



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

P.O. Box 119
Honolulu, Hawaii 96810-0119
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TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE
HOUSE COMMITTEE
ON
ECONOMIC REVITALIZATION & BUSINESS

March 15, 2012

9:45 a.m.

SB 2030, SD2

RELATING TO PROCUREMENT.

Chair McKelvey, Vice Chair Choy and committee members, thank you for the opportunity to testify on SB 2030, SD2. This bill proposes to amend §103D-302(g), competitive sealed bidding to allow for changes to the scope of work for a subcontractor "within five working days of bid opening".

The State Procurement Office (SPO) views this amendment of "within five working days of bid opening" as subject to interpretation on the actual number of days that fall 'within'. Also placing a fixed time limitation on amendments lengthen the procurement process because there are often numerous amendments issued.

The SPO submits the Attachment with additional amendments to §103D-302 to clarify the invitation to bid process to provide adequate notice rather than a 'publication'; allow for electronic procurement system submittal; clarify evaluation criteria shall be included in the invitation for bid document; clarify procurement officer determination; and includes amendments to subsection (g) for clarity.

Thank you.

Attachment

ATTACHMENT

SECTION 1. Section 103D-302, Hawaii Revised Statutes, is amended by amending subsections (c) and (d) to read as follows:

"(c) Adequate public notice of the invitation for bids shall be given a reasonable time before the due date set forth in the invitation for [~~the opening of~~] bids. The policy board shall adopt rules which specify:

- (1) The form that the notice is to take;
- (2) [~~What constitutes a reasonable interim~~] Minimum period between [~~publication~~] notice and bid [~~opening~~] due date; and
- (3) How notice may be [~~published~~] provided, including publication in a newspaper of general circulation, notice by mail to all persons on any applicable bidders mailing list, [~~publication~~] notice by any public or private telecommunication information network, or any other method of [~~publication~~] notice it deems to be effective.

(d) [~~Bids~~] Except for invitation for bids conducted on an electronic procurement system, bids shall be opened publicly in the presence of one or more witnesses, at the time and place designated in the invitation for bids. The amount of each bid

ATTACHMENT

and other relevant information specified by rule, together with the name of each bidder shall be recorded~~[— The record]~~ and ~~[each bid]~~ shall be open to public inspection. Bid results for procurements conducted on an electronic procurement system shall be available on the system."

SECTION 2. Section 103D-302, Hawaii Revised Statutes, is amended by amending subsection (f) and (g) to read as follows:

"(f) Bids shall be evaluated based on the requirements set forth in the invitation for bids. These requirements may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price and be considered in evaluation for award shall be stated in the invitation for bids and objectively measurable, such as discounts, transportation costs, and total or life cycle costs. ~~[The invitation for bids shall set forth the evaluation criteria to be used.]~~ No criteria may be used in bid evaluation that are not set forth in the invitation for bids.

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ATTACHMENT

(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]~~ due date 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 that the chief procurement officer of head of a purchasing agency may:

(1) Allow the scope of work for a listed subcontractor to be expanded within five working days prior to of bid opening due date; provided further that the listed subcontractor possesses the proper contractor's license to include the expanded work; and

(2) Permit a previously suspended or forfeited licensed and listed subcontractor whose license was suspended or forfeited at bid time to have the subcontractor's license to be reinstated before the upon receipt of licenses prior to contract award.

ATTACHMENT

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~~]."

DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • INTERNET: www.honolulu.gov

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

Rep. Angus L.K. McKelvey, Chair,
Rep. Isaac W. Choy, Vice Chair,
and Members of Committee on
Economic Revitalization & Business
House of Representatives
The Twenty-Sixth State Legislature
State Capitol
Honolulu, Hawaii 96813

Dear Chair McKelvey, Vice Chair Choy and Members:

Subject: ERB Committee – March 13, 2012 at 8:30 a.m. HST
Senate Bill No. 2030 Relating to Procurement

Thank you for the opportunity to testify on Senate Bill No. 2030. The City & County of Honolulu supports S.B. 2030 which allows the chief procurement officer or head of a purchasing agency to expand the scope of work in a bid for a listed subcontractor, with certain conditions, after bid opening.

Thank you for the opportunity to testify.

103

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: House Committee on Economic Revitalization and Business
Representative Angus L.K. McKelvey, Chair

Presented By: Tim Lyons
President

Subject: S.B. 2030, SD 2 – RELATING TO PROCUREMENT

Chair McKelvey and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii and we support this bill with amendments. 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

We have attached to our testimony a proposed H.D. 1 which we believe has most of the agreement among the various parties. This bill has drastically changed since it was here originally however, after identifying the problems it was much easier to focus in on a "fix" for those problems.

