



**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

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TESTIMONY  
OF  
SARAH ALLEN, ACTING ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE  
ON  
ECONOMIC DEVELOPMENT AND BUSINESS

March 18, 2014, 9:00 AM

HCR No. 177

REQUESTING THE STATE PROCUREMENT OFFICE TO CONDUCT A STUDY ON  
DEBARMENTS AND SUSPENSIONS OF STATE CONTRACTORS

Chair Tsuji, Vice-Chair Ward, and members of the committee, thank you for the opportunity to submit testimony on HCR 177/HR 135.

The State Procurement Office's (SPO) opposes a study as the information on suspension and debarment for the last ten years is provided in the attached Addendum. Over this time, there were 13 suspensions associated with the Procurement code (HRS §103D), and 16 suspensions associated with the Department of Labor (HRS §104). There have been no debarments during that period. The SPO does not have the resources or knowledge to verify if any guilty felony criminal conviction of a contractor resulted in suspension. Any further information that is requested by this study, as delineated in HCR177/HR135 numbers 1 through 11, is not available. A study at the SPO level would not result in any new details.

The SPO strongly opposes any mandatory debarment or elimination of suspension. Removing a Chief Procurement Officer's (CPO) ability to suspend a contractor and mandating debarment denies both the purchasing agency and contractor due process. Mandating debarment is not in alignment with the majority of the 50 States or the Federal Acquisition Regulations (FAR).

At a minimum, SPO proposes to provide guidance, through procurement circular, by directing purchasing jurisdictions to the Federal System for Award Management (SAM). SAM contains the electronic roster of debarred companies excluded from Federal procurement and non-procurement programs throughout the U.S. Government (unless otherwise noted) and from receiving Federal contracts or certain subcontracts and from certain types of Federal financial and nonfinancial assistance and benefits. The SAM system combines data from the Central Contractor Registration, Federal Register, Online Representations and Certification Applications, and the Excluded Parties List System.

An assessment to determine infrastructure needs required to validate with the Judiciary, Department of Labor and Industrial Relations, Department of Taxation, Department of

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Senate Committee on Economic Development & Business

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Commerce and Consumer Affairs, and any other compliance agency would require additional resources and legislative appropriation of at least \$50,000 (consultant fees).

Thank you.

**A. Suspension per HRS §103D**

#	Reference	Posting Date	Name of Person or Firm	Reason	Suspended From:	Suspended To:	Remarks
1	PC 2008-10	11/5/2008	Diversified Janitorial Services, Inc.	HRS §103D-702; HAR chapter 3-126, subchapter 2	10/10/2008	1/10/2009	Suspended by C&C of Honolulu
2	PC 2008-10 Amend 1	1/9/2009	Diversified Janitorial Services, Inc.	HRS §103D-702; HAR chapter 3-126, subchapter 2 Suspension extended	10/10/2008	2/9/2009	Suspension requested by C&C Honolulu
3	PC 2008-10 Amend 2	2/19/2009	Diversified Janitorial Services, Inc.	Suspension rescinded	N/A	N/A	PC 2008-10, Amend 2 rescinds PC 2008-10, Amend 1
4	PC 2011-10	12/28/2011	Douglas E. Luiz II dba Diversified Plumbing & Air Conditioning	HRS §103D-702; HAR chapter 3-126, subchapter 2	12/28/2011	3/27/2012	Suspension requested by C&C Honolulu
5	PC 2011-10 Amend 1	1/9/2012	Douglas E. Luiz II dba Diversified Plumbing & Air Conditioning	Suspension clarification	N/A	N/A	PC adds in paragraph to PC 2011-10 that Douglas E. Luiz II can perform on any existing contracts including services provided as a subcontractor, during
6	PC 2011-10 Amend 2	1/13/2012	Douglas E. Luiz II dba Diversified Plumbing & Air Conditioning	Suspension rescinded	N/A	N/A	PC 2011-10, Amend 2 rescinds PC 2011-10 and PC 2011-10, Amend 1
7	PC 2012-07	9/19/2012	Millenium Security Inc.	HRS §103D-702; HAR chapter 3-126, subchapter 2	8/22/2012	11/21/2012	Suspension requested by C&C Honolulu
8	PC 2012-08	10/24/2012	Millenium Security Inc.	HRS §103D-702; Suspension extended	8/22/2012	11/21/2012	Suspension requested by C&C Honolulu
9	PC 2012-09	11/20/2012	Millenium Security Inc.	HRS §103D-702; Suspension extended	8/22/2012	12/31/2012	Suspension requested by C&C Honolulu
10	PC 2012-12	12/31/2012	Millenium Security Inc.	HRS §103D-702; Suspension extended	8/22/2012	2/28/2013	Suspension requested by C&C Honolulu
11	PC 2013-02	3/1/2013	Millenium Security Inc.	HRS §103D-702; Suspension extended	8/22/2012	5/29/2013	Suspension requested by C&C Honolulu
12	PC 2013-02 Amend 1	3/20/2013	Millenium Security Inc.	HRS §103D-702; Suspension lifted	8/22/2012	3/8/2013	Suspension lifted by C&C Honolulu upon completion of a formal investigation
13	PC 2014-05	To Be Posted	Pacific Landmark Group, Inc.	HRS §103D-702; HAR chapter 3-126, subchapter 2	2/14/2014	5/13/2014	Suspended by C&C of Honolulu pending completion of formal investigation

