

# Grace Pacific

C O R P O R A T I O N  
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Via E-mail: [ERBTesimony@capitol.hawaii.gov](mailto:ERBTesimony@capitol.hawaii.gov)

January 24, 2012

TO: HONORABLE ANGUS MCKELVEY, CHAIR, HONORABLE ISAAC CHOY, VICE CHAIR AND MEMBERS OF THE COMMITTEE ON ECONOMIC REVITALIZATION AND BUSINESS

SUBJECT: H.B. 2247, RELATING TO PROCUREMENT. Provides a bidder on construction contracts 2 additional days after the closing of bids to provide the names of each person or firm to be engaged by the bidder as a joint contractor or subcontractor. Provides for bids to be opened only after the close of the 2-day period.

#### NOTICE OF HEARING

DATE: Thursday, January 26, 2012  
TIME: 8:30 a.m..  
PLACE: Conference Room 312

Dear Chair McKelvey, Vice Chair Choy and Members of the Committee:

Grace Pacific Corporation **strongly supports** the passage of H.B. 2247, Relating to Procurement.

H.B. 2247 would amend the current procurement procedure by amending Section 103D-302 to allow bidders an additional two (2) days to submit the list of subcontractors or joint contractors to be engaged in the performance of a project. Under this proposed change, the procurement officer would close the bidding in the usual manner, but would not open the bids until two (2) days after the closing. Each bidder shall have two (2) days after the bid closing to submit its list of subcontractors as required under Section 103D-302, HRS.

The proposed change will permit the bidder to insure that all subcontractors who have submitted bids to the general contractor have met all of the requirements to perform work on state and county projects, including meeting all licensing, bonding and insurance requirements, as applicable. The additional time is necessary because in most cases the general contractor does not receive bid prices from the various subcontractors until shortly before the bid must be

submitted to the state agency. This means that the general contractor does not have time to check whether the subcontractors who have submitted bids meet the requirements to work on the job, especially the proper licenses issued by the Contractors License Board. Given the large number of "C" (currently over 160 issued and growing), it becomes increasingly difficult for the general contractor to ascertain licenses and verify whether every subcontractor has the proper license to perform the work he has submitted a bid to do.

This legislation is not an attempt to give general contractors an advantage in submitting bids, nor is it, as some may argue, an opportunity to bid-shop. Instead this legislation is increasing efficiency in the procurement process, by allowing contractors to verify the information that subcontractors provide. The proposed legislation does not permit the contractor to change its proposed bid amount. The two days will permit the bidder to ensure the subcontractor/joint contractor list is complete and listed subcontractors/joint contractors are properly licensed, are bondable (where applicable), and have all the required insurance coverage. This will reduce the likelihood of errors and result in reducing the number of bid protests which often delay public works projects and in some cases increase the cost of public works project for the state.

We believe that this proposed amendment will result in more complete and accurate bid submittals and reduce the number of potential bid protests.

Grace Pacific Corporation **strongly supports** H.B. 2247 and recommends its passage.

Very truly yours,



Raymond Nii  
Manager, Eng., Admin, IDIQ  
Grace Pacific Corporation



**S & M SAKAMOTO, INC.**  
GENERAL CONTRACTORS

Via E-mail: [ERBTestimony@capitol.hawaii.gov](mailto:ERBTestimony@capitol.hawaii.gov)

January 26, 2012

TO: HONORABLE ANGUS MCKELVEY, CHAIR, HONORABLE ISAAC CHOY, VICE CHAIR AND MEMBERS OF THE COMMITTEE ON ECONOMIC REVITALIZATION AND BUSINESS

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DATE: Thursday, January 26, 2012  
TIME: 8:30 a.m..  
PLACE: Conference Room 312

Dear Chair McKelvey, Vice Chair Choy and Members of the Committee:

**S&M Sakamoto, Inc. strongly supports** the passage of H.B. 2247, Relating to Procurement.

H.B. 2247 would amend the current procurement procedure by amending Section 103D-302 to allow bidders an additional two (2) days to submit the list of subcontractors or joint contractors to be engaged in the performance of a project. Under this proposed change, the procurement officer would close the bidding in the usual manner, but would not open the bids until two (2) days after the closing. Each bidder shall have two (2) days after the bid closing to submit its list of subcontractors as required under Section 103D-302, HRS.