The proposed H.D. 1 allows for a procurement officer to permit an expansion of the work that was list for a subcontractor as long as it is for clarification purposes. It also allows for a situation where a contractor whose insurance has not been renewed and, therefore, they are on suspension or forfeited status to continue to be considered for the job as listed as long as their license is reinstated before the award.

We would suggest to you that both of these "fixes" will help in expediting bids and in lessening bid protests and therefore, we support the proposed H.D. 1 that we submitted.

Thank you.

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 by amending subsection (g) to read as follows:

"(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 that the chief procurement officer or head of a purchasing agency may:

- (1) Allow the scope of work for a listed subcontractor to be expanded for clarification purposes only within five working days of bid opening provided that substitution of subcontractors or adding new subcontractors not previously listed for the project is not allowed, and; provided further that the listed subcontractor possesses the proper contractor's license to include the expanded work; and

(2) Permit a previously licensed and listed subcontractor whose license was suspended or forfeited *due to insurance discrepancies* at bid time to *be considered valid as long as* have the subcontractor's license *is* reinstated before the award.

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 on July 1, 2050.

Report Title:

Procurement; Joint Contractors and Subcontractors

Description:

Allows the chief procurement officer or head of a purchasing agency to expand the scope of work in a bid for a listed subcontractor, with certain conditions, after bid opening. Effective 07/01/50. (Proposed HD 1)

1065 Ahua Street
Honolulu, HI 96819
Phone: 808-833-1681 FAX: 839-4167
Email: info@gcahawaii.org
Website: www.gcahawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

March 13, 2012

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

SUBJECT: **STRONG SUPPORT OF S.B. 2030, SD2. RELATING TO PROCUREMENT.** Allows the chief procurement officer or head of a purchasing agency to expand the scope of work in a bid for a listed subcontractor, with certain conditions, after bid opening. Effective 07/01/50. (SD2)

HEARING

DATE: Tuesday, March 13, 2012

TIME: 8:30 a.m.

PLACE: Conference Room 312

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 80th anniversary this year; GCA remains the largest construction association in the State of Hawaii whose mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest. GCA **strongly supports** the passage of S.B. 2030, SD2, Relating to Procurement and recommends that no changes be made to the current version.

S.B. 2030, SD2 would amend the current procurement procedure by amending Section I03D-302, Hawaii Revised Statutes (HRS). This bill provides that the chief procurement officer or head of a purchasing agency may allow the scope of work for a listed subcontractor, with certain conditions, to be expanded after bid opening. This measure will also permit a previously licensed and listed subcontractor whose license was suspended or forfeited at bid time to have its license reinstated before award.

GCA has been working with some subcontractors on this bill and believes the current language achieves its intended result, which is to curb bid protests relating to clarifications and interpretations of scope of work issues and save taxpayer money by avoiding awards to 2nd low bidders. Some concerns may still be raised by the subcontractors related to the situations in which the procuring officer may expand the scope of a listed subcontractor; however these concerns have been mitigated. Although, the bid-listing corrections permitted by the procuring agencies in the bill does not eliminate all inadvertent bid-listing errors, such as simply forgetting to name a critical subcontractor in a rush to get a bid submitted in time, it is a reasonable start in preventing the disqualification of low-bidders who make innocent errors in bid-listing.

AKG

This measure 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.

First, this measure will increase efficiency in the procurement process, by enabling the chief procurement officer or head of a purchasing agency to allow the scope of work of a listed subcontractor to be expanded within five days of bid opening, reducing the chances of bid protest for these types of issues. Second, this bill will also allow a previously licensed and listed subcontractor whose license was not valid at bid time a period to cure any discrepancies prior to the award date. This would allow the purchasing agencies to make the award to the low bidder instead of having to disqualify the low bid.

The GCA believes that this bill will reduce the number of potential bid protests and increase the likelihood of awards going to the lowest bidder.

The GCA **strongly supports** the passage of S.B. 2030, SD2 and respectfully requests that this Committee pass this measure.

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



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

Uploaded via Capitol Website

March 13, 2012

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

SUBJECT: **STRONG SUPPORT OF S.B. 2030, SD2 RELATING TO
 PROCUREMENT.** Allows the chief procurement officer or head of a
 purchasing agency to expand the scope of work in a bid for a listed subcontractor,
 with certain conditions, after bid opening. Effective 07-01-50. (SD2)

HEARING

DATE: Tuesday, March 13, 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** S.B. 2030, SD 2, Relating to Procurement and recommends no changes be made.

