

# **SB 263**

## RELATING TO PROCUREMENT.

Gives a bidder two additional days after the closing of bids to provide the names of each person or firm to be engaged by the bidder as a joint contractor or subcontractor in the performance of the contract and the nature and scope of the work to be performed by each; provided that the bids shall be opened only after the close of the two-day period.

NEIL ABERCROMBIE  
GOVERNOR



AARON S. FUJIOKA  
ADMINISTRATOR

**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

P.O. Box 119  
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  
PUBLIC SAFETY, GOVERNMENT OPERATIONS, AND MILITARY AFFAIRS

March 1, 2011

2:45 PM

SB 263

RELATING TO PROCUREMENT.

Chair Espero, Vice Chair Kidani and committee members, thank you for the opportunity to testify on SB 263. This bill pertains to procurement of construction to allow a bidder to submit the names of its joint contractor or subcontractor two days after the bid due date; and the bids would be opened publically only after this additional two-day period.

The State Procurement Office (SPO) opposes this bill. A bidder allowed to change their submittal after the bid due date is contrary to HRS §103D-302(g) that states in part, "After bid opening no changes in bid prices or other provisions of bids prejudicial to the interest of the public or to fair competition shall be permitted." This ensures all requested information meet the requirements of the solicitation and are submitted with the bid at due date.

The SPO recommends this bill be held. Thank you.

NEIL ABERCROMBIE  
GOVERNOR



BRUCE A. COPPA  
Comptroller

RYAN OKAHARA  
Deputy Comptroller

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

TESTIMONY  
OF  
BRUCE A. COPPA, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
SENATE COMMITTEE  
ON  
PUBLIC SAFETY, GOVERNMENT OPERATIONS, AND MILITARY AFFAIRS  
ON  
March 1, 2011

S.B. 263

RELATING TO PROCUREMENT

Chair Espero and members of the Committee, thank you for the opportunity to testify on S.B. 263.

The Department of Accounting and General Services (DAGS) supports the intent of S.B. 263 but has reservations as the bill is written.

DAGS provides the following proposed changes to this bill:

1. Governmental contracting agencies shall allow contractors, without any penalty, to use the two (2) day interim period between the bid proposal submittal deadline and the bid opening date to make corrections to the list of subcontractors that is initially submitted with their bid proposal.

2. Allowable corrections for this purpose shall be limited to:

- A. Inclusion of additional subcontractors without any change to the total bid proposal amount.
- B. Deletion of unlicensed subcontractors for applicable work scope.

Thank you for the opportunity to testify on this matter.

NEIL ABERCROMBIE  
GOVERNOR



GLENN M. OKIMOTO  
DIRECTOR

Deputy Directors  
FORD N. FUCHIGAMI  
JAN S. GOUVEIA  
RANDY GRUNE  
JADINE URASAKI

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

IN REPLY REFER TO:

March 1, 2011

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

COMMITTEE ON PUBLIC SAFETY,  
GOVERNMENT OPERATIONS, & MILITARY AFFAIRS

SENATE BILL NO. 263

The Department of Transportation ("DOT") opposes this bill as it is currently written. Such a requirement that allows bidders additional time to submit required information beyond the original bid date goes against the original intent of Section 103D-302, Hawaii Revised Statutes (HRS) and would provide bidders the opportunity to "bid shop" their subcontractors. This bill has the potential for promoting unscrupulous activities among the bidders at the expense of the subcontractors and does not provide any benefit to the governmental contracting agencies. The proposed legislation also contradicts the intent of the competitive sealed bid procurement process and fails to meet the spirit of fairness and transparency in government.

It is the DOT's position that Section 103D-302, HRS, as currently written has been an effective and efficient procurement method for competitive sealed bidding and should remain unchanged.

**BIA-HAWAII**  
**BUILDING INDUSTRY ASSOCIATION**

March 1, 2011

Senator Will Espero, Chair  
Committee on Public Safety, Government Operations  
and Military Affairs  
State Capitol, Room 224  
Honolulu, HI 96813

RE: SB263 Relating to Procurement

Chair Espero and Members of the Committee on Public Safety, Government Operations, and Military Affairs:

I am Karen Nakamura, Executive Vice President & Chief Executive Officer of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii strongly supports SB263 "Relating to Procurement". SB263 would allow bidders under HRS Section 103D-302 (Low-bid section) to list subcontractors 2 days after a bid is due to submit its sub-list. On larger, especially vertical (building) project bids, general contractors employ numerous subcontractors that many times provide their quotations just before the deadline for submitting its bid to the public agency, leaving the general hardly any time to check the sub-bid before the bid is due. The bill is worded such that during those extra 2 days, the public agency would hold the bids unopened until the sub-listing deadline. This would allow the bidder to check licenses (many times, subcontractors provide bids without having the proper licenses or with suspended/revoked licenses), check scope of work, check financial viability and generally allow time to avoid sub-listing mistakes that oftentimes result in bid

protests and low bids being disqualified for inadvertent sub-listing errors. In the end, the taxpayers pay the price since the low-bid is thrown out in favor of higher priced 2nd or 3rd bidders.

In one project alone, an Aloha Stadium project, the State (ultimately the taxpayers) paid more than \$1M more on an approximately \$10M project awarded to the 2<sup>nd</sup> bidder due to a protest and a hearings officer's ruling the low-bidder did not properly describe a sub's scope of work.

BIA-Hawaii believes that, in the interest of getting the lowest bid that is accurate, the State has a compelling reason to allow the bidder two extra days to submit its sub-list. Thank you for the opportunity to share our views with you.

A handwritten signature in cursive script that reads "Karen I. Nakamura".

Chief Executive Officer

BIA-Hawaii

1065 Ahua Street  
Honolulu, HI 96819  
Phone: 808-833-1681 FAX: 839-4167  
Email: [info@gcawahawaii.org](mailto:info@gcawahawaii.org)  
Website: [www.gcawahawaii.org](http://www.gcawahawaii.org)



**GCA of Hawaii**

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

February 28, 2011

TO: THE HONORABLE SENATOR WILL ESPERO, CHAIR AND MEMBERS OF  
THE COMMITTEE ON PUBLIC SAFETY, GOVERNMENT OPERATIONS,  
AND MILITARY AFFAIRS

SUBJECT: S.B. 263, RELATING TO PROCUREMENT.

NOTICE OF HEARING

DATE: Tuesday, March 1, 2011  
TIME: 2:45 p.m.  
PLACE: Conference Room 224

Dear Chair Espero 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, **strongly supports** the passage of S.B. 263, Relating To Procurement.

S.B. 263 would amend the current procurement procedure by amending Section 103D-302 to allow bidders an additional two (2) days to submit the list of subcontractors or joint contractors to be engaged in the performance of a project. Under this proposed change, the procurement officer would close the bidding in the usual manner, but would not open the bids until two (2) days after the closing. Each bidder shall have two (2) days after the bid closing to submit its list of subcontractors as required under Section 103D-302, HRS.