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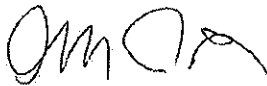
for the general contractor to ascertain licenses and verify whether every subcontractor has the proper license to perform the work he has submitted a bid to do.

This legislation is not an attempt to give general contractors an advantage in submitting bids, nor is it, as some may argue, an opportunity to bid-shop. Instead this legislation is increasing efficiency in the procurement process, by allowing contractors to verify the information that subcontractors provide. The proposed legislation does not permit the contractor to change its proposed bid amount. The two days will permit the bidder to ensure the subcontractor/joint contractor list is complete and listed subcontractors/joint contractors are properly licensed, are bondable (where applicable), and have all the required insurance coverage. This will reduce the likelihood of errors and result in reducing the number of bid protests which often delay public works projects and in some cases increase the cost of public works project for the state,

We believe that this proposed amendment will result in more complete and accurate bid submittals and reduce the number of potential bid protests.

**S&M Sakamoto, Inc. strongly supports H.B. 2247 and recommends its passage.**

Respectfully submitted,



Dennis M. Ideta  
Senior Vice President

January 26, 2012

TO: HONORABLE ANGUS MCKELVEY, CHAIR, HONORABLE ISAAC CHOY, VICE CHAIR AND MEMBERS OF THE COMMITTEE ON ECONOMIC REVITALIZATION AND BUSINESS

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DATE: Thursday, January 26, 2012  
TIME: 8:30 A.M..  
PLACE: Conference Room 312

Dear Chair McKelvey, Vice Chair Choy and Members of the Committee:

My name is Lance Inouye and I am President of Ralph S. Inouye Co., Ltd. (RSI), General Contractor and a member of the General Contractors Association of Hawaii (GCA). RSI strongly supports the passage of H.B. 2247, Relating To Procurement.

H.B. 2247 would amend the current procurement procedure by amending Section 103D-302 to allow bidders an additional two (2) days to submit the list of subcontractors or joint contractors to be engaged in the performance of a project. Under this proposed change, the procurement officer would close the bidding in the usual manner, but would not open the bids until two (2) days after the closing. Each bidder shall have two (2) days after the bid closing to submit its list of subcontractors as required under Section 103D-302, HRS.

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This legislation is not an attempt to give general contractors an advantage in submitting bids nor is it, as some may argue, an opportunity to bid-shop. Instead this legislation is increasing efficiency in the procurement process, by allowing contractors to verify the information that subcontractors provide. The proposed legislation does not permit the contractor to change its proposed bid amount. Indeed, the bids are not opened until the two day period expires. The two days will permit the bidder to ensure the subcontractor/joint contractor list is complete and listed subcontractors/joint contractors are properly licensed, are bondable (where applicable), and have all the required insurance coverage. This will reduce the likelihood of errors and result in reducing the number of bid protests which often delay public works projects and in some cases increase the cost of public works project for the state.

RSI believes that this proposed amendment will result in more complete and accurate bids and reduce the number of potential bid protests. Accordingly, RSI strongly supports the passage of H.B. 2247 and recommends its passage.

Sincerely,  
RALPH S. INOUE CO., LTD.



Lance M. Inouye  
President



91-255 Oihana Street, Kapolei, Hawaii 96707 ▲ Tel: 808.682.1315 ▲ Fax: 808.682.5629 ▲ Toll Free: 1.800.342.1513 ▲ License ABC-9245

Via E-mail: [ERBTestimony@capitol.hawaii.gov](mailto:ERBTestimony@capitol.hawaii.gov)

January 24, 2012

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DATE: Thursday, January 26, 2012  
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PLACE: Conference Room 312

Dear Chair McKelvey, Vice Chair Choy and Members of the Committee:

**DELTA CONSTRUCTION CORPORATION strongly supports the passage of H.B. 2247, Relating to Procurement.**

H.B. 2247 would amend the current procurement procedure by amending Section 103D-302 to allow bidders an additional two (2) days to submit the list of subcontractors or joint contractors to be engaged in the performance of a project. Under this proposed change, the procurement officer would close the bidding in the usual manner, but would not open the bids until two (2) days after the closing. Each bidder shall have two (2) days after the bid closing to submit its list of subcontractors as required under Section 103D-302, HRS.

