

SB 264

RELATING TO PROCUREMENT.

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.

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
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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 264

RELATING TO PROCUREMENT.

Chair Espero, Vice Chair Kidani and committee members, thank you for the opportunity to testify on SB 264. This bill pertains to procurement of construction to require an offeror to list the name(s) of their subcontractors only if the bid amount is \$1,000,000 or more, and if the value of the work performed by each named subcontractor is equal to five percent or more of the total bid amount.

If this is the intent of the bill, SPO suggests deleting the sentence that starts on page 1, line 15 and ending on page 2, line 2 "Construction bids that do not comply with this requirement may be accepted if acceptance is in the best interest of the State and the value of the work to be performed by the joint contractor or subcontractor is equal to or less than one per cent of the total bid amount." The bill's amendments would not allow for this to apply and creates confusion.

Thank you.

1065 Ahua Street
Honolulu, HI 96819
Phone: 808-833-1681 FAX: 839-4167
Email: info@gcahawaii.org
Website: www.gcahawaii.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. 264, 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. 264, Relating To Procurement.

S.B. 264, proposes to amend the current procurement procedure to provide that for bids submitted under one million dollars (\$1,000,000), no listing of all joint contractors and subcontractors for a project would be required. For bids one million (\$1,000.00) or more, a list would be required only for those subcontractors who perform work that has the value of five per cent (5%) or more of the total contract price.

This change will result in streamlining the current procurement process and should also reduce the number of bid protests.

The proposed change in the procurement process mirrors one of the changes adopted by the legislature for the University of Hawaii in Act 82, SLW 2010. We understand that the new procurement procedure instituted at the University of Hawaii is working well and that the university has requested that the provisions of Act 82 be extended for an additional three years.

The GCA believes that the amendments proposed in S.B. 264, will improve the procurement process and provide uniformity of procurement on construction projects throughout the state.

The GCA **strongly supports** the passage of S.B. 264, and recommends that the Senate Committee on Public Safety, Military Affairs and Governmental Affairs pass this important measure.

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. 264 - 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.

This particular bill would carve out an exemption for the listing of subcontractors. We are not sure that we understand the rationale for that other than the fact that it is quite obvious that general contractors do not want to list subcontractors because it provides them flexibility and the opportunity to leverage one subcontractor against another subcontractor. The amount of the bid is irrelevant. We either have fairness or we don't; we either have cheating or we don't.

Based on the above, we cannot endorse this bill and cannot recommend its passage.

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 264 – “Relating to Procurements”

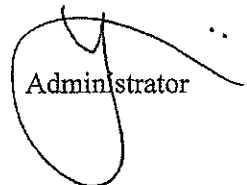
Chair Espero, Vice Chair Kidani and members of the Senate Committee on Public Safety,
Government Operations, and Military Affairs:

The Painting and Decorating Contractors Association (PDCA) of Hawaii is strongly opposed to SB 264 that requires subcontractor listing only if the bid is \$1,000,000 or more and only if their value of the work is more than five per cent of the total bid.

The public bid process should be performed in an open and equitable process and allowing this exclusion based on a threshold amount does not justify the potential for abuse or further increase of the threshold at a future date. 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



ELECTRICAL CONTRACTOR'S ASSOCIATION OF HAWAII

NECA Hawai'i Chapter
1286 Kalani Street, Suite B-203
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Email: 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 264, 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 264.

SB264 simply mirrors the University of Hawaii trial procurement process that was passed last year. The trial period will sunset next year and was meant to be a temporary grant and not to amend State procurement laws. SB 264 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, which would be lost if SB 264 was passed.

The intent and purpose of SB264 is inconsistent with Hawaii's procurement laws requiring bidders to submit their list of subcontractors and or joint contractors for those projects over one million dollars and be required when the subcontract amount is more than five percent of the total project amount. The general contractors have attempted to eliminate or modify this provision of the procurement laws in the past. 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.

SB 264 sets an arbitrary amount for bids less than one million dollars and where the subcontract amount is less than five percent of the total bid amount. The present system provides for a level playing field for all concerned; please do not allow this bill that only benefits general contractors financially to move forward at the expense of tax payers and subcontractors.

ECAH **strongly opposes** the passage of SB 264.

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 264

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.

SB 264 (Relating to Procurement), claims to **clarify** 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**.

If the money for the Contract is coming from the taxpayers of the State, then, wouldn't a Bidder be obligated to let the people know who will be receiving our money and what will they be doing?

\$1,000,000 or more are a lot of Dollar Bills from a lot of taxpayers.