The proposed change will permit the bidder to insure that all subcontractors who have submitted bids to the general contractor have met all of the requirements to perform work on state and county projects, including meeting all licensing, bonding and insurance requirements, as applicable. The additional time is necessary because in most cases the general contractor does not receive bid prices from the various subcontractors until shortly before the bid must be submitted to the state agency. This means that the general contractor does not have time to check whether the subcontractors who have submitted bids meet the requirements to work on the job, especially the proper licenses issued by the Contractors License Board. Given the large number of "C" (currently over 160 issued and growing), it becomes increasingly difficult for the general contractor to ascertain licenses and verify whether every subcontractor has the proper license to perform the work he has submitted a bid to do.

The GCA believes that this proposed amendment will result in more complete and accurate bid submittals and reduce the number of potential bid protests.

The GCA **strongly supports** the passage of S.B. 263, and recommends its passage.



# IRONWORKERS STABILIZATION FUND

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February 28, 2010

Wil Espero, Chair  
Committee on Public Safety, Government Operations and Military Affairs  
Senate  
State Capitol  
415 S. Beretania Street  
Honolulu, Hawaii 96813

Dear Honorable Chair Espero and Members of the Committee on Public Safety, Government Operations and Military Affairs:

Re: Strong Opposition for SB 264 – Relating to Procurement

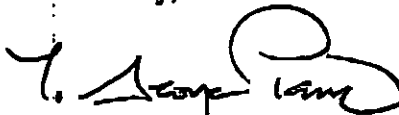
We are in strong opposition of SB 264, Relating to Procurement; that clarifies that bidders must list subcontractors in sealed bids only if the amount of the bid is \$1,000,000 or more and only if a subcontractor's value of work comprises five per cent or more of total bid amount.

The purpose of this bill strongly goes against HRS Section 103D that the legislature has passed and the State of Hawaii has used to provide a fair and open process to bidding for public funded projects. Section 103D was created to ensure the safety and welfare of the general public. This bill will allow bidders the ability to use non-licensed individuals and firms for public works projects. We believe that any public works project must have only licensed contractors. If this bill passes, it will have the ability to have non trained individuals to do the job. We strongly believe that the public's safety will be at risk.

Consequently, we believe to modify the procurement law will jeopardize the safety of the people in Hawaii.

We strongly oppose this measure for the working men and women of Hawaii. Thank you for your time and consideration.

Sincerely,



T. George Paris  
Managing Director

# ***SAH - Subcontractors Association of Hawaii***

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

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

March 1, 2011

Testimony To: Senate Committee on Public Safety, Government Operations, and Military Affairs  
Senator Will Espero, Chair

Presented By: Tim Lyons  
President

Subject: S.B. 263 – RELATING TO PROCUREMENT

Chair Espero and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii. SAH is composed of nine separate and distinct subcontracting organizations throughout the state, including:

ELECTRICAL CONTRACTORS ASSOCIATION OF HAWAII

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

We are opposed to this bill.

The subcontractor listing clause exists in order to ensure that there is fairness in bid practices. The requirement exists only on public works jobs so it gives us a great opportunity to see how it works when there is no subcontractor listing clause and we are here to sadly report that it is a mess.

On the one hand, general contractors complain that they don't have enough time to review the bids of subcontractors. On the other hand, they are totally in charge of the bidding process and they can require anybody to submit a bid with any deadline that they so choose. The fact that they all want to wait until the last minute and accept those bids is entirely up to them.

This is an area that does not need government intervention except to the extent of requiring the subcontractor listing clause. The additional two (2) day period that is suggested in this case only allows general contractors to go bid shopping for an additional two (2) days to see how successfully they can leverage. In fact, their bargaining power between one subcontractor and another subcontractor is only to the detriment of those subcontractors, not to the benefit of the general public or the taxpayers.

Based on the consequences of this bill, we cannot endorse this bill

Thank you.

# Painting and Decorating Contractors Association of Hawaii



970 N. KALAHEO AVE., SUITE A217 • KAILUA, HAWAII 96734 • TELEPHONE (808) 254-2322 •  
FAX (808) 254-2355

February 25, 2011

Senator Will Espero, Chair  
Senator Michelle Kidani, Vice Chair  
Committee on Public Safety, Government Operations, and Military Affairs  
State Capitol, Room 224  
Honolulu, Hawaii 96813

RE: SB 263 – “Relating to Procurements”

Chair Espero, Vice Chair Kidani and members of the Senate Committee on Public Safety,  
Government Operations, and Military Affairs:

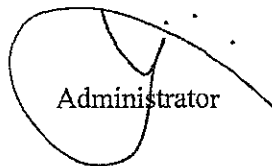
The Painting and Decorating Contractors Association (PDCA) of Hawaii was chartered in 1961 and represents over 30 contractor and supplier firms that employ over 2000 individuals Statewide.

We are strongly opposed to SB 263 that permits the bidder to have two additional days after the closing of bids to provide the names of each person or firm to be engaged by the bidder as a joint contractor or subcontractor.

This practice will open opportunities for bid shopping of the subcontractor’s bid proposal and will undermine transparency and equality in the bid process.

Thank you for the opportunity to submit our testimony.

Raymond H. Fujii

  
Administrator



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 28, 2011

TO: THE HONORABLE WILL ESPERO, CHAIR AND MEMBERS OF  
COMMITTEE ON PUBLIC SAFETY, GOVERNMENT OPERATIONS, AND MILITARY AFFAIRS

SUBJECT: S.B. 263 AND 264 RELATING TO STATE PROCUREMENT

Dear Chair and Members of the Committee,

The Dorvin D. Leis Company **strongly opposes** S.B. 263 and S.B. 264 relating to state procurement.

The Dorvin D. Leis Company a subcontractor performing Air Conditioning, Plumbing and Fire Sprinkler work for forty-four years (44) in Hawaii and employs an average of between 300 and 400 trade personnel.

We believe most of the prime contractors in Hawaii are good, ethical businessmen. However, both these bills would allow an unethical contractor to “shop” the subcontractor’s prices after the bid, giving them an unfair advantage over ethical contractors.

In effect, both these bills would reward an unethical contractor and allow them to increase their profit margin after the bid, by “shopping” one subcontractor against another after the bid. Further, this practice would in no way benefit the state, or lower the price the state would pay for the work.

We therefore strongly oppose both these bills.

Thank you for considering our concerns on the above bills.

