

STAND. COM. REP. NO.

2214

Honolulu, Hawaii

FEB 17 2016

RE: S.B. No. 3092
S.D. 1

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

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 3092 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize procurement officers to permit, after bid opening, clarification of a listed subcontractor's scope of work and consider a previously licensed and listed subcontractor's license as valid; provided that certain conditions are satisfied.

Your Committee received testimony in support of this measure from the General Contractors Association of Hawaii; Alan Shintani, Inc.; Genba Hawaii, Inc.; Healy Tibbitts Builders, Inc.; Jayar Construction, Inc.; Ralph S. Inouye Co., Ltd.; Robert M. Kaya Builders, Inc.; S & M Sakamoto, Inc.; and TOMCO CORP. Your Committee received testimony in opposition to this measure from the State Procurement Office, Board of Water Supply of the City and County of Honolulu, Subcontractors Association of Hawaii, Electrical Contractors Association of Hawaii, Hawaii Electricians Market Enhancement Program Fund, International Brotherhood of Electrical Workers Local Union 1186, and Plumbing and Mechanical Contractors Association of Hawaii.

Your Committee finds that the delivery and award of public works construction projects can be hindered by bid challenges pertaining to subcontractor-related issues. As a result, major delays can occur and costs increase.

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Your Committee further finds that there is often very limited time between the receipt of subcontractor bids and the bid deadline, creating challenges for prime contractors to complete the forms required for a public works bid proposal.

Accordingly, your Committee has amended this measure by:

- (1) Eliminating language authorizing procurement officers to permit, after bid opening, clarification of a listed subcontractor's scope of work;
- (2) Inserting language to require subcontractors to submit a time stamped offer to a contractor two hours before the established bid deadline; provided that a subcontractor that does not comply with the two hour requirement is disqualified from consideration; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3092, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3092, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Government
Operations,



DONNA MERCADO KIM, Chair



