

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  
HOUSE COMMITTEE  
ON  
FINANCE

March 30, 2011

1:00 PM

SB 779, SD 2, HD 1

RELATING TO PROCUREMENT.

Chair Oshiro, Vice Chair Lee and committee members, thank you for the opportunity to testify on SB 779, SD 2, HD 1. This bill amends §103D-303 on competitive sealed proposals, or commonly known as requests for proposals (RFP) procurement method, to create an optional process for design-build contracts by combining design and construction into a single request for proposal.

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

Thank you.

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

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

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

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

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

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

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

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

(h) In cases of awards made under this section, ~~[nonselected]~~ non-selected offerors may submit a written request for debriefing to the ~~[chief]~~ procurement officer ~~[or designee]~~ within three working days after the posting of the award of the contract. Thereafter, the ~~[head of the purchasing agency]~~ procurement officer shall provide the ~~[requester]~~ non-selected

offeror a prompt debriefing [~~in accordance with rules adopted by the policy board~~]. Any protest by the [~~requester~~] non-selected offeror pursuant to section 103D-701 following debriefing shall be filed in writing with the [~~chief~~] procurement officer [~~or designee~~] within five working days after the date [~~that~~] upon which the debriefing is completed.

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

- (1) Step One. The procurement officer shall issue a request for qualifications in advance of the A request for proposals is issued to prequalify offerors, provided that to select a short list of no more than three five responsible offerors, based on the qualifications stated in their proposals, shall be selected prior to submittal of proposals; provided the The number of offerors to be selected for the short list shall be stated in the request for qualifications, proposals and the procurement officer shall provide prompt notice is given to all offerors as to which offerors have been short listed;
- (2) Step Two. The procurement officer shall issue a request for proposals to the offerors selected for the

~~short list in step one. The request for proposals shall include design requirements, solicit proposal development documents, and state proposal evaluation criteria. The procurement officer may pay a A conceptual design fee may be paid to non-selected offerors that submit a technically responsive proposal; and to the request for proposals in step two; provided that the~~

- (3) The criteria for pre-qualification of offerors, design requirements, development documents, proposal evaluation criteria, terms of the payment of a conceptual design fee, or any other pertinent information shall be stated in the request for qualifications and the request for proposals."

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

SECTION 5. This Act shall take effect on ~~July 1, 2112~~  
January 1, 2012.

JUSTIFICATION:

For consistency of statutes language for 'goods, services, and construction', 'non-selected', and 'procurement officer' rather than the chief procurement officer.

Limit the short-list to 'up to five' responsible offerors so that all potential offerors are not impacted in preparing the RFP proposal, and there is a sufficient pool of offerors.

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

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

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  
HOUSE COMMITTEE  
ON  
FINANCE  
ON  
March 30, 2011

S.B. 779, S.D. 2, H.D.1

RELATING TO PROCUREMENT

Chair Oshiro and members of the Committee, thank you for the opportunity to testify on S.B. 779, S.D. 2, H.D. 1.

The Department of Accounting and General Services supports S.B. 779, S.D. 2, H.D. 1, and defers to the State Procurement Office testimony.

Thank you for the opportunity to testify on this matter.

**Date:** 03/30/2011

**Committee:** House Finance

**Department:** Education

**Person Testifying:** Kathryn S. Matayoshi, Superintendent of Education

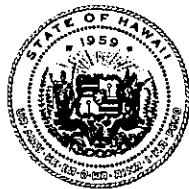
**Title of Bill:** SB 0779,SD2,HD1 RELATING TO PROCUREMENT.

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

**Department's Position:** The DOE supports this bill as amended. It is important, especially in this challenging economic climate, for the state to encourage competition and innovation in pursuit of the 'best value' in state contracts. In situations where it is determined that a Design-Build solicitation will provide the state with the best value, the DOE believes that the requirements of this bill, providing the guidelines for Design-Build solicitations and allowing payment of a conceptual design fee to non-selected offerors, will be an important option for the state to consider when determining the best method to procure a project.

Thank you for the opportunity to provide testimony.