Sincerely,

*Stephen T. Leis*

President

Dorvin D. Leis Company

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**From:** Skip Morgan [cbm@alakaimechanical.com]  
**Sent:** Monday, February 28, 2011 1:16 PM  
**To:** PGM Testimony  
**Cc:** 'Tim Lyons'  
**Subject:** SB263 & SB264

To whom it may concern:

These bills set up an environment ripe for potential misuse and unethical conduct without saving the taxpayers any cost. "Bid shopping" is a scourge of the construction industry. By eliminating or delaying the naming of subcontractors in a general contractor's bid proposal sets up the potential and often used technique of submitting a low price to acquire a job and then shopping for prices among unsuccessful subcontractors by exposing the low subcontractor's proposal. This ultimately sets up a situation where no subcontractor gives his lowest and best price at the outset thereby creating the very real possibility that the low bid received by the State is not as low as it might have been under the present listing regulations.

Please stop these bills.



Clark "Skip" Morgan | Chairman & CEO  
Alaka'i Mechanical Corporation  
808.834.4275 | Fax 808.834.1800  
[cbm@alakaimechanical.com](mailto:cbm@alakaimechanical.com)

homepage <http://www.alakaimechanical.com>

**From:** Ronald Prescott [rprescott@tokunagamasonry.com]  
**Sent:** Monday, February 28, 2011 1:35 PM  
**To:** PGM Testimony  
**Subject:** SB 263 & SB 264

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Tokunaga Masonry is a specialty subcontractor and we are strongly against passage of these two bills SB 263 & SB 264. These bills will not save the Hawaii Government any funds in the construction of state projects. The general contractors would use these bills to "bid shop" and reap windfall profits.

The general contractors have been continually encroaching into the subcontracting arena and have been performing subcontractor work without the appropriate contractor license.

The passage of these bills would allow too much advantage to the general contractor in the bidding process for state projects.

Ron Prescott  
President  
Tokunaga Masonry, Inc.

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**From:** Fred Moore [discover@lava.net]  
**Sent:** Sunday, February 27, 2011 6:57 PM  
**To:** PGM Testimony  
**Cc:** Tim Lyons; Neal Arita  
**Subject:** RSB 263 - Oposed - Revised Testimony

Senator Espero,

HSI Mechanical Inc. is a local subcontractor doing business in Hawai'i for the past 35 years and employing 47 craftworkers and staff. We are opposed to Senate Bill 263 and ask you **NOT** to pass this bill out of committee. Listing of Subcontractors assures that we have an equal opportunity to win bids with other subcontractors. Taking away listing, takes away savings to the residents of Hawaii and allows undo favoritism by prime contractors.

Please do not pass Senate Bill 263.

With Aloha, Fred Moore

Fred Moore  
President  
HSI Mechanical, Inc.  
Cell: 808-478-8482  
[fmoore@hsimechanical.com](mailto:fmoore@hsimechanical.com)  
[www.hsimechanical.net](http://www.hsimechanical.net)





ELECTRICAL CONTRACTOR'S ASSOCIATION OF HAWAII

NECA Hawai'i Chapter  
1286 Kalani Street, Suite B-203  
Honolulu, Hawai'i 96817  
PH: (808) 847-7306  
FX: (808) 841-8096  
Email: [ecah@ecahi.com](mailto:ecah@ecahi.com)



February 28, 2011

To: The Honorable Senator Will Espero, Chair  
And the Members of the Committee on Public Safety,  
Government Operations & Military Affairs

From: Al Itamoto, Executive Director  
Electrical Contractors Association of Hawaii  
National Electrical Contractors Association, Hawaii Chapter

Subject: SB 263, Relating to Procurement

Notice of Hearing

Date: Tuesday, March 1, 2011  
Time: 2:45 PM  
Place: Conference Room 224  
State Capitol  
415 South Beretania Street

Dear Chair Espero and Committee members:

The Electrical Contractors Association of Hawaii (ECAH) is a non-profit association representing 100 electrical contractors in Hawaii. ECAH is also the Hawaii Chapter of the National Electrical Contractors Association. ECAH **strongly opposes** the intent and purpose of SB 263 allowing bidders two additional days after the closing of bids to provide the names of each person or firms to be engaged by the bidder as a joint contractor or subcontractor. SB263 is not good for the State, the tax payers of Hawaii and contractors that provide services on a subcontract basis. Currently, the State's procurement laws provide for transparency. SB 263 would remove the transparency to only benefit the bidding contractor.

You will hear various arguments by those that support this bill by attempting to convince you that this bill would reduce protests and prevent delays in projects. In mid-February, members of the Subcontractors Association met with staff members of the Public Works Division. It was mentioned that of 100+ public works jobs awarded in 2010, 13 protests were filed and only 6 involved subcontractors, less than 6% of the jobs. The Public Works Project Management Branch did not see this as a great concern for their division.

The intent and purpose of SB263 is inconsistent with Hawaii's procurement laws requiring bidders to submit their list of subcontractors and or joint contractors. It is widely known in the construction industry that general contractors would like to eliminate the subcontractors list in order to subsequently

seek lower bids from those that provide subcontract work; this is called "bid shopping". Basically, after the bids are submitted, the general contractor will seek lower pricing from subcontractors with the incentive that they will get the work if the general contractor is the successful bidder. This procedure only increases the profits of the general contractor and the savings is not passed on to the State.

Currently, there are proposals to include subcontractor's listings for federal jobs. It's an acknowledgement that this procedure provides for greater transparency and better business practices for the good of taxpayers and the procuring agencies. The present system provides for a level playing field for all concerned; please do not allow this bill that benefits general contractors financially to move forward at the expense of everyone else.

ECAH **strongly opposes** the passage of SB 263.

Thank you for the opportunity to provide testimony on this issue.

## Testimony of Glenn Ida

Representing,  
The Plumbers and Fitters, Local 675

### **In Strong Opposition to SB 263**

Before the Senate:  
Committee on Public Safety, Government Operations, and  
Military Affairs  
Tuesday, Mar. 1, 2011  
2:45 PM, Conference Room 224

Aloha Chair Espero, Vice-Chair Kidani, and Members of the Committee,

My name is Glenn Ida; I represent the 1300 plus active members and about 600 retirees of the Plumbers and Fitters Union, Local 675.

SB263 would allow: the bidder shall have two additional days **after** the **closing of bids** to provide the names of each person or firm to be engaged by the bidder as a joint contractor or subcontractor in the performance of the contract and the nature and scope of the work to be performed by each; provided that the bids shall be opened pursuant to subsection (d) **only after the close of the two-day period.**

A responsible Bidder would already know with whom they would be working with, how much the project would cost and how much a project is worth to the Bidder when preparing and before submitting a bid.

For these reasons, the Plumbers and Fitters, Local 675,  
**Strongly Opposes** SB 263.

Thank you for this opportunity to testify.

