

Honolulu, Hawaii

MAR 03 2016

RE: S.B. No. 2501
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2501, S.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 require public agencies to consider the past performance of contractors before awarding contracts.

Specifically, this measure:

- (1) Requires public agencies to consider a contractor's previous work on similar projects before awarding a contract;
- (2) Requires each public agency that issues a request for proposals to evaluate a contractor's performance upon completion of a procurement contract and to maintain those evaluations in the public agency's files; and
- (3) Appropriates funds to the State Procurement Office to implement this measure.

Your Committee received written comments in support of this measure from the State Procurement Office and the Department of Transportation.



Your Committee received written comments in opposition to this measure from the City and County of Honolulu Department of Budget and Fiscal Services, the Subcontractors Association of Hawaii, and one individual.

The General Contractors Association of Hawaii and the City and County of Honolulu Department of Design and Construction submitted comments on this measure.

Your Committee finds that while the state procurement code presently authorizes procurement officers to consider a potential awardee's past performance, many procurement officers do not adequately weigh the historical performances of bidders and award contracts only based upon the lowest bid. Your Committee believes that this measure will provide better guidance to procurement officers when considering the performance history of bidders. Your Committee notes that the measure provides for an appropriation of \$500,000 for the State Procurement Office to implement the measure's requirements.

Your Committee has amended this measure by:

- (1) Changing the appropriation amount to an unspecified amount; and
- (2) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2501, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2501, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,

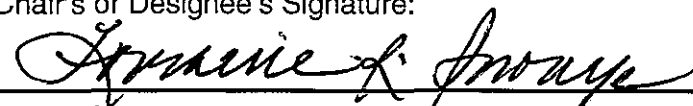


JILL N. TOKUDA, Chair



The Senate
 Twenty-Eighth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2501, SD1	GVO, WAM	2/20/2016		
<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 type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	✓			✓
DELA CRUZ, Donovan M. (VC)				✓
CHUN OAKLAND, Suzanne	✓			✓
ENGLISH, J. Kalani				✓
GALUTERIA, Brickwood				✓
HARIMOTO, Breene				✓
INOUYE, Lorraine R.	✓			
RIVIERE, Gil	✓			
TANIGUCHI, Brian T.				✓
WAKAI, Glenn	✓			
SLOM, Sam	✓			
TOTAL	6			5
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