

LATE TESTIMONY

TESTIMONY OF THE HAWAII PROCUREMENT INSTITUTE

TO THE SENATE COMMITTEE ON PUBLIC SAFETY, GOVERNMENT OPERATIONS, AND MILITARY AFFAIRS February 17, 2011 2:45 p.m. SB 779

IN SUPPORT OF SB 779, RELATING TO PROCUREMENT

Chair Espero, Vice-Chair Kidani, and Committee members, thank you for the opportunity to testify in support of SB 779.

This Bill will amend HRS 103D-303 by adding guidance to the sealed proposal contract award method. The added guidance will provide for selection of design-build contractors through a two-phased competitive process. In the first phase, competitors' statements of qualifications will be evaluated to determine their experience, qualifications, past performance, and other criteria relevant to their skill and ability to perform the project's design and construction work. In the second phase, a specified number of the highest qualified competitors will be allowed to submit proposals to compete for the project based upon price and other evaluation factors included in a request for proposals.

The Hawaii Procurement Institute strongly supports this Bill as a valuable enhancement to the existing sealed proposal award process. The two-phased process addressed in this Bill was included in the American Bar Association's *2000 Model Procurement Code for State and Local Governments*. It is also followed by the federal government under applicable federal acquisition rules. It provides a fair method to attract highly qualified offerors in competitions for important state and local infrastructure contracts.

To refine the Bill and achieve its full intent, we recommend the following amendments to the Bill:

- At the beginning of the first sentence of subsection (i), add the words "Notwithstanding the requirements of subsection (a)." to avoid any confusion concerning the interrelationship of the subsections.
- At the end of subsection (i)(2), delete "or as specified in the solicitation in accordance with subsection (e)" to avoid confusion concerning the interrelationship of the subsections.
- At subsection (i)(2)(B), revise the language to permit delegation of authority to designate evaluation committee members and specify the numbers of committee members. In addition, the subsection should assure the process provides for meaningful competition specify the minimum number of offerors to compete at phase 2. We suggest the following language to achieve these purposes:

"The chief procurement officer or designee shall designate an evaluation committee composed of not less than three qualified, impartial, independent members who shall evaluate each offeror's statement of qualifications and shall develop a list of no more than three offerors who are deemed to be the most highly qualified . . . "

- At subsection (i)(3), we recommend the redesignation of this subparagraph to (i)(2)(D). The committee should also adopt additional language to ensure clarity in the process. We suggest the following language be adopted by the committee:

"(2)(D) At the onset of the request for proposal phase, the purchasing agency shall:

(i) Notify all unsuccessful offerors of their nonselection and the number, but not the identity, of offerors selected to compete in phase two;

(ii) Notify offerors selected to compete in phase two of the number, but not the identity, of offerors selected to compete in phase two. Offerors selected to compete in phase two shall further be invited to submit proposals and shall be informed of the amount of the conceptual design fee that will be provided to offerors who submit technically acceptable proposals;

(ii) Further notify offerors selected to compete in phase two of the relative importance of price and other evaluation factors if such information has not already been provided in the request for proposals."

Thank you for your efforts to improve procurement practices in Hawai`i and for affording us the opportunity to submit testimony.



**CRITCHFIELD PACIFIC INC.
MECHANICAL CONTRACTORS**

February 11, 2011

**Senate Committee on Public Safety, Government Operations, and Military Affairs
Hearing Date: Saturday, February 12, 10:00 a.m., Conference Room 229**

Honorable Senators Will Espero, Chair; Michelle Kidani, Vice Chair; and Members of the Senate Committee on Public Safety, Government Operations, and Military Affairs

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

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

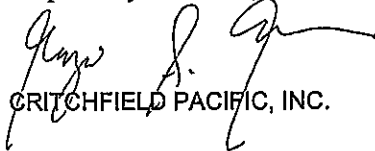
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SB 779 also allows the procurement officer the option to pay the design-build team for the conceptual design only for the losing short-listed teams. Preparation of a design-build proposal is an onerous task, and teams can spend more than \$1 million on large projects to prepare the conceptual design and proposal. Studies have shown that the providing even a nominal fee to the losing teams encourages more teams to compete. In Hawaii, many of our local engineering design firms are small businesses, and we feel that providing a conceptual design fee would encourage their participation because they are more comfortable with their chances of success.

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,



CRITCHFIELD PACIFIC, INC.

Eliza Edra



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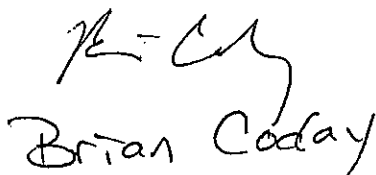
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CRITCHFIELD PACIFIC, INC.


Brian Coday



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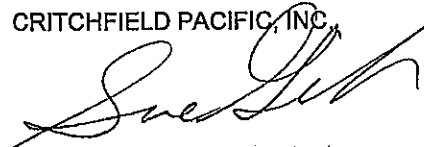
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Respectfully submitted,

CRITCHFIELD PACIFIC, INC.



Sue Gribban



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CRITCHFIELD PACIFIC, INC.
VP of Engineering

Jim Grimm

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CRITCHFIELD PACIFIC, INC.
PROBATION

Ron Swenson

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ADAM NEGELE

CRITCHFIELD PACIFIC, INC.

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CRITCHFIELD PACIFIC, INC.

Richard Hunt

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Gary F. Gribbon



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CRITCHFIELD PACIFIC, INC.

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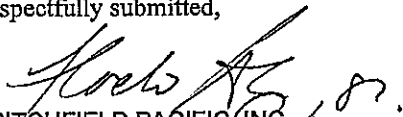
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Florendo Corpuz, Sr.