

HB 2265, HD2

RELATING TO THE STATE PROCUREMENT CODE.

Makes 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. Effective June 30, 2012.

NEIL ABERCROMBIE
GOVERNOR



GLENN M. OKIMOTO
DIRECTOR

Deputy Directors
JADE T. BUTAY
FORD N. FUCHIGAMI
RANDY GRUNE
JADINE URASAKI

IN REPLY REFER TO:

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

March 13, 2012

**H.B. 2265, H.D. 2
RELATING TO THE STATE PROCUREMENT CODE**

**SENATE COMMITTEE ON PUBLIC SAFETY, GOVERNMENT OPERATIONS &
MILITARY AFFAIRS**

The Department of Transportation ("DOT") supports HB 2265, HD2. This bill would expedite the procurement process to secure the timely delivery of goods and components as well as repairs to our facilities. In particular this bill will help our maintenance staff in purchasing replacement and repair parts and expediting minor repairs.

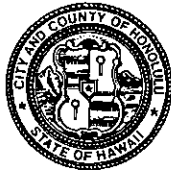
In order to expedite maintenance work even further, the DOT would like to see an exemption from the procurement code for replacement parts whose individual price is less than \$1000. This will enable our staff to procure repair parts faster and provide local business more work without the extensive delays and paperwork. Simplifying procedures will assist the DOT to provide the proper service for the general public faster and more efficiently and allow us to stimulate the economy with greater timeliness.

Thank you for the opportunity to provide testimony.



DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
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PETER B. CARLISLE
MAYOR



MICHAEL R. HANSEN
DIRECTOR

NELSON H. KOYANAGI, JR.
DEPUTY DIRECTOR

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

Sen. Will Espero, Chair,
Sen. Michelle N. Kidani, Vice Chair,
and Members of Committee on
Public Safety, Government Operations,
and Military Affairs
The Senate
The Twenty-Sixth State Legislature
State Capitol
Honolulu, Hawaii 96813

Dear Chair Espero, Vice Chair Kidani and Members:

Subject: PGM Committee – March 13, 2012 at 2:50 p.m. HST
House Bill No. 2265 H.D. 2 – Relating to the State Procurement Code.

Thank you for the opportunity to testify on H.B. 2265. The City & County of Honolulu supports H.B. 2265 H.D. 2 which makes 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.

Thank you for the opportunity to testify on H.B. 2265 H.D.2.

Bernard P. Carvalho, Jr.
Mayor



Wallace G. Rezentes, Jr.
Director of Finance

Gary K. Heu
Managing Director

Sally A. Motta
Deputy Director of Finance

DEPARTMENT OF FINANCE
County of Kaua'i, State of Hawai'i
DIVISION OF PURCHASING
4444 Rice Street, Suite 303, Lihu'e, Hawai'i 96766
TEL (808) 241-4288 FAX (808) 241-6297

TESTIMONY
OF
ERNEST W. BARREIRA, M.S.
BUDGET AND PURCHASING DIRECTOR
DEPARTMENT OF FINANCE
COUNTY OF Kaua'i

TO THE
SENATE COMMITTEE
ON PUBLIC SAFETY, GOVERNMENT OPERATIONS, AND MILITARY AFFAIRS

HB 2265 HD2

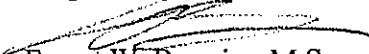
RELATING TO THE STATE PROCUREMENT CODE.

Chair Espero, Vice Chair Kidani, and committee members. Thank you for the opportunity to testify on HB 2265 SD2. This bill proposes to 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.

The County of Kaua'i supports the bill.

The competitive enhancements and efficiency elements of electronic procurement cannot be understated. Electronic procurement via the use of the Internet is far more expansive, reaches a larger scope of potential bidders and as such, advances the concept of competition. Electronic procurement also avoids subjectivity in contacting only a select number of persons or businesses as required under the small purchase requirements. In that regard, this bill is critical to address the efficiency and effectiveness needs of the procurement operations statewide.

