
COMMITTEE ON EDUCATION

SUBJECT: S.B. 1332, SD1 PROPOSED, RELATING TO UNIVERSITY OF HAWAII.

NOTICE OF HEARING

DATE: Monday, February 14, 2011
TIME: 1:15PM
PLACE: Conference Room 225

Dear Chair Tokuda and Members of the Committee:

I, Ray Skelton, **support** S.B. 1332, SD1 because it provides an additional three years of experience for the University of Hawai'i to fully implement its interim procurement procedures for construction services.

It has been eight months since this bill took effect and during this time, the UH established an advisory task group which included members of the construction industry, developed interim procedures and conducted workshops to the majority of construction related organizations statewide. UH has begun implementing its interim procurement procedures on several major construction projects. These interim procedures are based on the selection of general contractors with the objective of "maximizing value" and not based on strictly "low price". These procedures provide for procurement processes, such as "design assist" which accelerates the start of construction and thus puts construction people to work faster.

Because construction projects normally take 2 to 3 years to build, I believe that a three year extension to UH's procurement exemption is justified.

I, Ray Skelton support the passage of S.B. 1332, SD1 and recommends that the committee pass this bill.

Thank you for the opportunity to testify on this matter.