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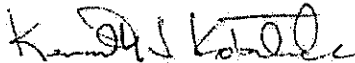
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We believe that this proposed amendment will result in more complete and accurate bid submittals and reduce the number of potential bid protests.

**DELTA CONSTRUCTION CORPORATION strongly supports H.B. 2247 and recommends its passage.**

Very truly yours

DELTA CONSTRUCTION CORPORATION



By KENNETH J. KOBATAKE  
President

KJK:Imm



Via E-mail: [ERBTestimony@capitol.hawaii.gov](mailto:ERBTestimony@capitol.hawaii.gov)

January 25, 2012

TO: HONORABLE ANGUS MCKELVEY, CHAIR, HONORABLE ISAAC CHOY, VICE CHAIR AND MEMBERS OF THE COMMITTEE ON ECONOMIC REVITALIZATION AND BUSINESS

SUBJECT: H.B. 2247, RELATING TO PROCUREMENT. Provides a bidder on construction contracts 2 additional days after the closing of bids to provide the names of each person or firm to be engaged by the bidder as a joint contractor or subcontractor. Provides for bids to be opened only after the close of the 2-day period.

NOTICE OF HEARING

DATE: Thursday, January 26, 2012  
TIME: 8:30 a.m..  
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Dear Chair McKelvey, Vice Chair Choy and Members of the Committee:

Nordic PCL Construction, Inc. **strongly supports** the passage of H.B. 2247, Relating to Procurement.

H.B. 2247 would amend the current procurement procedure by amending Section 103D-302 to allow bidders an additional two (2) days to submit the list of subcontractors or joint contractors to be engaged in the performance of a project. Under this proposed change, the procurement officer would close the bidding in the usual manner, but would not open the bids until two (2) days after the closing. Each bidder shall have two (2) days after the bid closing to submit its list of subcontractors as required under Section 103D-302, HRS.

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**LICENSE #ABC-17**

1099 ALAKEA STREET, SUITE 1560, HONOLULU, HI 96813  
TELEPHONE (808) 541-9101 ♦ FAX (808) 541-9108





Honorable Angus McKelvey, Honorable Isaac Choy, Vice Chair  
Committee on Economic Revitalization and Business  
January 25, 2012  
Page 2 of 2

bondable (where applicable), and have all the required insurance coverage. This will reduce the likelihood of errors and result in reducing the number of bid protests which often delay public works projects and in some cases increase the cost of public works project for the state.

We believe that this proposed amendment will result in more complete and accurate bid submittals and reduce the number of potential bid protests.

Nordic PCL Construction, Inc. **strongly supports** H.B. 2247 and recommends its passage.

Yours truly,

NORDIC PCL CONSTRUCTION, INC.

A handwritten signature in black ink, appearing to read "Glen Kaneshige", written over the printed name.

Glen Kaneshige  
President

1065 Ahua Street  
Honolulu, HI 96819  
Phone: 808-833-1681 FAX: 839-4167  
Email: [info@gcahawaii.org](mailto:info@gcahawaii.org)  
Website: [www.gcahawaii.org](http://www.gcahawaii.org)



# GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

January 26, 2012

TO: HONORABLE ANGUS MCKELVEY, CHAIR, HONORABLE ISAAC CHOY,  
VICE CHAIR AND MEMBERS OF THE COMMITTEE ON ECONOMIC  
REVITALIZATION AND BUSINESS

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Dear Chair McKelvey, Vice Chair Choy and Members of the Committee:

The General Contractors Association (GCA) is an organization comprised of over six hundred (600) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is celebrating its 80<sup>th</sup> anniversary this year; GCA remains the largest construction association in the State of Hawaii. GCA **strongly supports** the passage of H.B. 2247, Relating to Procurement.

