

STAND. COM. REP. NO. 1195

Honolulu, Hawaii

March 24, 2011

RE: S.B. No. 779
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Economic Revitalization & Business, to which was referred S.B. No. 779, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize agency procurement officers to use a design-build procurement method for complex construction project contracts that may require high costs to be expended in preparing the proposal.

In addition, the measure allows for the pre-qualification of a shortlist of design-build offerors and provides for the payment of a conceptual design fee to unsuccessful offerors.

Testimony in support of this measure was submitted by the Department of Accounting and General Services; Department of Education; Ralph S. Inouye, Co., Ltd.; Belt Collins Hawaii, Ltd.; American Institute of Architects, Kennedy/Jenks Consultants; GCA of Hawaii; Engineering Concepts, Inc.; Design Build Institute of America - Western Pacific Region; KAI Hawaii, Inc.; HDR Engineering, Inc.; Brown and Caldwell; Fukunaga & Associates, Inc.; Community Planning and Engineering, Inc.; Coalition of Hawaii Engineering and Architectural Professionals; Pacific Geotechnical Engineers, Inc.; Shigemura, Lau, Sakanashi, Higuchi and Associates, Inc.; American Council of Engineering Companies of Hawaii; Consulting Structural Hawaii, Inc.; Thermal Engineering

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Corporation; and Nordic PCL Construction, Inc. Testimony in support of the intent of this measure was submitted by the Department of Transportation and the State Procurement Office.

Your Committee finds that the two-step design-build procurement process proposed by this measure would improve selection of proposals for complex construction projects and allow agencies to choose the most qualified offerors. In addition, the payment of a conceptual design fee would provide an incentive for smaller local firms to submit proposals and more effectively compete with larger national design and construction firms for public contracts.

Your Committee has amended this measure by:

- (1) Replacing its contents with the contents of House Bill No. 985, H.D. 2., which also relates to the design-build process for procurement;
- (2) Moving and further clarifying the requirements for the design-build procurement process from section 103D-303(b), Hawaii Revised Statutes, to a new subsection (i);
- (3) Eliminating the project cost and complexity triggers that would authorize a procurement officer to use the design-build method;
- (4) Clarifying that the design-build method is a two-step process;
- (5) Changing the effective date to July 1, 2112; and
- (6) Making a technical, nonsubstantive amendment for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Economic Revitalization & Business that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 779, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 779, S.D. 2, H.D. 1, and be referred to the Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Economic
Revitalization & Business,



ANGUS L.K. MCKELVEY, Chair