Glenn Ida  
808-295-1280

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**From:** Fujikawa, Sam [FujikawaSam@contmech.com]  
**Sent:** Friday, February 25, 2011 6:01 PM  
**To:** PGM Testimony  
**Subject:** My Concerns

To Whom It May Concern,

I am very much against both these bills.

SB 263

SB 264

The bottom line is that both bills will allow general contractors to shop their sub bids all to our detriment. For both these bills, whatever savings the General Contractor might get, goes into their pocket; it does not save the taxpayer money by reducing the price of the job.

Subcontractor listing has been proven as the fairer way for government to spend money. Corners are not cut and ethics are higher. In fact, subcontractor listing has been proposed on the federal level as a way to ensure a level playing field between subs and generals.

Thank you very much!  
Samuel T. Fujikawa, RME  
Chief Executive Officer  
Continental Mechanical of the Pacific

Cell: 808-478-2680  
Bus: 808-846-4228  
Fax: 808-846-4218

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**From:** Glenn Tango [honoluluplumbing@yahoo.com]  
**Sent:** Saturday, February 26, 2011 9:49 AM  
**To:** PGM Testimony  
**Subject:** SB 263, SB 264

My name is Glenn Tango owner of Honolulu Plumbing Co.. I am against these bills because they will bring down the quality of for mechanical work down

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**From:** Michael Kelly [tradewind002@hawaii.rr.com]  
**Sent:** Saturday, February 26, 2011 11:14 AM  
**To:** PGM Testimony  
**Subject:** SB 263 SB 264

To whom it may concern ,

My name is Michael Kelly and I have a sub contracting business on the Big Island (Tradewind Plaster & Drywall Inc) and I want to share some of the problems small but legal contractors like us are going thru during these challenging times.

We are not a union shop but have done many prestigious homes and commercial jobs on the Kona coast.

Although we have been experiencing this for quite awhile it's now become untenable for us to stay afloat. General Contractors request bids from us and then bring in unlicensed people off the street and put them on their payroll and using our numbers for budgeting purposes ,while it is legal for Generals to do drywall (why have a drywall license designation?) in house Stucco and Plastering are supposed to be ,by law licensed.

Whenever we call the DCCA to lodge a complaint they tell us we need to supply them with the contract price and other unknowable information regarding the Generals deal with the illegal company, or they can't do anything.

The odds of a legal taxpaying small contracting company surviving are so small already why make it any easier for the GCs.

Please give us a chance to help our employees keep food on their family's table.

Respectfully

Michael Kelly

President

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**From:** Bob Dewitz [bdewitz@american-electric.cc]  
**Sent:** Monday, February 28, 2011 8:27 AM  
**To:** PGM Testimony; Sen. Roz Baker; Sen. Will Espero; Sen. Michelle Kidani; Sen. Pohai Ryan; Sen. Sam Slom  
**Cc:** aitamoto@ecahi.com  
**Subject:** Opposition to SB 263 & SB 264

Dear Senators Espero, Kidani, Baker, Ryan, and Slom:

My name is Bob Dewitz and I am the owner of a long-established (1946) electrical contracting firm, American Electric. We perform all types of projects all around the State and employ about 200 people. As a locally owned firm, I am pleased to be able to provide high quality employment for many of my fellow Hawaii residents.

I write to ask you to oppose the following bills:

**SB 263-Would give general contractors two days after bid closing to name their subs and the scope of work to be performed by each.**

**SB 264-Tracks last year's exemption for UH only to require no sub listing on all public works jobs unless the job is over \$1M and subs portion is more than 5%.**

The bottom line effect of both bills is that they will allow General Contractors to "shop" the sub -bi portion of a job. As their bid to the State will already have been set, this "shopping" will not save the government any money; it will simply enable the GC's to squeeze more profits from their subcontractors. As many of the larger GCs are mainland owned, versus most of the subcontractors being locally owned, a key effect of these bills will be to drain money out of our local economy that people like me would use to re-invest in our business, and upstream it to the mainland. This definitely doesn't help us develop our local economy.

Subcontractor listing has been proven as the fairer way for government to spend money. Corners are not cut and ethics are higher. In fact, subcontractor listing has been proposed on the federal level as a way to ensure a level playing field between subs and generals.

I respectfully ask you to not allow these two bills to proceed.

Very Sincerely,  
Bob Dewitz  
Owner - American Electric Co.

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**Bob Dewitz**

*Chairman*

T: 808.792.5701 C: 808.371.0216



**AMERICAN ELECTRIC**

2308 Pahounui Drive Honolulu, HI 96819

F: 808.846.2700 [www.american-electric.cc](http://www.american-electric.cc)

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**From:** Ron Yee [ryee@wasahawaii.com]  
**Sent:** Monday, February 28, 2011 9:24 AM  
**To:** PGM Testimony  
**Cc:** aitamoto@ecahi.com  
**Subject:** \*\*\*\*\*SPAM\*\*\*\*\* Against SB-263, SB-264

To Whom It May Concern:

I am the CEO of Hawaii's largest Electrical Contractor and wish to express my firm opposition of SB-263 and SB-264 which would give General Contractors an open book to shop around subcontractor's pricing after the bid is turned in. Having worked in the industry the past 40 years, it has been getting harder to win contracts with so many out of State general contractors coming to Hawaii and non-union subcontractors to compete with. Even amongst Local GC's, with so few jobs today, they are taking drastic measures with arbitrary cuts and low ball pricing in order to remain competitive. This lack of integrity has caused many long time kamaaina businesses who can't play the game to go under. It is my wish to just play on a level field and be awarded the job if you are low on Bid Day with the General Contractor who used your number to get the job in the first place. Therefore, please vote against SB-263 and SB-264 to protect all of Hawaii's local subcontractors in business today.

Ronald Yee

CEO  
✉ Wasa Electrical Services, Inc.  
(808) 839-2741 x228  
(808) 839-5461



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**From:** Kevin Respecki [kevinr@kayarconstruction.com]  
**Sent:** Monday, February 28, 2011 9:35 PM  
**To:** PGM Testimony  
**Subject:** SB 263

SB 263 is a blatant attempt at bid shopping by general contractors. Sub contractors give their best price to general contractors on bid day. Allowing two days for general contractors to shop the sub contractors prices, hurts both the sub contractors who worked hard and diligently to provide their very best price and also the general public, who would not be getting the sub contractor that the general contractor used in his bid amount but rather another sub contractor who would now be doing the work cheaper than he previously bid as his best price. The only one who profits from this bill is the general contractors, at the expense of everyone else. This bill has absolutely no public value and passing it would be a slap in the face to all sub contractors and to the public that the legislature is supposed to serve.

