

NEIL ABERCROMBIE  
GOVERNOR



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IN REPLY REFER TO:

February 27, 2012

**LATE TESTIMONY**

**TESTIMONY OF THE DEPARTMENT OF TRANSPORTATION**

**HOUSE BILL 1671 PROPOSED HD2**

**RELATING TO PROCUREMENT**

**HOUSE COMMITTEE ON TRANSPORTATION**

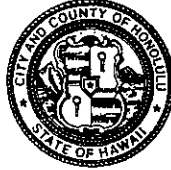
The Department of Transportation (DOT) supports HB 1671, Proposed HD2. The bill requires the party filing for an administrative hearing to post a protest bond. This will discourage parties from filing for an administrative hearing with less than convincing evidence, thus eliminating unnecessary halts to the contract process. HB 1671, Proposed HD2 will ensure contracts to be executed in a timely manner.

Thank you for the opportunity to provide testimony.

**LATE TESTIMONY**

DEPARTMENT OF BUDGET AND FISCAL SERVICES  
**CITY AND COUNTY OF HONOLULU**  
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TESTIMONY OF MICHAEL R. HANSEN, DIRECTOR  
DEPARTMENT OF BUDGET AND FISCAL SERVICES  
CITY AND COUNTY OF HONOLULU

Rep. Marcus R. Oshiro, Chair,  
Rep. Marilyn B. Lee, Vice Chair,  
and Members of Committee on  
Finance  
House of Representatives  
The Twenty-Sixth State Legislature  
State Capitol  
Honolulu, Hawaii 96813

Dear Chair Oshiro, Vice Chair Lee and Members:

Subject: FIN Committee - February 27, 2012 at 11:30 a.m. HST  
House Bill No. 1671 Relating to Procurement

Thank you for the opportunity to testify on H.B. No. 1671. The City & County of Honolulu supports H.B. No. 1671 Proposed HD2. However, the City requests the following amendments to the bill:

Amend SECTION 2 subparagraph (c) from twenty business days to forty-five business days. Forty-five business days will allow the protested government agency to conduct a comprehensive review of the protest. Depending on the protest, this review could include investigating numerous issues, consulting with legal counsel, consulting with other parties, receiving determinations from licensing agencies and receiving determinations from federal agencies. A twenty business day deadline may lead to increased requests for DCCA appeals because the government agency's initial review and the resulting determination were rushed to meet that fore mentioned deadline.

Amend SECTION 3 subparagraph (e) to cover situations were the protesting party does not prevail and the protest is regarding a county's solicitation. Amend the bill to state that the protest bond will be divided between the DCCA and the affected county agency. This amendment will allow the counties to be reimbursed for the resources and time expensed in defending against the protest.

The City's proposed amendments to H.B. No. 1671 Proposed HD2 is attached and is in red in font.

Thank you for the opportunity to testify

**SECTION 2**

(c) If the protest is not resolved by mutual agreement, the chief procurement officer or a designee shall [~~promptly~~] issue a decision in writing to uphold or deny the protest[~~-~~] no later than forty-five business days after receipt of the protest. The decision shall:

**SECTION 3**

(e) The party initiating a proceeding under subsection (d) shall pay to the department of commerce and consumer affairs a cash or protest bond in the amount of:

- (1) \$1,000 for a contract with an estimated value of less than \$500,000;
- (2) \$2,000 for a contract with an estimated value of at least \$500,000, but less than \$1,000,000; or
- (3) One-half per cent of the estimated value of the contract or not more than \$10,000, whichever is less, if the estimated value of the contract is \$1,000,000 or more.

If the initiating party prevails in the proceeding initiated under subsection (d), the cash or protest bond shall be returned to that party. If the initiating party does not prevail in the proceeding initiated under subsection (d), the cash or protest bond shall be deposited into the general fund. In the case of a county's procurement, 50% of the protest bond shall be deposited into the general fund of the department of commerce and consumer affairs and the remaining 50% shall be deposited into the general fund of the affected county agency.