The Plumbers and Fitters, Local 675, **Strongly Opposes SB 264**.

Thank you for this opportunity to testify.

Glenn Ida
808-295-1280

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

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

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 prestios 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

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.

Bob Dewitz

Chairman

T: 808.792.5701 C: 808.371.0216



AMERICAN ELECTRIC

2308 Pahounui Drive Honolulu, HI 96819

F: 808.848.2700 www.american-electric.cc

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
Wasā Electrical Services, Inc.
(808) 839-2741 x228
(808) 839-5461

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. 264 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. 264.

Increasing the threshold for contracts that require the subcontractor listing and scope of work to \$1,000,000, degrades the integrity of the procurement process by encouraging the unfair practice of bid shopping.

We believe the current State Public Procurement Code, Chapter 103-D, already provides an effective method for the procurement of goods, services and construction, and helps to protect public funds from abuse and waste. In fact, Chapter 103-D was specifically enacted to create a fair and open procurement procedure that eliminates favoritism, ensures competitive bids, and prevents those contractors who do not have the required licenses, tax clearances, insurance coverage, etc., from bidding on public projects.

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.

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

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

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

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 11:12 AM
To: PGM Testimony
Subject: SB 264 - Oppose

To all concerned;

We totally oppose Senate Bill 264 – the passing of this bill will allow the prime contractor to shop our prices after we turn in our proposals. For Public Work projects, all subcontractors should be listed to eliminate bid shopping. For projects of \$1 million or less which could be a lot of work for small business subcontractors, without a sub listing the Prime can play games that would be difficult for the state agency to track and enforce.

We totally oppose of SB 264 and ask for your support.

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



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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

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

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.

i

From: Ron Swenson [rswenson@cpimech.com]
Sent: Monday, February 28, 2011 4:47 PM
To: PGM Testimony
Subject: SB 264


Dear Legislators

I do not believe SB 264 is a fair bill.

Subcontractors put a significant amount of time and effort into bidding projects, if the bill is allowed to pass it will allow bid shopping which is an unfair practice.

I DO NOT SUPPORT THIS BILL AND BELIEVE IT SHOULD NOT BE PASSED

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

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

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: Kevin Respecki [kevinr@kayarconstruction.com]
Sent: Monday, February 28, 2011 9:44 PM
To: PGM Testimony
Subject: SB 264

I am opposed to bill SB 264. Allowing a waiver for not listing sub contractors on UH projects under one million dollars is simply another attempt at to continue bid shopping by general contractors. There is no logical reason why there should be any exemption given to UH when it is so simple to list the sub contractors on bid day. This bill harms both sub contractors and the general public. It has no redeeming value, except to general contractors, who pocket the difference between what the public is paying for and what they end up getting.

Sincerely,

Kevin E. Respecki
President
Kayar Construction



KAYAR

Tel: (808) 848-5482

Fax: (808) 356-1080

Cell: (808) 282-5264

Web: www.kayarconstruction.com

Web: www.kayarconstruction.net

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

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: 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

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

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

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: 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: Monday, February 28, 2011 8:53 AM
To: PGM Testimony
Cc: Judirod@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: oppose
Testifier will be present: No
Submitted by: Judirod@hawaii.rr.com
Organization: Individual
Address:
Phone:
E-mail: 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 11th 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

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From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 28, 2011 3:35 PM
To: PGM Testimony
Cc: leleiwielec@hotmail.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: LELEIWI ELECTRIC, INC
Organization: LELEIWI ELECTRIC, INC
Address:
Phone:
E-mail: leleiwielec@hotmail.com
Submitted on: 2/28/2011

Comments:

Senate Bill SB 263

This bill should not be passed because it will give the General Contractors two extra days after the bid has been filed to finagle subcontractor prices. We see this bill making subcontractors bid against each other (cut throat/ under cutting each other) and putting subcontractors against each other. Any moneys saved in this process would be to the benefit of the General Contractor ONLY and no one else.

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: Kaleo Nakamura [aliifloorkaleo@aol.com]
Sent: Tuesday, March 01, 2011 6:47 AM
To: PGM Testimony
Subject: FW: SB263 & SB264

From: Kaleo Nakamura [mailto:aliifloorkaleo@aol.com]
Sent: Tuesday, March 01, 2011 6:43 AM
To: 'PGMTestimony@Capitol.hawaii.gov'
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

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



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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.

99-1016 Iwaena St., Aiea, HI 96701

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

email: aliifloorrobin@aol.com