Sincerely,

Kevin E. Respecki  
President  
Kayar Construction



**KAYAR**

Tel: (808) 848-5482

Fax: (808) 356-1080

Cell: (808) 282-5264

Web: [www.kayarconstruction.com](http://www.kayarconstruction.com)

Web: [www.kayarconstruction.net](http://www.kayarconstruction.net)

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**From:** Certified Construction Inc. [ccihawaii@me.com]  
**Sent:** Tuesday, March 01, 2011 6:32 AM  
**To:** PGM Testimony  
**Subject:** SB 263 and SB 264

My name is Kevin Simpkins and I have been a general contractor in the state of Hawaii for 31 years.

I am highly opposed to either one of these proposed bills for the simple reason of fairness. Both of these bills allow the general to "bid shop" and makes the process of bidding not only unfair but unaccountable. In all fairness, the UH needs to be held by the same standards that the State has in regards to soliciting bids for proposed projects, especially in the "low bid" format they use.

These bills serve no purpose to the taxpayer, to the State or to the fairness of all contractors bidding the projects. If a contractor "makes a mistake" and gets a contract through the low bid procedure, then he is allowed to shop and compare prices "after the fact". It will prove to be unfair for the subcontractors as well because a contractor will not have to use the proposed price he obtained in generating his price but allow him to continue to shop for a lower priced subcontractor which will only benefit the pockets of the general contractor.

I hope in all fairness of the system, the taxpayers and in dollars and sense, that you DO NOT pass these bills into law.

Thank you for your time.

Respectfully,

Kevin P. Simpkins, President  
Certified Construction Inc.  
Phone: 808-841-0957  
Cell: 808-383-3117  
Fax: 808-848-0816

# PLUMBING & MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII



TELEPHONE: (808) 597-1216  
FAX: (808) 597-1409  
1314 S. King Street, Suite 961  
Honolulu, Hawaii 96814

GREGG S. SERIKAKU  
EXECUTIVE DIRECTOR

Via Email

February 28, 2011

Senator Will Espero  
Committee on Public Safety, Government Operations and Military Affairs  
The Senate  
The Twenty-Sixth Legislature, Regular Session of 2011  
State Capitol  
Honolulu, HI 96813

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

## **SUBJECT: S.B. 263 Relating to Procurement**

My name is Gregg Serikaku. I am the Executive Director of the Plumbing and Mechanical Contractors Association of Hawaii. Our Association represents 40 major plumbing and mechanical contractors who employ over 1,000 mechanics, technicians, managerial staff, and administrative personnel here in Hawaii.

The Association for which I speak is **strongly opposed** to S.B. 263.

Allowing bidders two additional days to submit the subcontractor listing and scope of work will not expedite procurement, and will only serve to incite the predatory and unfair practice of bid shopping.

Supporters of this bill erroneously argue that the subcontractor listing and scope of work provision causes numerous protests and delays, however, according to one of the larger state procurement agencies, less than 6 projects out of 100+ projects in 2010 were protested due to errors in the subcontractor listing or scope of work. This fact clearly shows that errors of this type are actually very low (less than 5%), and that in most cases prime bidders are able to correctly follow the procurement rules.

Our Association understands the need to expedite the procurement process and also to reduce the number of frivolous protests, as this will lead to more construction projects, higher employment and a healthy economic recovery, however, we do not feel that degrading the subcontractor listing requirements is the correct answer.

The State Public Procurement Code (Chapter 103D) was developed to provide a fair, open and consistent method of procurement, and is designed to protect public funds.

We propose that representatives from both the prime bidders and subcontractors work together on language that will help to address each parties' concerns, and further minimize future protests.

We therefore respectfully urge the committee to hold this bill.

Respectfully yours,

Gregg S. Serikaku  
Executive Director

---

**From:** waynekokami@aol.com  
**Sent:** Monday, February 28, 2011 8:57 AM  
**To:** PGM Testimony  
**Subject:** Bills SB 263/SB 264

Hi,

My name is Wayne M. Kokami, President of Kokami Electrical Service, Inc.  
Being a subcontractor bills SB 263/SB 264 would be very unfair for my company,  
Please do not support these 2 bills.  
Very truly yours,

Thank you.  
Wayne M. Kokami  
99-1135 Iwaena St. Unit 12  
Aiea, HI 96701  
Phone: 488-9779 Fax: 488-7991

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**From:** Leiflooring [leiflooring@yahoo.com]  
**Sent:** Friday, February 25, 2011 5:11 PM  
**To:** PGM Testimony  
**Subject:** Opposition to upcoming hearing agenda on 3/1

The bottom line is that both bills will allow generals to shop their sub bids all to your detriment. The bad part is that whatever savings they might get goes into their pocket; it does not save the taxpayer money by reducing the price of the job.

Subcontractor listing has been proven as the fairer way for government to spend money. Corners are not cut and ethics are higher. In fact, subcontractor listing has been proposed on the federal level as a way to ensure a level playing field between subs and generals.

Thanks  
John Burkett  
Lei Floor & Window Coverings  
808-871-8008  
HI License 29969 C-7, C-21, C-51

Sent from my iPhone

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**From:** Neal Arita [neal@smcahi.com]  
**Sent:** Monday, February 28, 2011 8:39 AM  
**To:** PGM Testimony  
**Cc:** Tim Lyons; Brian Sen; Glenn Saito  
**Subject:** SB263 and SB264 - Testimony in Opposition

Honorable Senator Esperto,

The Sheet Metal Contractors Association is comprised of twenty four Sheet Metal Contractors of various sizes.

From the standpoint of our Sub Contractors, SB263 and SB 264 - RELATING TO PROCUREMENT, these Bills would **not** provide benefit to the community and would inadvertently hurt the various Sub Contractors and bid procedures by:

- Providing opportunities for bid-shopping after bid closing (a loophole for lowering ethical business practices)
- Potentially lowering the level of trust between General and Sub Contractors
- Encourage unscrupulous Sub Contractors to cut corners after getting the bids in order to meet lowered budget numbers

Although this Bill appears to assist a few during the bid process, it will have detrimental long-term effects to a greater number of persons in the State of Hawaii.

**Because of the considerations above, WE APPOSE SB263 AND SB264, and ask that you NOT support these Bills.**

Thank you for allowing time to read and consider this brief testimony.

Mahalo,  
Neal Arita  
Executive Director  
***Sheet Metal Contractors Association***  
905 Umi Street, Suite 305  
Honolulu, HI 96819  
808-845-9393 Office  
808-845-9395 Fax  
808- 729-3010 Mobile  
[neal@smcahi.com](mailto:neal@smcahi.com)

**From:** Carine Foo [carine@pacelectric.com]  
**Sent:** Monday, February 28, 2011 11:08 AM  
**To:** PGM Testimony  
**Subject:** oppose SB 263 and SB 264 up for hearing on 3/1

My name is Carine Foo, owner of PAC Electric Co., Inc. We are an electrical subcontractor. Majority of our projects are either Federal, State of Hawaii, or City and County.