S.B. 2030, SD2 would alleviate many of the problems associated with the subcontractor listing requirement on public works construction projects.

This bill provides that the chief procurement officer or head of a purchasing agency may allow the scope of work for a listed subcontractor, with certain conditions, to be expanded after bid opening. This measure will also permit a previously licensed and listed subcontractor whose license was suspended or forfeited at bid time to have its license reinstated before award.

This bill will reduce the number of potential bid protests relating to clarifications and interpretations of scope of work issues and allow a previously licensed subcontractor time to have its license reinstated before disqualifying the bid.

RSI supports S.B. 2030, SD2 and recommends its adoption with no changes.



general contractor license #ABC 21576

Via E-mail: ERBTestimony@capitol.hawaii.gov
Facsimile: (808) 586-8479

March 12, 2012

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

SUBJECT: **STRONG SUPPORT OF S.B. 2030, SD2. RELATING TO PROCUREMENT.**
Allows the chief procurement officer or head of a purchasing agency to expand the scope of work in a bid for a listed subcontractor, with certain conditions, after bid opening. Effective 07/01/50. (SD2)

HEARING

DATE: Tuesday, March 13, 2012
TIME: 8:30 A.M.
PLACE: Conference Room 312

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

LYZ, Inc. strongly supports S.B. 2030, SD2, Relating to Procurement and recommends no changes be made.

S.B. 2030, SD2 would alleviate many of the problems associated with the subcontractor listing requirement on public works construction projects.

This bill provides that the chief procurement officer or head of a purchasing agency may allow the scope of work for a listed subcontractor, with certain conditions, to be expanded after bid opening. This measure will also permit a previously licensed and listed subcontractor whose license was suspended or forfeited at bid time to have its license reinstated before award.

This bill will reduce the number of potential bid protests relating to clarifications and interpretations of scope of work issues and allow a previously licensed subcontractor time to have its license reinstated before disqualifying the bid.

LYZ, Inc. supports S.B. 2030, SD2 and recommends its adoption with no changes.

A handwritten signature in black ink, appearing to read 'James N. Kurita', is written over a circular stamp or seal.

James N. Kurita
Vice President/ Chief Operating Officer



Testimony of Maurice Morita
Assistant Director
Hawaii LECET
1617 Palama Street
Honolulu, HI 96817

HOUSE COMMITTEE ON ECONOMIC REVITALIZATION & BUSINESS
Thursday, March 15, 2012
8:30 a.m., Conference Room 312

SB 2030, SD2 - RELATING TO PROCUREMENT

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

My name is Maurice Morita and I am the assistant director of Hawaii LECET (Laborers-Employers Cooperation and Education Trust). Hawaii LECET is a partnership between the Hawaii Laborers' Union, Local 368 and our union contractors.

The Hawaii LECET **strongly supports** SB 2030, SD2, which allows the chief procurement officer or head of a purchasing agency to expand the scope of work in a bid for a listed subcontractor, with certain conditions, after bid opening.

The Hawaii LECET feels SB 2030, SD2, would alleviate many of the problems associated with the subcontractor listing requirement on public works construction projects.

The bill provides that the chief procurement officer or head of a purchasing agency may allow the scope of work for a listed subcontractor, with certain conditions, to be expanded after bid opening. This measure will also permit a previously licensed and listed subcontractor whose license was suspended or forfeited at bid time to have its license reinstated before award.

SB 2030, SD2, will reduce the number of potential bid protests relating to clarifications and interpretations of scope of work issues and allow previously licensed subcontractors time to have its license reinstated before disqualifying the bid.

Thank you for the opportunity to submit this testimony.



Testimony of C. Mike Kido
External Affairs
The Pacific Resource Partnership

House Committee on Economic Revitalization and Business
Representative Angus L.K. McKelvey, Chair
Representative Isaac W. Choy, Vice Chair

SB 2030, SD2 – Relating to Procurement
Thursday, March 15, 2012
9:45 am
Conference Room 312

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

My name is C. Mike Kido, External Affairs of the Pacific Resource Partnership (PRP), a labor-management consortium representing over 240 signatory contractors and the Hawaii Regional Council of Carpenters, formerly the Hawaii Carpenters Union.

PRP supports SB 2030, SD2 Relating to Procurement which allows the chief procurement officer or head of a purchasing agency to expand the scope of work in a bid for a listed subcontractor, with certain conditions, after bid opening.