Respectfully submitted,


Ernest W. Barreira, M.S.
Budget and Purchasing Director
County of Kauai

An Equal Opportunity Employer

SAH - Subcontractors Association of Hawaii

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

Phone: (808) 537-5619 ✦ Fax: (808) 533-2739

March 13, 2012

Testimony To: Senate Committee on Public Safety, Government Operations, and Military Affairs
Senator Will Espero, Chair

Presented By: Tim Lyons
President

Subject: H.B. 2265, HD 2 – RELATING TO THE STATE PROCUREMENT CODE

Chair Espero and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii and we support 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

Our members feel that the small purchase provisions which escaped the provisions of the procurement code for projects under \$250,000.00 has been working relatively well. There have been a few problems but the benefits outweigh the problems. In the hopes that jobs will get out quicker for our members, as well as for employees that work for us, we can support this bill.

We are, of course aware of the Senate's movement in this area to take the small purchase provision up to \$1,000,000.00, we are opposed to that. We are opposed to it without the protections that are offered under the subcontractor listing clause. If the Committee would consider inserting the provisions of Section 103D-302(b) as a section of the code that would be retained for small purchases, we would be much more amenable to the Senate's position. In the absence of that however, we would highly recommend that the provisions of 103D-302(b) be continued to be required for projects in excess of \$250,000.00.

Thank you for your consideration.

SMCA *Sheet Metal Contractors Association*

2850 Paa Street, Suite 207, Honolulu, HI 96819-4431, Ph (808) 845-9393, Fax (808) 845-9395 email: neal@smcahi.com
NEAL K. ARITA
Executive Director

**TESTIMONY TO THE SENATE
COMMITTEE ON PUBLIC SAFETY, GOVERNMENT OPERATIONS, AND MILITARY
AFFAIRS**

TUESDAY, MARCH 13, 2012

2:50 P.M.

Conference Room 224

Hawaii State Capitol

Re: HB2265 SD1, PROPOSED HD2

Dear Chair Espero, Vice Chair Kidani and members of the Committee:

The Sheet Metal Contractors Association represents Sub-contractors of the Sheet Metal Industry.

As the HB2265, HD2 is proposed, we stand in AGREEMENT with the current language of this bill.

Please know that although we agree with the language in the HB2265, HD2 as-is, any changes that the Senate may make to increase the limits on Construction Procurement above the proposed \$250,000.00 will result in our strong OPPOSITION, unless subcontractor listing is included in the procurement process for this HB2265, HD2 bill.

Again, we ask that you support our stand to ADOPT this bill as-is.

Sincerely,

Neal Arita
Executive Director
Sheet Metal Contractors Association



ELECTRICAL CONTRACTOR'S ASSOCIATION OF HAWAII

NECA Hawai'i Chapter
1286 Kalani Street, Suite B-203
Honolulu, Hawai'i 96817
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Email: ecah@ecahi.com



March 12, 2012

To: The Honorable Senator Will Espero, Chair
The Honorable Senator Michelle N. Kidani, Vice Chair
And the Members of the Ways and Means Committee

From: Al Itamoto, Executive Director
Electrical Contractors Association of Hawaii
National Electrical Contractors Association, Hawaii Chapter

Subject: HB2265, HD2, Relating to the State Procurement Code

Notice of Hearing

Date: Tuesday, March 13, 2012
Time: 2:50 PM
Place: Conference Room 224
State Capitol
415 South Beretania Street

Dear Chair Espero, Vice Chair Kidani and Committee members:

The Electrical Contractors Association of Hawaii (ECAH) is a non-profit association representing 100 electrical contractors in Hawaii. ECAH is also the Hawaii Chapter of the National Electrical Contractors Association. ECAH **Supports** the intent and purpose of HB2265, HD2 in its entirety making permanent the amendments to Section 103D-305, Hawaii Revised Statutes regarding the small purchase procedures that increases the limits on construction jobs to \$250,000. Of great concern is the preservation to keep the subcontractors list requirement for jobs over \$250,000.

There are concerns among our members that the Senate version may contain language to eliminate the subcontractors list for small purchases up to \$1 million. We would only support the Senate version if provisions of 103D-302 (b) is made part of the bill that requires the listing of all subcontractors along with the nature and scope of work to be performed by each. This would be consistent with provisions of the current Procurement Code. The subcontractor's list keeps a level playing field among all contractors and a good policy for the benefit of taxpayers.

ECAH **Supports** the passage of HD 2265, HD2 as proposed.

Thank you for the opportunity to provide testimony on this issue.