

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



# GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

February 23, 2012

TO: HONORABLE SENATORS CLAYTON HEE, CHAIR, MAILE  
SHIMABUKURO VICE CHAIR AND MEMBERS OF THE COMMITTEE ON  
JUDICIARY AND LABOR

SUBJECT: **STRONG SUPPORT OF S.B. 2030, SD1 AND RECOMMENDED  
AMENDMENT. RELATING TO PROCUREMENT.** Allows a bidder to  
submit names and any corrections or amendments to a list of joint contractors or  
subcontractors up to two days prior to the closing date for submission of bids.  
(SD1)

### HEARING

DATE: Thursday, February 23, 2012

TIME: 10:00 A.M.

PLACE: Conference Room 016

Dear Chair Hee, Vice Chair Shimabukuro 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 S.B. 2030, SD1, Relating to Procurement and respectfully recommends an amendment in the attached Proposed SD2.

As drafted, S.B. 2030, SD1 would amend the current procurement procedure by amending Section 103D-302, Hawaii Revised Statutes (HRS) to allow bidder two (2) days prior to the closing date of submission of bids to submit the subcontractors listing and make any corrections. **However, as currently drafted, the SD1 version would not accomplish the current problems associated with the verification of the licensing of subcontractors listing, which is what the bill originally aimed to address.** Furthermore, the SD1 version does not address how each agency would collect the subcontractors bid submissions and how that information would then be distributed to a general contractor that may be planning to submit a bid proposal. Therefore, GCA is proposing the attached Proposed SD2, which it considered after recently meeting with various subcontractor groups. The Proposed SD2 will address the concerns regarding verification of the subcontractor licensing to reduce bid protests having to do with subcontractor listing issues.

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## A BILL FOR AN ACT

RELATING TO PROCUREMENT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

SECTION 1. Section 103D-302, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (g) to read:

"(g) Correction or withdrawal of inadvertently erroneous bids before or after award, or cancellation of invitations for bids, awards, or contracts based on such bid mistakes, shall be permitted in accordance with rules adopted by the policy board. After bid opening no changes in bid prices or other provisions of bids prejudicial to the interest of the public or to fair competition shall be permitted. Provided however that the chief procurement officer or head of a purchasing agency may allow modifications to subcontractors' nature and scope for clarification purposes and substitution of subcontractors that are not licensed to perform work within the nature or scope of the proposed bid. Except as otherwise provided by rule, all decisions to permit the correction or withdrawal of bids, or to cancel

awards or contracts based on bid mistakes, shall be supported by a written determination made by the chief procurement officer or head of a purchasing agency."

SECTION 2. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

GCA respectfully requests that the following underscored language be added to Section 103D-302 (g), HRS

(g) Correction or withdrawal of inadvertently erroneous bids before or after award, or cancellation of invitations for bids, awards, or contracts based on such bid mistakes, shall be permitted in accordance with rules adopted by the policy board. After bid opening no changes in bid prices or other provisions of bids prejudicial to the interest of the public or to fair competition shall be permitted. **Provided however that the chief procurement officer or head of a purchasing agency may allow modifications to subcontractors' nature and scope for clarification purposes and substitution of subcontractors that are not licensed to perform work within the nature or scope of the proposed bid.**

The proposed change will permit the chief procurement officer or head of a purchasing agency to allow modifications to subcontractors' nature and scope for clarification purposes. Further, the SD2 would permit the substitution of a subcontractor *only* if a subcontractor is not licensed to perform work within the nature of scope of the proposed bid. This will allow the agency and the general contractor to insure that all subcontractors meet all of the requirements to perform work on state and county projects, including meeting all licensing, bonding and insurance requirements, as applicable. This amendment will alleviate concerns by a general contractor who has mistakenly or inadvertently listed a subcontractor that may not hold the proper license or be considered a qualified subcontractor under current laws and administrative rules. 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 the chief procurement officer or head of a purchasing agency to verify the information that subcontractors provide. The proposed legislation does not permit the contractor to change its proposed bid amount. This will reduce the likelihood of errors and result in reducing the number of bid protests which often increase costs and delay public works projects for the state.

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

The GCA **strongly supports** the passage of S.B. 2030, SD1 and respectfully requests that this Committee consider and adopt the proposed SD2.

Thank you for the opportunity to share our views on this matter.



**Testimony to Senate Committee on Judiciary and Labor**

Thursday, February 23, 2012

10:00 a.m..

Capitol Room 016

**RE: S.B. 2030 SD1, Relating to Procurement**

Good morning Chair Hee, Vice-Chair Shimabukuro, and members of the Committee:

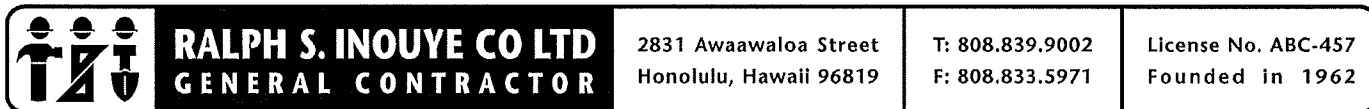
My name is Gladys Quinto Marrone, Government Relations Director for the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, BIA-Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii **supports** the intent S.B. 2030 SD1, relating to procurement. However, we respectfully request that this Committee adopt the proposed amendment by the General Contractors Association of Hawaii (GCA).