We don't think bill SB263 and SB264 should be passed for the following reasons:

- Without listing subcontractors at the time submitting bid proposal will allow general contractors to shop for their sub bids afterward.
- Whatever savings generals might get goes into their pocket. It does not save the taxpayer money by reducing the price of the job.
- We had a bad experience last year in a Federal project with a mainland general. The general told us that our sub price is the most competitive right after their bid proposal was submitted. After the project was awarded to them, they didn't call us until we called them. They told us that they were still evaluating the project. Couple months later, we found out that they used another sub at a lower cost. Where did the saving go? All went into their pocket. Did the Federal government get anything? NON, ZERO. The general didn't lower their price to the Federal Government because they were able to find a cheaper sub afterward. However, this practice encourages generals to cut corners and squeeze money out of subcontractor to make themselves more profitable, NOT the government. Subcontractor listing on bid proposal is a fairer and more ethical way for government to spend money.
- Otherwise, only subcontractors will suffer, without giving any benefit to the government. It will only give more shopping power to the generals to make their pocket fatter.

Thank you,  
Carine Foo  
PAC Electric Co., Inc.  
3375 Koapaka St. Ste F281  
Honolulu, HI 96819  
Phone: (808) 839-8099  
Fax: (808) 833-5798

---

**From:** Earle Matsuda [Earle@heide-cook.com]  
**Sent:** Monday, February 28, 2011 11:04 AM  
**To:** PGM Testimony  
**Subject:** SB 263 - oppose

**Importance:** High

As a specialty subcontractor doing business in the state for over 60+ years ***Senate Bill 263 will not be a good one for all subcontractors***, this bill will allow the prime Contractor to shop our prices with no added value to the state or us tax payers.

***We totally oppose of this bill and hope our senators look beyond the generality of this bill and how it affects the lives and businesses of many.***

**Earle S. Matsuda**  
**President / CEO**  
Heide & Cook, Ltd.  
Direct 808- 846-9243  
Fax 808-846-9257  
Cell 808-478-8809



---

**From:** Ron Swenson [rswenson@cpimech.com]  
**Sent:** Monday, February 28, 2011 4:50 PM  
**To:** PGM Testimony  
**Subject:** SB 263

Dear Legislators


SB 263-Would give generals two days after bid closing to name their subs and the scope of work to be performed by each.

THIS AN UNFAIR BILL AND SHOULD NOT BE PASSED.

I DO NOT SUPPORT THIS BILL AND HOPE YOU WILL VOTE NO

BID SHOPPING IS AN UNFAIR PRACTICE, SUPPORTING THIS BILL SUPPORTS BID SHOPPING

*Ron Swenson*  
*President*  
*Critchfield Pacific Inc.*  
*1814 Kanakanni St*  
*Honolulu, Hawaii 96819*  
*Office (808) 853-2000*  
*Fax (808) 853-2201*  
*Cell (808) 295-0297*  
[rswenson@cpimech.com](mailto:rswenson@cpimech.com)

 please don't print this e-mail unless you really need to

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**From:** Owen Muramatsu [owen@elite-mechanical.com]  
**Sent:** Monday, February 28, 2011 4:56 PM  
**To:** PGM Testimony  
**Subject:** \*\*\*\*\*SPAM\*\*\*\*\* SB-263 and SB-264

I oppose the passage of this bills.

I am a small subcontractor and the passage of this bill will not be beneficial to us. The passage of this bill will give the General Contractors the advantage of bid shopping.

Thank You,  
Owen T. Muramatsu  
President  
Elite Mechanical, Inc.

---

**From:** AliiFloorHarris@aol.com  
**Sent:** Monday, February 28, 2011 5:11 PM  
**To:** PGM Testimony  
**Subject:** Re: SB263 & SB264

To whom it may concern,

Please note our strong opposition to SB263 and SB264.

The bottom line is that both bills will allow generals to shop their sub bids to the detriment of all subcontractors.. The bad part is that whatever savings they might get goes into their pocket; it does not save the taxpayer money by reducing the price of the job.

Subcontractor listing has been proven as the fairer way for government to spend money. Corners are not cut and ethics are higher. In fact, subcontractor listing has been proposed on the federal level as a way to ensure a level playing field between subs and generals

We strongly urge you to vote against passage of these two bills.

Thank you,

**Harris H. Nakamura, President**

**Alii Flooring, Inc.**

99-1016 Iwaena St., Aiea, HI 96701

Ph: 808-487-5535 \* Fax: 808-486-8840

email: [AliiFloorHarris@aol.com](mailto:AliiFloorHarris@aol.com)

---

**From:** Todd Dwight [Todd@endoelectric.com]  
**Sent:** Monday, February 28, 2011 12:03 PM  
**To:** PGMTestimony@captiol.hawaii.gov  
**Subject:** SB 263 and SB 264

To whom it may Concern,

Jack Endo Electric, Inc. would like to offer testimony against SB 263 and SB 264. Both of these bills would allow for General contractors to shop sub-contractors bids. Bid shopping is the practice of divulging a contractor's or subcontractor's bid to other prospective contractor(s) or subcontractor(s) before the award of a contract in order to secure a lower bid. Post-award bid shopping is considered the most harmful to the construction industry. In post-award bid shopping, the contractor seeks to obtain a lower price from a second subcontractor, after having already been awarded the prime contract through the original subcontractor's bid. Post-award bid shopping serves only to benefit the contractor, as monies from these savings are used to increase the profit margin rather than being passed on to the public authority or owner.

The steps to bid shopping are simple. First, the contractor solicits bids from various subcontractors for the scopes of work on the project. Second, the contractor returns to the subcontractors and attempts to further chisel down their bid prices by using the incorporated subcontractor's bid as a negotiating tool. This happens after the awarding of the prime contract, but before the contractor enters into a subcontract agreement. To do this, the general gives the subcontractors permission to use any means possible to achieve the lower price, including suggesting design modifications under the guise of "value engineering" (Mechanical Contractors Assn., 2001).

Please do not support SB 263 or SB 264

Thank You,  
Todd P. Dwight S.E.  
Assistant General Manager  
Jack Endo Electric, Inc. Est. 1946  
PH: 808.839.7717 ext 11 FAX: 808.833.9178  
Mobile: 808.864.0580

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 28, 2011 3:43 PM  
**To:** PGM Testimony  
**Cc:** leleiwielec@hotmail.com  
**Subject:** Testimony for SB264 on 3/1/2011 2:45:00 PM

Testimony for PGM 3/1/2011 2:45:00 PM SB264

Conference room: 224  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: LELEIWI ELECTRIC, INC  
Organization: LELEIWI ELECTRIC, INC  
Address:  
Phone:  
E-mail: [leleiwielec@hotmail.com](mailto:leleiwielec@hotmail.com)  
Submitted on: 2/28/2011

**Comments:**

Senate Bill SB 264

By not listing any subcontractor, this bill will give the General Contractor the power as SB 263. Subcontractors will be fighting against each other. The General Contractors will have the power to bribe and coerce the subcontractors. They can dictate the prices for the subcontract itself.