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 30, 2011

TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION

COMMITTEE ON FINANCE

SENATE BILL NO. 779, S.D.2, H.D.1

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

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



**RALPH S. INOUYE CO LTD**  
**GENERAL CONTRACTOR**

2831 Awaawaloa Street  
Honolulu, Hawaii 96819

T: 808.839.9002  
F: 808.833.5971

License No. ABC-457  
Founded In 1962

March 30, 2011

TO: THE HONORABLE MARCUS R. OSHIRO, CHAIR AND MEMBERS OF THE  
HOUSE COMMITTEE ON FINANCE

SUBJECT: HB779, SD2, HD1 RELATING TO PROCUREMENT.

NOTICE OF HEARING

DATE: Wednesday, March 30, 2011

TIME: 1:00 P.M.

PLACE: Conference Room 308

Dear Chair Oshiro and Members of the Committee on Finance:

My name is Lance Inouye, President of Ralph S. Inouye Co., Ltd. (RSI), a Hawaii General Contractor since 1962 and member of the General Contractors Association of Hawaii (GCA). RSI fully supports passage of HB779, SD2, HD1 Relating to Procurement, and recommends its passage.

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

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

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

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

Sincerely,

RALPH S. INOUYE CO. LTD.

Lance M. Inouye  
President & CEO

March 29, 2011



**BILLS ENGINEERING INC.**  
Civil/Environmental Engineering

**House Committee on Finance**

**Hearing Date: Wednesday, March 30, 2011, 1:00 p.m., Conference Room 308**

Honorable Representatives Marcus R. Oshiro, Chair; Marilyn B. Lee, Vice Chair;  
and Members of the House Committee on Finance

**Subject: SB 779 SD2 HD1, Relating to Procurement  
TESTIMONY IN SUPPORT**

Dear Chair Oshiro, Vice Chair Lee, and Committee Members,

Our company strongly **supports SB 779, Relating to Procurement**. SB 779 would provide for the procurement of design-build contract teams in a manner used by the Federal Government and many other jurisdictions.

SB 779 would put in place a two-step process for procuring design-build teams. At the first stage, potential design-build teams would submit their qualifications particular to the proposed project. A selection committee would select the most qualified teams (up to five) that would then proceed to the second proposal stage. The two-step process serves to reduce industry costs in responding to requests for design-build proposals, to encourage the most qualified design-builders to participate by increasing their chances of success, and to reduce the cost to the agency of reviewing the proposals.

SB 779 also provides for the granting of a conceptual design fee to the losing short-listed teams. Preparation of a design-build proposal is an onerous task, and teams can spend more than \$1 million to prepare their proposal. Studies have shown that the providing even a nominal fee to the losing teams encourages more teams to participate. In Hawai'i, many of our local A/E firms are small businesses, and providing a conceptual design fee would encourage more of our small firms to participate in design-build projects.

We appreciate the opportunity to provide testimony regarding SB779. Please do not hesitate to contact us if you have any questions regarding our testimony.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'David B. Bills', written in a cursive style.

DAVID B. BILLS, President

**MOSS Engineering, Inc.**

1357 Kapiolani Blvd., Suite 830

Electrical / Lighting Engineers

Honolulu, Hawaii 96814

Richard M. Moss, P.E., LEED® AP

March 29, 2011

**House Committee on Finance****Hearing Date: Wednesday, March 30, 2011, 1:00 p.m., Conference Room 308**

Honorable Representatives Marcus R. Oshiro, Chair; Marilyn B. Lee, Vice Chair; and Members of the House Committee on Finance

**Subject: SB 779 SD2 HD1, Relating to Procurement  
TESTIMONY IN SUPPORT**

Dear Chair Oshiro, Vice Chair Lee, and Committee Members,

Our company strongly supports **SB 779, Relating to Procurement**. SB 779 would provide for the procurement of design-build contract teams in a manner used by the Federal Government and many other jurisdictions.

SB 779 would put in place a two-step process for procuring design-build teams. At the first stage, potential design-build teams would submit their qualifications particular to the proposed project. A selection committee would select the most qualified teams (up to five) that would then proceed to the second proposal stage. The two-step process serves to reduce industry costs in responding to requests for design-build proposals, to encourage the most qualified design-builders to participate by increasing their chances of success, and to reduce the cost to the agency of reviewing the proposals.