As currently drafted, S.B. 2030, SD1 would amend the current procurement procedure by amending Section I03D-302, Hawaii Revised Statutes (HRS) to allow bidder two (2) days prior to the closing date of submission of bids to submit the subcontractors listing and make any corrections. However, the SD1 version would not accomplish the current problems associated with the verification of the licensing of subcontractors listing, which is what the bill originally aimed to address. **Therefore, we respectfully request that you consider GCA's proposed SD2 version.**

We believe that GCA's proposed SD2 amendment will result in more complete and accurate bid submittals and reduce the number of potential bid protests.

For the foregoing reasons, BIA-Hawaii **supports** S.B. 2030 SD1 and recommends your Committee adopt the proposed SD2 by GCA.



Via E-mail: [JDLTestimony@capitol.hawaii.gov](mailto:JDLTestimony@capitol.hawaii.gov)  
Facsimile: (808) 586-7334

February 23, 2012

TO: HONORABLE SENATORS CLAYTON HEE, CHAIR, MAILE SHIMABUKURO  
VICE CHAIR AND MEMBERS OF THE COMMITTEE ON JUDICIARY AND  
LABOR

SUBJECT: **SUPPORT OF S.B. 2030, SD1 WITH RECOMMENDED GCA AMENDMENT  
RELATING TO PROCUREMENT.** Allows a bidder to submit names and any  
corrections or amendments to a list of joint contractors or subcontractors up to  
two days prior to the closing date for submission of bids. (SD1)

HEARING

DATE: Thursday, February 23, 2012  
TIME: 10:00 A.M.  
PLACE: Conference Room 016

Dear Chair Hee, Vice Chair Shimabukuro 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 **supports** the intent of S.B. 2030, SD1, Relating to Procurement, however we respectfully request this Committee adopt the proposed amendment by the General Contractors Association of Hawaii (GCA).

As currently drafted, S.B. 2030, SD1 would amend the current procurement procedure by amending Section I03D-302, Hawaii Revised Statutes (HRS) to allow bidder two (2) days prior to the closing date of submission of bids to submit the subcontractors listing and make any corrections. However, the SD1 version would not accomplish the current problems associated with the verification of the licensing of subcontractors listing, which is what the bill originally aimed to address. Therefore, we respectfully request that you consider GCA's proposed SD2 version.

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RSI **supports** S.B. 2030, SD1 with adoption of the proposed SD2 by GCA.

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LATE TESTIMONY  
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**BIA-HAWAII**  
BUILDING INDUSTRY ASSOCIATION

**Testimony to Senate Committee on Judiciary and Labor**

Thursday, February 23, 2012

10:00 a.m..

Capitol Room 016

**RE: S.B. 2030 SD1, Relating to Procurement**

Good morning Chair Hee, Vice-Chair Shimabukuro, and members of the Committee:

My name is Gladys Quinto Marrone, Government Relations Director for the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, BIA-Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii **supports** the intent S.B. 2030 SD1, relating to procurement. However, we respectfully request that this Committee adopt the proposed amendment by the General Contractors Association of Hawaii (GCA).

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For the foregoing reasons, BIA-Hawaii **supports** S.B. 2030 SD1 and recommends your Committee adopt the proposed SD2 by GCA.



**RALPH S. INOUE CO LTD**  
GENERAL CONTRACTOR

2831 Awaawaloa Street  
Honolulu, Hawaii 96819

T: 808.839.9002  
F: 808.833.5971

License No. ABC-457  
Founded in 1962

Via E-mail: [JDLTestimony@capitol.hawaii.gov](mailto:JDLTestimony@capitol.hawaii.gov)  
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LATE TESTIMONY

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DATE: Thursday, February 23, 2012  
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PLACE: Conference Room 016

Dear Chair Hee, Vice Chair Shimabukuro and Members of the Committee:

**Royal Contracting Co., Ltd. supports** the intent of S.B. 2030, SD1, Relating to Procurement, however we respectfully request this Committee adopt the proposed amendment by the General Contractors Association of Hawaii (GCA).

As currently drafted, S.B. 2030, SD1 would amend the current procurement procedure by amending Section 103D-302, Hawaii Revised Statutes (HRS) to allow bidder two (2) days prior to the closing date of submission of bids to submit the subcontractors listing and make any corrections. However, the SD1 version would not accomplish the current problems associated with the verification of the licensing of subcontractors listing, which is what the bill originally aimed to address. Therefore, we respectfully request that you consider GCA's proposed SD2 version.

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**Royal Contracting Co., Ltd. supports** S.B. 2030, SD1 and recommends adoption of the proposed SD2 by GCA.