SB 264 and 263 will be at the benefit of the GENERAL CONTRACTORS ONLY. SQUEEZING OUT THE PROFITS FROM THE SUBCONTRACTORS!!@!

---

**From:** Jed Nakamura [alii1998@aol.com]  
**Sent:** Monday, February 28, 2011 7:15 AM  
**To:** PGM Testimony  
**Subject:** PLEASE HELP US!!

We strongly urge against passage of SB 263 & SB 264.

The bottom line is that both bills will allow generals to shop their sub bids to the detriment of all subcontractors.. The bad part is that whatever savings they might get goes into their pocket; it does not save the taxpayer money by reducing the price of the job.

Subcontractor listing has been proven as the fairer way for government to spend money. Corners are not cut and ethics are higher. In fact, subcontractor listing has been proposed on the federal level as a way to ensure a level playing field between subs and generals.

Thank you,

*Jarrel H. "Jed" Nakamura*  
*Secretary*

**Alii Flooring, Inc.**

99-1016 Iwaena St., Aiea, HI 96701

Ph: 808-487-5535 \* Fax: 808-486-8840

email: [alii1998@aol.com](mailto:alii1998@aol.com)

---

**From:** Borman Chang [aliifloorborman@aol.com]  
**Sent:** Monday, February 28, 2011 7:31 AM  
**To:** PGM Testimony  
**Subject:** Opposition to SB263 and SB264

To whom it may concern,

Please note our strong opposition to SB263 and SB264.

The bottom line is that both bills will allow generals to shop their sub bids to the detriment of all subcontractors.. The bad part is that whatever savings they might get goes into their pocket; it does not save the taxpayer money by reducing the price of the job.

Subcontractor listing has been proven as the fairer way for government to spend money. Corners are not cut and ethics are higher. In fact, subcontractor listing has been proposed on the federal level as a way to ensure a level playing field between subs and generals

We strongly urge you to vote against passage of these two bills.

Thank you,

**Borman Chang**

**Estimator**

**Alii Flooring, Inc.**

99-1016 Iwaena St., Aiea, HI 96701

Ph: 808-487-5535 \* Fax: 808-486-8840

email: ADD YOUR EMAIL ADDRESS HERE

Sincerely,

Borman Chang, Estimator

Alii Flooring Inc.

Ph. 487-5535 fax. 486-8840

E-mail: [aliifloorborman@aol.com](mailto:aliifloorborman@aol.com)

---

**From:** bbakono@aol.com  
**Sent:** Monday, February 28, 2011 1:11 PM  
**To:** PGM Testimony  
**Subject:** SB 263 abd SB 264

Good Afternoon,

I am the Executive Director of The Hawaii Wall & Ceiling Industry Association which represents 36 SubContractors all of whom are signatory to the Carpenters Union.

We are opposed to both SB 263 and SB 264 because they will allow generals to shop their bids. This does not do any good for the taxpayer, it only enriches the general contractor. Listing has proven a much fairer way to do business and levels the playing field between subs and general. Corners are not cut and a higher ethical standard is adhered to.

PLEASE VOTE NO ON THESE BILLS.

Thank You,  
Barbara Kono

Barbara Kono  
Executive Director  
HWCIA  
(808) 839-6517



---

**From:** Tom Ansara [tansara@beachsideroofinghawaii.com]  
**Sent:** Sunday, February 27, 2011 3:34 PM  
**To:** PGM Testimony  
**Subject:** SB 263 and SB 264

I just want my voice to be heard on these bills.

I've been in the building trades since college, 35 years ago. Listing low subs has always assured the GC has done there research and qualified there sub quotes. Giving them now the opportunity to shop around or change their subs to secure firm pricing is unfair to those sub contractors who offer their best pricing. If this bill passes, the control that is built into the system will fail and in time sub contractors will be less likely to offer early pricing to the GC, knowing that the GC's can take those number to the competition asking them for better numbers.

This is my tax dollars also, and I feel that the GC's will only pocket any savings from shopping and not pass any cost savings back...These bills only benefit the GC and not the tax payer.

Please vote no to these bills

Mahalo,

Tom Ansara  
Senior estimator BSR

---

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Friday, February 25, 2011 1:05 PM  
**To:** PGM Testimony  
**Cc:** swartzg001@hawaii.rr.com  
**Subject:** Testimony for SB263 on 3/1/2011 2:45:00 PM

Testimony for PGM 3/1/2011 2:45:00 PM SB263

Conference room: 224  
Testifier position: comments only  
Testifier will be present: No  
Submitted by: gregory swartz  
Organization: Individual  
Address:  
Phone:  
E-mail: [swartzg001@hawaii.rr.com](mailto:swartzg001@hawaii.rr.com)  
Submitted on: 2/25/2011

**Comments:**

What a can of worms! This really opens the process to all kinds of mischief as subcontractors determine who is the low bidder and the low bidder auctions the subcontracts. I can see the protests now.

---

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 28, 2011 8:54 AM  
**To:** PGM Testimony  
**Cc:** Judirod@hawaii.rr.com  
**Subject:** Testimony for SB264 on 3/1/2011 2:45:00 PM

Testimony for PGM 3/1/2011 2:45:00 PM SB264

Conference room: 224  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: [Judirod@hawaii.rr.com](mailto:Judirod@hawaii.rr.com)  
Organization: Individual  
Address:  
Phone:  
E-mail: [Judirod@hawaii.rr.com](mailto:Judirod@hawaii.rr.com)  
Submitted on: 2/28/2011

Comments:

**From:** Kokami Electrical Service [kokamielectric@hawaiiantel.net]  
**Sent:** Monday, February 28, 2011 10:06 AM  
**To:** PGM Testimony  
**Subject:** SB263 & B264

---

Dear Sirs,

My name is Miwao Kokami, a retired electrical contractor. I strongly believe SB263 and SB264 should not be passed. Since the subcontractor bid listing has been taken away, we as subcontractors have been at a disadvantage with some general contractors. I strongly oppose the above 2 SB bills.

Thank you.,  
Miwao Kokami

---

**From:** John Graham [jgraham@blazemasters.com]  
**Sent:** Monday, February 28, 2011 10:08 AM  
**To:** PGM Testimony  
**Subject:** SB 263 and SB264

We oppose these bills.

Firm bids give both subcontractors and general contractors planning certainty with respect to projects. For example, because we have faith in the state's contracting process, we maintain our bid prices well beyond our normal 60-day practice. If bid shopping is permitted, that practice will end, and the state will find itself having to re-bid jobs frequently.