SB 779 also provides for the granting of a conceptual design fee to the losing short-listed teams. Preparation of a design-build proposal is an onerous task, and teams can spend more than \$1 million to prepare their proposal. Studies have shown that the providing even a nominal fee to the losing teams encourages more teams to participate. In Hawaii, many of our local A/E firms are small businesses, and providing a conceptual design fee would encourage more of our small firms to participate in design-build projects.

We appreciate the opportunity to provide testimony regarding SB779. Please do not hesitate to contact us if you have any questions regarding our testimony.

Very truly yours,

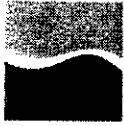
MOSS Engineering, Inc.

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

TEL: (808) 951-6632

Supporting AutoCAD and Revit Platforms  
mail@moss-engineering.net

FAX: (808) 941-0917



**KAI HAWAII**  
STRUCTURAL & FORENSIC ENGINEERS

Ken K. Hayashida, P.E.  
Michael P. Hunnemann, P.E.

March 29, 2011

**House Committee on Finance**

**Hearing Date: Wednesday, March 30, 2011, 1:00 p.m., Conference Room 308**

Honorable Representatives Marcus R. Oshiro, Chair; Marilyn B. Lee, Vice Chair; and Members of the House Committee on Finance

**Subject: SB 779 SD2 HD1, Relating to Procurement  
TESTIMONY IN SUPPORT**

Dear Chair Oshiro, Vice Chair Lee, and Committee Members,

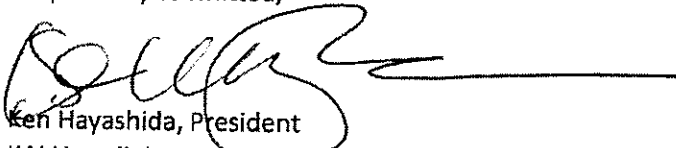
Our company strongly **supports SB 779, Relating to Procurement**. SB 779 would provide for the procurement of design-build contract teams in a manner used by the Federal Government and many other jurisdictions.

SB 779 would put in place a two-step process for procuring design-build teams. At the first stage, potential design-build teams would submit their qualifications particular to the proposed project. A selection committee would select the most qualified teams (up to five) that would then proceed to the second proposal stage. The two-step process serves to reduce industry costs in responding to requests for design-build proposals, to encourage the most qualified design-builders to participate by increasing their chances of success, and to reduce the cost to the agency of reviewing the proposals.

SB 779 also provides for the granting of a conceptual design fee to the losing short-listed teams. Preparation of a design-build proposal is an onerous task, and teams can spend more than \$1 million to prepare their proposal. Studies have shown that the providing even a nominal fee to the losing teams encourages more teams to participate. In Hawaii, many of our local A/E firms are small businesses, and providing a conceptual design fee would encourage more of our small firms to participate in design-build projects.

We appreciate the opportunity to provide testimony regarding SB779. Please do not hesitate to contact us if you have any questions regarding our testimony.

Respectfully submitted,

  
Ken Hayashida, President  
KAI Hawaii, Inc.



501 Sumner Street  
Suite 620  
Honolulu, Hawaii 96817  
Phone: (808) 531-1308  
Fax: (808) 521-7348  
[www.ssfm.com](http://www.ssfm.com)

March 29, 2011

**House Committee on Finance**

**Hearing Date: Wednesday, March 30, 2011, 1:00 p.m., Conference Room 308**

Honorable Representatives Marcus R. Oshiro, Chair; Marilyn B. Lee, Vice Chair; and Members of the House Committee on Finance

Subject: **SB 779 SD2 HD1, Relating to Procurement  
TESTIMONY IN SUPPORT**

Dear Chair Oshiro, Vice Chair Lee, and Committee Members,

Our company strongly **supports SB 779, Relating to Procurement.**

SB 779 would provide for the procurement of design-build contract teams in a manner used by the Federal Government and many other jurisdictions.

SB 779 would put in place a two-step process for procuring design-build teams. The two-step process serves to reduce industry costs in responding to requests for design-build proposals, to encourage the most qualified design-builders to participate by increasing their chances of success, and to reduce the cost to the agency of reviewing the proposals.