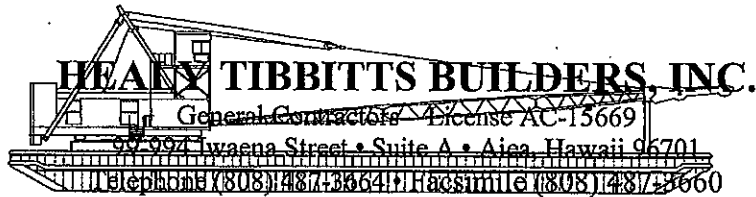
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The GCA believes that this proposed amendment will result in more complete and accurate bid submittals and reduce the number of potential bid protests.

The GCA **strongly supports** H.B. 2247 and recommends its passage.



Via E-mail: [ERBTestimony@capitol.hawaii.gov](mailto:ERBTestimony@capitol.hawaii.gov)

January 26, 2012

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DATE: Thursday, January 26, 2012  
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Dear Chair McKelvey, Vice Chair Choy and Members of the Committee:

Healy Tibbitts Builders, Inc. **strongly supports** the passage of H.B. 2247, Relating to Procurement.

H.B. 2247 would amend the current procurement procedure by amending Section 103D-302 to allow bidders an additional two (2) days to submit the list of subcontractors or joint contractors to be engaged in the performance of a project. Under this proposed change, the procurement officer would close the bidding in the usual manner, but would not open the bids until two (2) days after the closing. Each bidder shall have two (2) days after the bid closing to submit its list of subcontractors as required under Section 103D-302, HRS.

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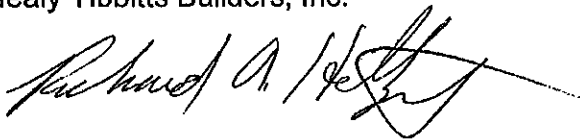
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We believe that this proposed amendment will result in more complete and accurate bid submittals and reduce the number of potential bid protests.

Healy Tibbitts Builders, Inc. **strongly supports** H.B. 2247 and recommends its passage.

Very truly yours,  
Healy Tibbitts Builders, Inc.

A handwritten signature in black ink, appearing to read "Richard A. Heltzel", written over a horizontal line.

Richard A. Heltzel  
President

# IRONWORKERS STABILIZATION FUND

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January 25, 2012

Angus McKelvey, Chair  
Committee on Economic Revitalization & Business  
House of Representative  
State Capitol  
415 S. Beretania Street  
Honolulu, Hawaii 96813

Dear Honorable Chair McKelvey and Members of the Committee on Economic Revitalization & Business:

Re: Strong Opposition for HB 2247 – Relating to Procurement

We are in strong opposition of HB 2247, Relating to Procurement; that allows a bidder on construction contracts 2 additional days after closing bids to provide the names of joint contractor or subcontractor.

The purpose of this bill strongly goes against HRS Section 103D that the legislature has passed and the State of Hawaii has used to provide a fair and open process to bidding for public funded projects. We believe that a solicitor has ample time to obtain the names of the joint contractor or subcontractor for a project. All contractors and subcontractors look at the same bid list and can call each other. What we believe this bill allow is for the solicitor to bid shop and make a greater profit off of the small business men and women.

Consequently, we believe to modify the procurement law will jeopardize the integrity of the process.

We strongly oppose this measure for the working men and women of Hawaii. Thank you for your time and consideration.

