

**DEPARTMENT OF DESIGN AND CONSTRUCTION
CITY AND COUNTY OF HONOLULU**

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LATE

PETER B. CARLISLE
MAYOR



LORI M.K. KAHIKINA, P.E.
DIRECTOR

CHRIS TAKASHIGE, P.E.
DEPUTY DIRECTOR

February 9, 2012

The Honorable Will Espero, Chair
and Members
Senate Committee on Public Safety, Government Operations, and Military Affairs
State Capitol
Honolulu, Hawaii 96813

Dear Chair Espero and Members:

Subject: Senate Bill No. 2030, Relating to Procurement

The Department of Design and Construction (DDC) respectfully **opposes** SB 2030. The bill proposes to allow bidders for construction contracts two days after bid closing to submit the required information on joint contractors and subcontractors, and any additions or deletions to lists of joint contractors or subcontractors that were previously submitted.

This proposed revision to the bidding process would delay execution of construction contracts with no benefit to the City. For this reason DDC respectfully opposes SB 2030.

Thank you for the opportunity to testify.

Very truly yours,

A handwritten signature in black ink that reads "Lori M. K. Kahikina".

fn Lori M. K. Kahikina, P.E.
Director

LK/WB :lm

LATE TESTIMONY

KING & NEEL, INC.

1164 Bishop Street • Suite 1710 • Honolulu, Hawaii 96813
Telephone: (808) 521-8311
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Via E-mail: PGMTestimony@capitol.hawaii.gov
Facsimile: (808) 586-6361

February 7, 2012

TO: HONORABLE SENATORS WILL ESPERO, CHAIR, MICHELLE KIDANI,
VICE CHAIR AND MEMBERS OF THE COMMITTEE ON PUBLIC
SAFETY, GOVERNMENT OPERATIONS AND MILITARY AFFAIRS

SUBJECT: **STRONG SUPPORT OF S.B. 2030, RELATING TO PROCUREMENT.**
Allows a bidder 2 additional days after the bid submission closing date to
submit names of joint contractors or subcontractors. Requires the
opening of bids at the close of the 2-day period.

NOTICE OF HEARING

DATE: Tuesday, February 7, 2012
TIME: 2:45 p.m..
PLACE: Conference Room 224

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

King & Neel, Inc. strongly supports the passage of S.B. 2030, Relating to
Procurement.

S.B. 2030 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 and any corrections or amendment to the subcontractor listing. 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.

King & Neel, Inc. strongly supports S.B. 2030 and recommends its passage.

LATE TESTIMONY



RALPH S. INOUE CO LTD
GENERAL CONTRACTOR

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Dear Chair Espero, Vice Chair Kidani 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 S.B. 2030, Relating to Procurement.

S.B. 2030 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 and any corrections or amendment to the subcontractor listing. 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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RSI strongly supports S.B. 2030 and recommends its passage. Thank you for the opportunity to provide our views on this measure.