SB 779 also provides for the granting of a conceptual design fee to the losing short-listed teams. In Hawaii, many of our local A/E firms are small businesses, and providing a conceptual design fee would encourage more of our small firms to participate in design-build projects.

We appreciate the opportunity to provide testimony regarding SB779.

Respectfully submitted,

SSFM INTERNATIONAL, INC.

Michael P. Matsumoto, P.E., FACEC  
President/CEO



March 29, 2011

EMAILED TESTIMONY

**House Committee on Finance**

**Hearing Date: Wednesday, March 30, 2011, 1:00 p.m., Conference Room 308**

Honorable Representatives Marcus R. Oshiro, Chair, Marilyn B. Lee, Vice Chair, and Members of the House Committee on Finance

Subject: **SB 779, SD2, HD1, Relating to Procurement**  
**TESTIMONY IN SUPPORT**

Dear Chair Oshiro, Vice Chair Lee, and Committee Members,

Pacific Geotechnical Engineers, Inc. strongly **supports SB 779, Relating to Procurement**. This bill would put in place a two-step process for procuring design-build teams similar to what is used by the Federal Government and many other jurisdictions. At the first stage, potential design-build teams would submit their qualifications particular to the proposed project. A selection committee would select the most qualified teams (up to five) that would then proceed to the second proposal stage. The second step is issuance of a request for proposals and evaluation of technical and price proposals from the pre-qualified/short-listed teams.

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

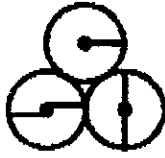
HB 985 also provides for the granting of a conceptual design fee to the unsuccessful short-listed teams. Preparation of a design-build proposal is an onerous one, and studies have shown that the use of even a nominal fee encourages more firms, especially small businesses, to participate in design-build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

We appreciate the opportunity to provide testimony in **support of SB 779**. Please do not hesitate to contact me at (808) 678-8024 if you have any questions regarding this testimony.

Respectfully submitted,

PACIFIC GEOTECHNICAL  
ENGINEERS, INC.

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

**CONSULTING  
STRUCTURAL HAWAII, INC.**

931 Hausten Street, Suite 200  
Honolulu, Hawaii 96826  
Phone: (808) 945-0198 • Fax: (808) 944-1177  
e-mail: [gsh@consultingstructuralhawaii.com](mailto:gsh@consultingstructuralhawaii.com)

March 29, 2011

**House Committee on Finance****Hearing Date: Wednesday, March 30, 2011, 1:00 p.m., Conference Room 308**

Honorable Representatives Marcus R. Oshiro, Chair; Marilyn B. Lee, Vice Chair; and  
Members of the House Committee on Finance

Subject: **SB 779 SD2 HD1, Relating to Procurement  
TESTIMONY IN SUPPORT**

Dear Chair Oshiro, Vice Chair Lee, and Committee Members,

**Consulting Structural Hawaii, Inc. strongly supports SB 779, Relating to Procurement.** SB 779 would provide for the procurement of design-build contract teams in a manner used by the Federal Government and many other jurisdictions.

SB 779 would put in place a two-step process for procuring design-build teams. At the first stage, potential design-build teams would submit their qualifications particular to the proposed project. A selection committee would select the most qualified teams (up to five) that would then proceed to the second proposal stage. The two-step process serves to reduce industry costs in responding to requests for design-build proposals, to encourage the most qualified design-builders to participate by increasing their chances of success, and to reduce the cost to the agency of reviewing the proposals.

SB 779 also provides for the granting of a conceptual design fee to the losing short-listed teams. Preparation of a design-build proposal is an onerous task, and teams can spend more than \$1 million to prepare their proposal. Studies have shown that the providing even a nominal fee to the losing teams encourages more teams to participate. In Hawaii, many of our local A/E firms are small businesses, and providing a conceptual design fee would encourage more of our small firms to participate in design-build projects. Consulting Structural Hawaii, Inc. has become very selective and we are often very reluctant on being on a contractor's design-build team since the percentage is very small on being on the winning team. We will definitely be more willing to provide the effort to being on a contractor's design-build team if conceptual design fees are provided.