This bill provides that the chief procurement officer or head of purchasing agency may allow the scope of work for a listed subcontractor, with certain conditions, to be expanded after bid opening. This measure will also permit a previously licensed and listed subcontractor whose license was suspended or forfeited at bid time to have its license reinstated before award.

This measure will reduce the number of potential bid protests relating to clarifications and interpretations of scope of work issues. This measure will also allow the agency and the general contractor to ensure 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.

Thank you for the opportunity to share our views with you and we respectfully ask for your support on SB 2030, SD2.

Leonard K.P. Leong
Vice President

Via E-mail: ERBTestimony@capitol.hawaii.gov
Facsimile: (808) 586-8479

March 13, 2012

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



SUBJECT: **STRONG SUPPORT OF S.B. 2030, SD2. RELATING TO
PROCUREMENT.** Allows the chief procurement officer or head of a
purchasing agency to expand the scope of work in a bid for a listed
subcontractor, with certain conditions, after bid opening. Effective
07/01/50. (SD2)

HEARING

DATE: Tuesday, March 13, 2012
TIME: 8:30 A.M.
PLACE: Conference Room 312

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

**Royal Contracting Co., Ltd. strongly supports S.B. 2030, SD2, Relating to
Procurement and recommends no changes be made.**

S.B. 2030, SD2 would alleviate many of the problems associated with the subcontractor
listing requirement on public works construction projects.

This bill provides that the chief procurement officer or head of a purchasing agency may
allow the scope of work for a listed subcontractor, with certain conditions, to be
expanded after bid opening. This measure will also permit a previously licensed and
listed subcontractor whose license was suspended or forfeited at bid time to have its
license reinstated before award.

This bill will reduce the number of potential bid protests relating to clarifications and
interpretations of scope of work issues and allow a previously licensed subcontractor
time to have its license reinstated before disqualifying the bid.

**Royal Contracting Co., Ltd. supports S.B. 2030, SD2 and recommends its adoption
with no changes.**

PLUMBING & MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII



TELEPHONE: (808) 597-1216
FAX: (808) 597-1409
1314 S. King Street, Suite 961
Honolulu, Hawaii 96814

GREGG S. SERIKAKU
EXECUTIVE DIRECTOR

Via Email

March 13, 2012

Representative Angus L.K. McKelvey
Committee on Economic Revitalization and Business
House of Representatives
The Twenty-Sixth Legislature, Regular Session of 2012

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

SUBJECT: SB2030 SD2 - 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.

Our Association, together with the Subcontractors Association of Hawaii and various other sub-trade associations have worked with representatives from the General Contractors Association of Hawaii (GCA) to draft language that will both expedite procurement and mitigate the exposure to "bid shopping" for specialty contractors.

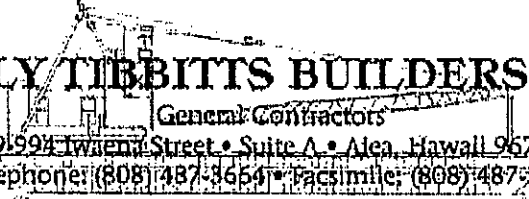
SB2030 SD2 was the initial result of our discussions and represents a very good start, however, there are several sections in the bill that need clarification and we have continued to work with the parties involved on amending these sections.

In this regard, **we support the proposed SB2030 SD2 HD1 drafted by the Subcontractors Association of Hawaii.**

Thank you for this opportunity to testify.

Respectfully yours,

Gregg S. Serikaku
Executive Director



HEALY TIBBITTS BUILDERS, INC.

General Contractors

991994 Twentieth Street • Suite A • Aiea, Hawaii 96701

Telephone: (808) 487-3664 • Facsimile: (808) 487-3660

Via E-mail: ERBT@hawaii.gov

Facsimile: (808) 586-8479

March 13, 2012

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

SUBJECT: **STRONG SUPPORT OF S.B. 2030, SD2. RELATING TO
PROCUREMENT.** Allows the chief procurement officer or head of a
purchasing agency to expand the scope of work in a bid for a listed
subcontractor, with certain conditions, after bid opening. Effective
07/01/50. (SD2)

HEARING

DATE: Tuesday, March 13, 2012
TIME: 8:30 A.M.
PLACE: Conference Room 312

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

Healy Tibbitts Builders, Inc. **strongly supports** S.B. 2030, SD2, Relating to
Procurement and recommends no changes be made.

S.B. 2030, SD2 would alleviate many of the problems associated with the subcontractor
listing requirement on public works construction projects.