Sincerely,

Arnold Wong /s/

# ***SAH - Subcontractors Association of Hawaii***

***1188 Bishop St., Ste. 1003\*\*Honolulu, Hawaii 96813-2938***

***Phone: (808) 537-5619 ★ Fax: (808) 533-2739***

January 26, 2012

Testimony To: House Committee on Economic Revitalization & Business  
Representative Angus L.K. McKelvey, Chair  
Representative Isaac W. Choy, Vice-Chair

Presented By: Tim Lyons  
President

Subject: H.B. 2247 – RELATING TO PROCUREMENT

Chair McKelvey, Vice-Chair Choy and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii and we oppose this bill. The Subcontractors Association of Hawaii is composed of the following nine separate and distinct subcontracting organizations which include:

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

ELECTRICAL CONTRACTORS ASSOCIATION OF HAWAII

This bill merely allows a legal way for the general contractor to go bid-shopping for an additional two (2) days after the closing of bids. It has to be understood that the general contractor has a great deal of economic leverage over a subcontractor. For many subcontractors, they get a 100% of their work through general contractors. The general contractor calls them and says, "by the way I know that you submitted your best price but I need you to come down even more". They are often times in a situation where they cannot refuse.

The purpose of listing subcontractors when filing a bid is to be sure that those bidders are protected from any "hanky panky" that may go on after the close of the bid time. The additional two (2) days only opens the door to allow for this highly unethical activity to occur at the expense of those who are in the worst position to be able to defend it. General contractors are the boss of the job and can stipulate when they want subcontractors to supply them with prices. There is no reason why they cannot do that and require this to be done two (2) days in advance of the closing of the bids instead of opening the door and allowing for this disaster to occur.

Based on the above, we oppose this bill.

Thank you.





**Hawaii Chapter**

January 26, 2012

**2012 Executive Committee**

**Malcolm Barcarse Jr.**  
A & B Electric Co., Inc.  
Chairman

**Lee Lewis**  
Lewis Electric, LLC  
Chairman Elect

**Joseph Ferrara**  
Consolidated Painting LLC  
Past Chairman

**Larry Santiago**  
AB & Associates / HMAA  
Secretary

**Alice Inabata**  
AB & Associates / HMAA  
Secretary 2<sup>nd</sup>

**Chris Lee**  
ECA, LLP  
Treasurer

**2012 Board of Directors**

**Darren Wada**  
Quality Design Build, Inc.

**David Tsuda**  
First Hawaiian Bank

**Paul Vierling**  
Hawaii Geophysical Services

**Lance Kakimoto**  
Morgan Stanley Smith Barney

**Doug Sangillo**  
Helix Electric, Inc.

**Steve Nelson**  
Jacobsen Construction Company

**Douglas Luiz**  
Diversified Plumbing & Air Conditioning

**2012 ABC Staff**

**Jonathan Young**  
President

**Renee Rosehill**  
Administrative Assistant,  
Events & Membership Coordinator

**Lauren Jagla**  
Education Director

**Julie Monsale**  
Office Clerk

Committee on Economic Revitalization & Business  
Rep. Angus L.K. McKelvey, Chair  
Rep. Issac W. Choy, Vice Chair

**Comments** of Associated Builders and Contractors Hawaii Chapter  
regarding HB 2247

Chair McKelvey, Vice Chair Choy, and members of the Committee; thank you for the opportunity to testify on this matter. My name is Malcolm Barcarse, Jr. I am the 2012 Board Chair and the Legislative Committee Chair of Associated Builders and Contractors Hawaii Chapter. We are an association of over 150 members representing the merit shop contracting industry in Hawaii.

We have concerns about this to this bill as we do not understand how this bill contributes to an open and transparent bidding process, and whether it provide a good value to the State Typically in construction contracts, general contractors rely on the prices of their subcontractors in order to formulate their price. Without the prices of their subs, they can not accurately give the State a true price for their bid. That is why when a bid is submitted it is reasonable to expect that the contractor knows who they are going to be working with because they relied on the subs price in calculating their bid.

Therefore in our opinion the only purpose for this bill is for general and sub contractors to bargain with each other after bids have been submitted. If that is the case it would not provide a good value to the State as Contractors will likely submit inflated prices to the State and then try to bargain down their subs increasing their profit margin at the expense of the State. .

Thank you for the opportunity to testify.

***America's Best Contractors***