We appreciate the opportunity to provide testimony regarding SB779. Please do not hesitate to contact us if you have any questions regarding our testimony.

Respectfully submitted,  
Roy K. Yamashiro, P.E., Principal

586-6001



# Kennedy/Jenks Consultants

## Engineers & Scientists

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

Formatted: Right: -0.25"

March 29, 2011

### House Committee on Finance

Hearing Date: Wednesday, March 30, 2011, 1:00 p.m., Conference Room 308

Honorable Representatives Marcus R. Oshiro, Chair; Marilyn B. Lee, Vice Chair; and Members of the House Committee on Finance

Subject: **SB 779 SD2 HD1, Relating to Procurement**  
**TESTIMONY IN SUPPORT**

Dear Chair Oshiro, Vice Chair Lee, and Committee Members,

Our company strongly **supports SB 779, Relating to Procurement**. SB 779 would provide for the procurement of design-build contract teams in a manner used by the Federal Government and many other jurisdictions.

SB 779 would put in place a two-step process for procuring design-build teams. At the first stage, potential design-build teams would submit their qualifications particular to the proposed project. A selection committee would select the most qualified teams (up to five) that would then proceed to the second proposal stage. The two-step process serves to reduce industry costs in responding to requests for design-build proposals, to encourage the most qualified design-builders to participate by increasing their chances of success, and to reduce the cost to the agency of reviewing the proposals.

SB 779 also provides for the granting of a conceptual design fee to the losing short-listed teams. Preparation of a design-build proposal is an onerous task, and teams can spend more than \$1 million to prepare their proposal. Studies have shown that the providing even a nominal fee to the losing teams encourages more teams to participate. In Hawaii, many of our local A/E firms are small businesses, and providing a conceptual design fee would encourage more of our small firms to participate in design-build projects.

We appreciate the opportunity to provide testimony regarding SB779. Please do not hesitate to contact us if you have any questions regarding our testimony.

Respectfully submitted,  
KENNEDY/JENKS CONSULTANTS

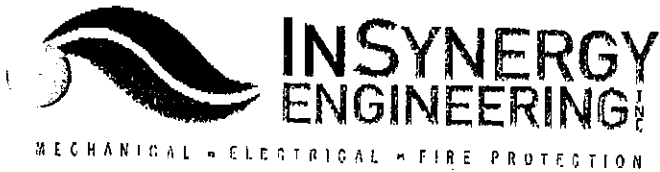


Richard E. Frey, P.E.  
Vice President

Formatted: Space After: 0 pt

Formatted: Font: 6 pt

Formatted: Font: (Default) Arial, 6 pt



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

March 29, 2011

**House Committee on Finance**

**Hearing Date: Wednesday, March 30, 2011, 1:00 p.m., Conference Room 308**

Honorable Representatives Marcus R. Oshiro, Chair; Marilyn B. Lee, Vice Chair; and Members of the House Committee on Finance

Subject: **SB 779 SD2 HD1, Relating to Procurement**  
**TESTIMONY IN SUPPORT**

Dear Chair Oshiro, Vice Chair Lee, and Committee Members,

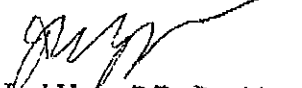
Our company strongly supports SB 779, Relating to Procurement. SB 779 would provide for the procurement of design-build contract teams in a manner used by the Federal Government and many other jurisdictions.

SB 779 would put in place a two-step process for procuring design-build teams. At the first stage, potential design-build teams would submit their qualifications particular to the proposed project. A selection committee would select the most qualified teams (up to five) that would then proceed to the second proposal stage. The two-step process serves to reduce industry costs in responding to requests for design-build proposals, to encourage the most qualified design-builders to participate by increasing their chances of success, and to reduce the cost to the agency of reviewing the proposals.

SB 779 also provides for the granting of a conceptual design fee to the losing short-listed teams. Preparation of a design-build proposal is an onerous task, and teams can spend more than \$1 million to prepare their proposal. Studies have shown that the providing even a nominal fee to the losing teams encourages more teams to participate. In Hawaii, many of our local A/E firms are small businesses, and providing a conceptual design fee would encourage more of our small firms to participate in design-build projects.

