

STAND. COM. REP. NO.

1038

Honolulu, Hawaii

MAR 22 2013

RE: H.B. No. 1374  
H.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Madam:

Your Committee on Economic Development, Government Operations and Housing, to which was referred H.B. No. 1374, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to reform the state procurement process by:

- (1) Making a contractor's past performance on similar public agency projects a factor in the bid selection of contractors; and
- (2) Requiring bidders to submit information and assessments of their prior work on similar public agency projects.

Your Committee received testimony in support of this measure from the Department of Education, BIA-Hawaii, The Chamber of Commerce of Hawaii, Hawaii Regional Council of Carpenters, and Pacific Resource Partnership. Your Committee received testimony in opposition to this measure from the Department of Accounting and General Services, Department of Transportation, and State Procurement Office. Your Committee received comments on this measure from the General Contractors Association of Hawaii.

Prior to the hearing on this measure, your Committee made available for public review a proposed S.D. 1, which amends the measure by removing its contents and inserting language



prohibiting certain persons from serving as a chief procurement officer, and amending the designation of the chief procurement officer for the following state and county agencies:

- (1) Office of Hawaiian Affairs;
- (2) University of Hawaii;
- (3) Department of Education;
- (4) Hawaii Health Systems Corporation;
- (5) The Honolulu, Kauai, and Maui Boards or Departments of water supply;
- (6) The Hawaii Board of Water Supply; and
- (7) The semi-autonomous public transit agency.

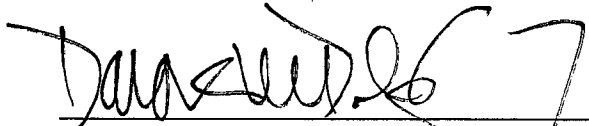
Your Committee received testimony in support of the proposed S.D. 1 from the University of Hawaii, Hawaii Regional Council of Carpenters, and Pacific Resource Partnership. Your Committee received testimony in opposition to the proposed S.D. 1 from the Department of Education and the City and County of Honolulu Board of Water Supply. Your Committee received comments on the proposed S.D. 1 from the Department of Transportation, State Procurement Office, and one individual.

Upon further consideration of the original measure as received by your Committee and the proposed S.D. 1, and testimony submitted for both measures, your Committee prefers the contents of the original measure, as it finds that there is a dire need to reform the procurement process in Hawaii and ensure that taxpayer dollars are not wasted. Your Committee received testimony that some construction contractors with a history of delay, cost overruns, and violations on public projects continue to be able to secure work on public projects because too much attention is paid to finding the lowest bidder. This results in wasted taxpayer dollars, as delays or remediation work increase the final cost of the project. By requiring consideration of a contractor's past performance on similar projects in the bid selection process, this measure will help ensure that public projects are completed to specification, in a timely manner, and without cost overruns.



As affirmed by the record of votes of the members of your Committee on Economic Development, Government Operations and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1374, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

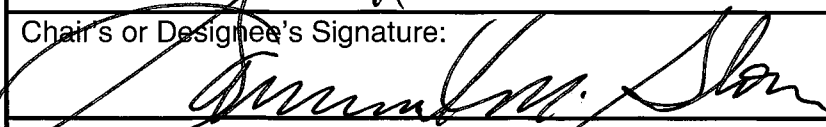
Respectfully submitted on  
behalf of the members of the  
Committee on Economic  
Development, Government  
Operations and Housing,

  
DONOVAN M. DELA CRUZ, Chair



The Senate  
Twenty-Seventh Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Economic Development, Government Operations and Housing**  
**EGH**

Bill / Resolution No.:	Committee Referral:	Date:		
HB 1374 HD1	EGH, WAM	3/21/13		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input checked="" type="checkbox"/> Pass, unamended 2312 <input type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
SLOM, Sam (VC)	X			
BAKER, Rosalyn H.	X			
CHUN OAKLAND, Suzanne				X
ENGLISH, J. Kalani	X			
THIELEN, Laura H.				X
WAKAI, Glenn	X			
<b>TOTAL</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>2</b>
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

\*Only one measure per Record of Votes