<b>A. Suspension per HRS §104</b>							
#	Reference	Posting Date	Name of Person or Firm	Reason	Suspended From:	Suspended To:	Remarks
1	PC2012-10	11/20/2012	A & J Painting, LLC	DLIR HRS §104-25 Suspension	4/12/2012	4/11/2015	DLIR
2	PC2011-09	11/17/2011	American Industrial Insulation, LLC	DLIR HRS §104-25 Suspension	9/19/2011	9/18/2014	DLIR
3	PC 2013-09	7/9/2013	Angello's Construction, LLC	DLIR HRS §104-25 Suspension	11/29/2012	11/28/2015	PC instructs to go to DLIR Chapter 104 Suspension List
4	PC2012-11	12/31/2012	Constante Medina dba Voltage Electric	DLIR HRS §104-25 Suspension	11/15/2012	11/14/2015	DLIR
5	PC2013-09	7/9/2013	CTS Earthmoving, Inc.	DLIR HRS §104-25 Suspension	3/28/2013	Suspended from all work until all back wages and penalties are paid in full	DLIR
6	PC 2013-03	3/20/2013	Cy K. Crabbe dba Aikane Electric dba Aikane Electric, LLC dba Aikane Electric Services dba Aikane Electric Services, LLC	DLIR HRS §104-25 Suspension	1/15/2013	1/14/2016	DLIR
7	PC2013-09	7/9/2013	Engel Insulation & Firm Fill, Inc.	DLIR HRS §104-25 Suspension	6/25/2013	6/24/2016	DLIR
8	PC 2012-01	2/14/2012	Malafau Contractors, LLC	DLIR HRS §104-25 Suspension	1/19/2012	1/18/2015	DLIR
9	PC 2012-10	11/20/2012	N/A	DLIR HRS §104-25 Suspension	N/A	N/A	FYI on DLIR contractors; No changes from previous list
10	PC 2012-11	12/31/2012	Paul B.J. Suh fka Bong Jun So dba B.J. Brothers' Painting & Decorating dba BJ's Brothers Painting	DLIR HRS §104-25 Suspension	11/14/2012	11/13/2015	DLIR
11	PC 2011-09	11/17/2011	Stanley Kipu dba Stan's Glass	DLIR HRS §104-25 Suspension	6/9/2011	6/8/2014	DLIR
12	PC2012-10	11/20/2012	Stauffer Enterprises, Inc	DLIR HRS §104-25 Suspension	8/31/2012	8/30/2015	DLIR
13	PC2013-09	7/9/2013	TP Builders, Inc.	DLIR HRS §104-25 Suspension	9/4/2013	9/3/20116	DLIR
14	PC2013-09	7/9/2013	Tri-Point Group, LLC	DLIR HRS §104-25 Suspension	9/27/2013	9/26/2016	DLIR
15	PC2013-09	7/9/2013	Y.S. Construction, Inc.	DLIR HRS §104-25 Suspension	4/26/2013	4/25/2016	DLIR
16	PC 2010-06	12/21/2010	Yama's Roofing, Inc.	DLIR HRS §104-25 Suspension	11/5/2010	11/4/2013	DLIR

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**TESTIMONY TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT  
AND BUSINESS**

**Tuesday, March 18, 2014**

**9:00 a.m.**

**State Capitol - Room, 312**

**RE: HCR 177, REQUESTING THE STATE PROCUREMENT OFFICE TO  
CONDUCT A STUDY ON DEBARMENTS AND SUSPENSIONS OF STATE  
CONTRACTORS, AND HCR 213, REQUESTING THE DEPARTMENT OF  
ACCOUNTING AND GENERAL SERVICES TO CONDUCT A COMPREHENSIVE  
REPORT IDENTIFYING THE COMMON REASONS FOR DELAY IN THE  
PROCUREMENT, PLANNING, DESIGN, PERMITTING, AND CONSTRUCTION  
OF PUBLICLY FUNDED CONSTRUCTION PROJECTS.**

Dear Chair Tsuji, Vice-Chair Ward, and members of the Committee,

My name is Gladys Marrone, Government Relations Director for the Building Industry Association of Hawaii (BIA-Hawaii), the Voice of the Construction Industry. We promote our members through advocacy and education, and provide community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization chartered in 1955, and affiliated with the National Association of Home Builders.

This Legislature passed S.C.R. 92 in 2013, SLH, which requested the Comptroller to establish a task force to study the State Procurement Code and identify amendments that would increase economy, efficiency, effectiveness, and impartiality in the procurement of public works construction projects.

We request this Committee hold H.C.R. 177 and H.C.R. 213 until 2015, when the Task Force is required to submit its report on findings and proposed legislation to the Legislature.

We appreciate the opportunity to share with you our views.