We appreciate the opportunity to provide testimony regarding SB779. Please do not hesitate to contact us if you have any questions regarding our testimony.

Respectfully submitted,



Joel Yuen, P.E., President



THE LIMTIACO CONSULTING GROUP  
CIVIL ENGINEERING AND ENVIRONMENTAL CONSULTANTS

March 29, 2011

House Committee on Finance  
[www.capitol.hawaii.gov/emailtestimony](http://www.capitol.hawaii.gov/emailtestimony)

Hearing Date: Wednesday, March 30, 1:00 p.m., Conference Room 308

Honorable Representatives Marcus R. Oshiro, Chair; Marilyn B. Lee, Vice Chair; and Members of the House Committee on Finance

Subject: SB 779, SD2, HD1, Relating to Procurement  
TESTIMONY IN SUPPORT

Dear Chair Oshiro, Vice Chair Lee, and Committee Members:

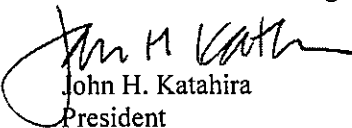
The Limtiaco Consulting Group, a small and local business, **strongly supports SB 779, SD2, HD1 Relating to Procurement**. SB 779 will promote fair and engaging design-build procurement procedures consistent with agencies highly experienced with design-build projects, such as the federal government.

SB 779 promotes a two-step process for procuring design-build teams. Design-build teams will submit their qualifications particular to the proposed project in the first phase. An agency-developed selection committee will then select a short list of the most qualified teams for the second phase where conceptual designs and fee proposals are prepared. The selection committee then selects the highest ranked team. A nominal fee (for conceptual design services) would be awarded to the short listed teams not awarded the contract.

Without SB 779, all design-build teams are required to participate all the way through the conceptual and fee proposal phase. This effort is significant, expensive, and too financially risky for most engineering companies, particularly our small and local businesses. As a result, highly-qualified firms will not be able to afford to participate in applicable design-build projects. This will have negative impacts on Hawaii infrastructure and facility projects. In the end, SB 779 will end up saving the State of Hawaii money and will result in better designs due to enhanced competition.

We appreciate the opportunity to provide testimony regarding SB 779, SD2, HD1. Please do not hesitate to contact us if you have any questions regarding our testimony.

Best always,  
*The Limtiaco Consulting Group, Inc.*

  
John H. Katahira  
President

# ACEC

AMERICAN COUNCIL OF ENGINEERING COMPANIES  
of Hawaii

**President**

Sheryl Nojima, Ph.D., P.E.  
Gray Hong Nojima & Assoc.  
Ph: (808) 521-0306

**President-Elect**

Douglas Lee, P.E.  
Brown and Caldwell  
Ph: (808) 523-8499

**Treasurer**

Terrance Arashiro, P.E.  
Austin, Tsutsumi & Assoc.  
Ph: (808) 533-3646

**Secretary**

Mike Street, P.E.  
Bowers+Kubota Consulting  
Ph: (808) 836-7787

**Past President**

John Katahira, P.E.  
The Limtiaco Consulting Group  
Ph: (808) 596-7790

**National Director**

Jon Nishimura, P.E.  
Fukunaga & Assoc.  
Ph: (808) 944-1821

**Directors**

Beverly Ishii-Nakayama, P.E.  
Shigemura, Lau, Sakanashi,  
Higuchi & Assoc.  
Ph: (808) 942-9100

Joel Yuen, P.E.

Insynergy Engineering  
Ph: (808) 521-3773

Robin Lim, P.E.

Geolabs  
Ph: (808) 841-5064

Ginny M. Wright

Executive Director  
P.O. Box 88840  
Honolulu, HI 96830  
Ph: (808) 234-0921  
Cell: (808) 741-4772  
Fx: (808) 234-1721  
Email: gwright@acechawaii.org  
Website: [www.acechawaii.org](http://www.acechawaii.org)

March 29, 2011

[www.capitol.hawaii.gov/emailtestimony](http://www.capitol.hawaii.gov/emailtestimony)

**House Committee on Finance**

**Hearing Date: Wednesday, March 30, 1:00 p.m., Conference Room 308**

Honorable Representatives Marcus R. Oshiro, Chair; Marilyn B. Lee, Vice Chair; and Members of the House Committee on Finance

**Subject: SB 779, SD2, HD1, Relating to Procurement  
TESTIMONY IN SUPPORT**

Dear Chair Oshiro, Vice Chair Lee, and Committee Members:

The American Council of Engineering Companies of Hawaii (ACECH) represents 67 member firms with over 1,300 employees throughout Hawaii, most of which are small businesses. We are comprised of the most highly qualified engineers, land surveyors, scientists, and other specialists. ACECH strongly supports SB 779, Relating to Procurement.

