



LATE

**HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO**

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Plumbers & Fitters Local 675

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International Brotherhood of  
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Iron Workers Local 625

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Painters & Allied Trades Local 1791  
Carpet, Linoleum, & Soft Tile  
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Operating Engineers Local 3

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Hawaii Teamsters & Allied  
Workers Local 996

VAUGHN CHONG

Roofers, Waterproofers & Allied  
Workers United Union of Roofer  
Local 221

March 12, 2012

Honorable Senator Will Espero, Chair  
Honorable Senator Michelle Kidani, Vice Chair  
Members of the Committee on Public Safety, Government Operations and Military Affairs  
Hawaii State Capital  
415 South Beretania Street  
Honolulu, HI 96813

RE: **COMMENTS** on HB2265 HD2 RELATING TO THE STATE PROCUREMENT CODE  
Hearing: Tuesday, March 13, 2012, 14:50 p.m. Conference Room 224

Honorable Chair(s), Vice Chair(s) and Committee Members;

The Hawaii Building & Construction Trades Council, AFL-CIO is comprised of 16 out of 17 construction trade unions throughout Hawaii. With an estimated membership of 20,000 statewide, our primary mission is to provide employment opportunities and living wages to the many working men and women we represent.

The Council would like to offer comments on HB2265 HD2, which proposes to make permanent, the amendments made to section 103D-305, Hawaii Revised Statutes that increase the limits on procurements qualifying for certain small purchase procedures to \$100,000 for goods or services and \$250,000 for construction; require procurements greater than \$50,000 for construction to require performance bonds; and require procurements of \$25,000 to less than \$100,000 to be made in accordance with small purchase procedures.

This measure will effectively make it increasingly difficult for a segment of our membership to actively and fairly participate in state projects subject to the procurement process. In effect, this measure increases the monetary threshold whereby a project would be exempt from procurement processes under the small purchase provisions, yet maintains current lower thresholds whereby bonding and electronic filing is required as well as mandates that projects be bundled as opposed to unbundled. The measure also requires that bid protests decided pursuant to chapter 103D-701 require protest bonds that are subject to forfeiture.

The procurement process is intended to provide a fair and transparent system of soliciting, managing and awarding contracts that involve public funds. Although we appreciate efforts to streamline the process and to allow for expeditious contract award, we must maintain the integrity of the process for all stakeholders. We highly recommend and hereby request your consideration for further discussion on this measure and its intended and/or unintended consequences.

Thank you for the opportunity to provide comments on HB2265 HD2.

Respectfully;  
Kika G. Bukoski  
Hawaii Building and Construction Trades Council

# PLUMBING & MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII

## LATE TESTIMONY



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GREGG S. SERIKAKU  
EXECUTIVE DIRECTOR

Via Email

March 13, 2012

Senator Will Espero  
Committee on Public Safety, Government Operations and Military Affairs  
The Senate  
The Twenty-Sixth Legislature, Regular Session of 2012

Chair Espero, Vice Chair Kidani, and Members of the Committee:

### SUBJECT: HB2265 HD2 Relating to Procurement

My name is Gregg Serikaku. I am the Executive Director of the Plumbing and Mechanical Contractors Association of Hawaii. Our Association represents over 40 major plumbing and mechanical contractors who employ over 1,000 mechanics, technicians, managerial staff, and administrative personnel here in Hawaii.

The Association for which I speak supports HB2265 HD2 with the following comments.

Our Association appreciates the efforts of this Legislature to expedite procurement of construction projects and we understand the continued need to allow small purchases up to \$250,000 on public works jobs, as this has allowed many small contractors to keep steady employment throughout this economic turmoil.

Although Small Purchase Procurement procedures do not require the sublisting, our contractors can compromise on the \$250,000 threshold because a fair amount of the small purchase projects are trade specific (such as air conditioning, roofing, and electrical work) and do not require more than 2 unrelated trades, therefore the sublisting is not applicable.

If, however, the small purchase threshold is increased beyond \$250,000, we begin to enter an area where bigger projects with multiple crafts qualify for small purchase procurement with no sublisting, and this is where the sub trades become targets of bid shopping. Therefore cannot support any increase to the small purchase threshold without a clause for sublisting.

If it is the desire of the legislature to increase the small purchase threshold beyond \$250,000, it should be accompanied by a provision which requires subcontractor listing and scope of work on any project above \$250,000.

Thank you for this opportunity to testify.

Respectfully yours,

Gregg S. Serikaku  
Executive Director