Once bids are offered, they shouldn't be "shopped" unless there is a major scope change or a subcontractor is found to be unqualified for a certain activity.

Maintain the integrity and utility of the bidding process—don't pass these bills.

John H. Graham, M.B.A., CFO

Business Administrator, Blazemasters Fire Protection, LLC

3375 Koapaka St., Suite D150

Honolulu, HI 96819-1881

(808) 853-3016 (desk) (808) 954-9929 (cell) (808) 682-8452 (fax)

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**From:** Tammy Fisk [tammy@echelectrical.com]  
**Sent:** Monday, February 28, 2011 1:30 PM  
**To:** PGM Testimony  
**Subject:** SB263 & SB264

Dear Senator Espero & Senator Kidani,

We are a local contractor who wishes to voice our opposition to SB263 and SB264. I would like to respectfully request on behalf of our company that you do not support these bills. Contractors spend years developing pricing plans and often months on pricing for a single bid, only to have it shopped by the General Contractor in the 11<sup>th</sup> hour upon passage of this bill.

Sincerely,

**Tammy Fisk** | Office Manager | ECH Corporation  
P: 808-621-4747 | F: 808-621-4755 | email: [tammy@echelectrical.com](mailto:tammy@echelectrical.com)

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**From:** Brian Coday [bcoday@cpimech.com]  
**Sent:** Monday, February 28, 2011 4:55 PM  
**To:** PGM Testimony  
**Subject:** SB 264

Dear Legislators

SB 263-Would give generals two days after bid closing to name their subs and the scope of work to be performed by each.

THIS AN UNFAIR BILL AND SHOULD NOT BE PASSED.

I DO NOT SUPPORT THIS BILL AND HOPE YOU WILL VOTE NO

BID SHOPPING IS AN UNFAIR PRACTICE, SUPPORTING THIS BILL SUPPORTS BID SHOPPING

*Brian Coday, PE  
Sr. Project Manager  
CPI*

---

**From:** Adam Negele [anegele@cpimech.com]  
**Sent:** Tuesday, March 01, 2011 6:53 AM  
**To:** PGM Testimony  
**Subject:** SB 263

Dear Legislators,

Passing of this bill would make a mockery of the public bid system. The only logical reason to pass this bill would be personal interest in one or more general contractors; who would be the sole beneficiaries of this bill.

I do not support this bill but I do support an investigation into the interest of anyone who does support it.

Thank you,

Adam Negele  
Project Manager  
CRITCHFIELD PACIFIC INC.  
1814 Kananui Street  
Honolulu, HI 96819  
808.853.2000 x150  
808.853.2201 Fax  
808.690.2062 Cell  
[anegele@cpimech.com](mailto:anegele@cpimech.com)



---

**From:** Kaleo Nakamura [aliifloorkaleo@aol.com]  
**Sent:** Tuesday, March 01, 2011 6:43 AM  
**To:** PGM Testimony  
**Subject:** SB263 & SB264

To Whom It May Concern,

Please note our strong opposition to SB263 and SB264.

The bottom line is that both bills will allow generals to shop their sub bids to the detriment of all subcontractors.. The bad part is that whatever savings they might get goes into their pocket; it does not save the taxpayer money by reducing the price of the job.

Subcontractor listing has been proven as the fairer way for government to spend money. Corners are not cut and ethics are higher. In fact, subcontractor listing has been proposed on the federal level as a way to ensure a level playing field between subs and generals

We strongly urge you to vote against passage of these two bills.

Thank you,

Sincerely,

Kaleo Nakamura, Vice President  
Alii Flooring, Inc.  
Ph. 487-5535 Fax 486-8840  
email [aliifloorkaleo@aol.com](mailto:aliifloorkaleo@aol.com)

---

**From:** Garner [gs-msm@hawaii.rr.com]  
**Sent:** Monday, February 28, 2011 11:03 PM  
**To:** PGM Testimony  
**Subject:** Oppose SB 263 & 264

Honorable Senator,

HELP!

SB 263-Would give generals two days after bid closing to name their subs and the scope of work to be performed by each.  
SB 264-Tracks last year's exemption for UH only to require no sub listing on all public works jobs unless the job is over \$1M and subs portion is more than 5%.

The bottom line is that both bills will allow generals to shop their sub bids all to everyone's detriment. The bad part is that whatever savings they might get goes into their pocket; it does not save the taxpayer money by reducing the price of the job. Subcontractor listing has been proven as the fairer way for government to spend money. Corners are not cut and ethics are higher. In fact, subcontractor listing has been proposed on the federal level as a way to ensure a level playing field between subs and generals.

There are roughly 7000 subs and 2500 generals, so we subcontractors are the majority who need this protection and assurance of ethical and fair bid practice.  
We need your HELP.

Sincerely,

*Garner Shimizu  
Master Sheet Metal, Inc.  
1648 Auiki St./ Honolulu HI 96819  
Tel: (808) 847-2128  
Fax: (808) 847-0297  
Cell: (808) 479-0130  
email: [gs-msm@hawaii.rr.com](mailto:gs-msm@hawaii.rr.com)*



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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 28, 2011 6:34 PM  
**To:** PGM Testimony  
**Cc:** daryl@dsehawaii.com  
**Subject:** Testimony for SB263 on 3/1/2011 2:45:00 PM

Testimony for PGM 3/1/2011 2:45:00 PM SB263

Conference room: 224  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: Daryl S. Suehiro  
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Submitted on: 2/28/2011

**Comments:**

This measure weaken the credibility of the procurement system and would allow General Contractors additional time to bid shop. This bill would not solve the problem of the General Contractors getting their bids from the Sub-Contractors on a timely basis.

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**From:** Robin Oniate [aliifloorrobin@aol.com]  
**Sent:** Tuesday, March 01, 2011 8:09 AM  
**To:** PGM Testimony  
**Subject:** We strongly oppose SB263 and SB264

To Whom it may concern,

We strongly oppose this bill because of the protection for our professional trade. This bill will not protect the consumers as well as our trade. This will water down the quality of the work to be done and will take away our fair market in this tough economy that is challenging us. We are willing, hard working dedicated workers and have committed our lively hood to this trade. You will take away what is right to our professionalism. We strongly oppose SB263 and SB264.

The bottom line is that both bills will allow generals to shop their sub bids to the detriment of all subcontractors.. The bad part is that whatever savings they might get goes into their pocket; it does not save the taxpayer money by reducing the price of the job.

Subcontractor listing has been proven as the fairer way for government to spend money. Corners are not cut and ethics are higher. In fact, subcontractor listing has been proposed on the federal level as a way to ensure a level playing field between subs and generals

We strongly urge you to vote against passage of these two bills.

Thank you,

**Robin F. Oniate**

**Estimator**

**Alii Flooring, Inc.**

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