SB 779 would provide for the procurement of design-build contract teams in a manner used by the Federal Government and many other jurisdictions. It would establish a two-step process for procuring design-build teams. At the first stage, potential design-build teams would submit their qualifications particular to the proposed project. A selection committee would select the most qualified teams (up to three) that would then proceed to the second proposal stage. The two-step process serves to reduce industry costs in responding to requests for design-build proposals, to encourage the most qualified design-builders to participate by increasing their chances of success, and to reduce the cost to the agency of reviewing the proposals.

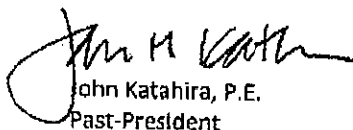
SB 779 also provides for the granting of a conceptual design fee to the unsuccessful short-listed teams. Teams can spend more than \$1 million to prepare a partial schematic design required for a design-build proposal. Studies have shown that providing even a nominal fee to the losing teams encourages more teams to participate. In Hawaii, many of our local design professional firms are small businesses, and providing a conceptual design fee would encourage more of our small firms to participate in design-build projects.

The current version of the bill, SB 779, HD2, SD1 includes comments from the General Contractors Association. However, we request that the following additional revisions be made:

1. In SECTION 2, revise the definition of "Design-build" to meet the nationally recognized definition:  
"Design-build" means a project delivery method in which one entity - the design-build team - works under a single contract with the project owner to provide design and construction services."
2. In SECTION 5, revise the effective date to July 1, 2011.

We appreciate the opportunity to provide testimony regarding SB 779. Please do not hesitate to contact us if you have any questions regarding our testimony.

Respectfully submitted,  
AMERICAN COUNCIL OF ENGINEERING COMPANIES OF HAWAII

  
John Katahira, P.E.  
Past-President

March 29, 2011

**House Committee on Finance**

**Hearing Date: Wednesday, March 30, 2011, 1:00 p.m., Conference Room 308**

Honorable Representatives Marcus R. Oshiro, Chair; Marilyn B. Lee, Vice Chair; and Members of the House Committee on Finance

Subject: **SB 779 SD2 HD1, Relating to Procurement**  
**TESTIMONY IN SUPPORT**

Dear Chair Oshiro, Vice Chair Lee, and Committee Members,

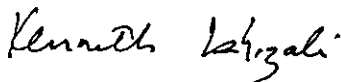
Our company strongly **supports SB 779, Relating to Procurement**. SB 779 would provide for the procurement of design-build contract teams in a manner used by the Federal Government and many other jurisdictions.

SB 779 would put in place a two-step process for procuring design-build teams. At the first stage, potential design-build teams would submit their qualifications particular to the proposed project. A selection committee would select the most qualified teams (up to five) that would then proceed to the second proposal stage. The two-step process serves to reduce industry costs in responding to requests for design-build proposals, to encourage the most qualified design-builders to participate by increasing their chances of success, and to reduce the cost to the agency of reviewing the proposals.

SB 779 also provides for the granting of a conceptual design fee to the losing short-listed teams. Preparation of a design-build proposal is an onerous task, and teams can spend more than \$1 million to prepare their proposal. Studies have shown that the providing even a nominal fee to the losing teams encourages more teams to participate. In Hawaii, many of our local A/E firms are small businesses, and providing a conceptual design fee would encourage more of our small firms to participate in design-build projects.

We appreciate the opportunity to provide testimony regarding SB779. Please do not hesitate to contact us if you have any questions regarding our testimony.

Respectfully submitted,



Kenneth Ishizaki, P.E.  
Executive Vice President