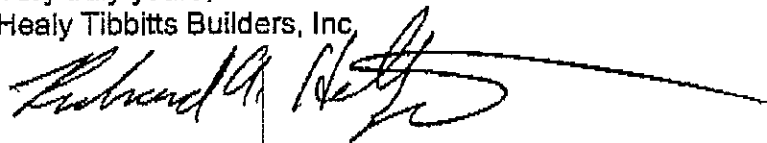
This bill provides that the chief procurement officer or head of a purchasing agency may
allow the scope of work for a listed subcontractor, with certain conditions, to be
expanded after bid opening. This measure will also permit a previously licensed and
listed subcontractor whose license was suspended or forfeited at bid time to have its
license reinstated before award.

This bill will reduce the number of potential bid protests relating to clarifications and
interpretations of scope of work issues and allow a previously licensed subcontractor
time to have its license reinstated before disqualifying the bid.

Honorable Angus McKelvey, Chair
House Committee on Economic Revitalization & Business
March 13, 2012
Page 2 of 2

Healy Tibbitts Builders, Inc. supports S.B. 2030, SD2 and recommends its adoption with no changes.

Very truly yours,
Healy Tibbitts Builders, Inc.

A handwritten signature in black ink, appearing to read "Richard A. Heltzel", with a long horizontal flourish extending to the right.

Richard A. Heltzel
President



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 14, 2012

To: The Honorable Representative Angus McKelvey, Chair
The Honorable Representative Isaac Choy, Vice Chair
And Members of the Economic Revitalization & Business Committee

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

Subject: SB2030, SD2, Relating to Procurement

Notice of Hearing

Date: Thursday, March 15, 2012
Time: 9:45 AM
Place: Conference Room 312
State Capitol
415 South Beretania Street

Dear Chair Angus McKelvey, Vice Chair Isaac Choy 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 general intent and purpose of SB2030, SD2 **with modifications** to Section 103D-302, Hawaii Revised Statutes. This would allow the chief procurement officer or head of a purchasing agency some flexibility to expand the scope of work in a bid for a listed subcontractor, with certain conditions, after bid opening.

During the development of this bill, members of the Subcontractors Association of Hawaii (SAH) and the General Contractors Association (GCA) have been meeting in an attempt to find language that would be acceptable to both parties. While we are very close to an agreement, there are still some issues that prevent us from a compromise position acceptable to both parties. We have agreed to continue discussions.

As a group, the various trade associations that make up SAH have all agreed to allow the expansion of the scope of work for clarification purposes only of a listed subcontractor after the bid opening. Therefore, Section 1(g)(1) should read, "Allow the scope of work for a listed subcontractor to be expanded for clarification purposes only within five working days of bid opening;.....".

In addition, we agreed to allow some flexibility of a disqualified subcontractor whose license was suspended or forfeited due to an insurance discrepancy at bid time as long as the discrepancy is cured before the bid award. The intent of this compromise is not to allow any and all suspensions or

forfeitures of licenses. We are not promoting or condoning contractors that have violations other than an insurance discrepancy that can be cured before the bid award. Section 1(g)(2) should read, "Permit a previously licensed and listed subcontractor whose license was suspended or forfeited due to insurance discrepancies at bid time to be considered valid as long as the subcontractor's license is reinstated before the award."

ECAH **supports** the passage of SB2030, SD2 **as modified**.

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

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 12, 2012 6:10 AM
To: ERBtestimony
Cc: gnohara@genbahawaii.com
Subject: Testimony for SB2030 on 3/13/2012 8:30:00 AM

Testimony for ERB 3/13/2012 8:30:00 AM SB2030

Conference room: 312
Testifier position: Support
Testifier will be present: No
Submitted by: Glenn Nohara
Organization: Genba Hawaii, Inc.
E-mail: gnohara@genbahawaii.com
Submitted on: 3/12/2012

Comments:

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

Genba Hawaii, Inc. strongly supports S.B. 2030, SD2, Relating to Procurement and recommends no changes be made.

S.B. 2030, SD2 would alleviate many of the problems associated with the subcontractor listing requirement on public works construction projects.

This bill provides that the chief procurement officer or head of a purchasing agency may allow the scope of work for a listed subcontractor, with certain conditions, to be expanded after bid opening. This measure will also permit a previously licensed and listed subcontractor whose license was suspended or forfeited at bid time to have its license reinstated before award.

This bill will reduce the number of potential bid protests relating to clarifications and interpretations of scope of work issues and allow a previously licensed subcontractor time to have its license reinstated before disqualifying the bid.

Genba Hawaii, Inc. supports S.B. 2030, SD2 and recommends its adoption with no changes.

Sincerely,
Glenn Nohara
President