

DAVID Y. IGE  
GOVERNOR



SARAH ALLEN  
ADMINISTRATOR

PAULA A. YOUNGLING  
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

P.O. Box 119  
Honolulu, Hawaii 96810-0119  
Telephone: (808) 587-4700  
e-mail: [state.procurement.office@hawaii.gov](mailto:state.procurement.office@hawaii.gov)  
<http://spo.hawaii.gov>

TESTIMONY  
OF  
SARAH ALLEN, ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE  
ON  
GOVERNMENT OPERATIONS  
February 04, 2016; 1:15 P.M.

SB3092 RELATING TO PROCUREMENT

Chair Mercado Kim, Vice-Chair Ihara, and members of the committee, thank you for the opportunity to submit testimony on SB3092.

The State Procurement Office (SPO) OPPOSES this measure. This measure amends Hawaii Revised Statutes (HRS) §103D-302(g) by granting the procurement officer the authority to allow changes to bids after bid opening for certain issues related to the subcontractor listing required by HRS §103D-302(b). This measure aims to address protests by aggrieved bidders based on defects in the subcontractor listing associated with the lowest-responsive responsible bidder.

It must be noted that sub-section (g) of HRS §103D-302 is a very limiting provision wherein mistakes and corrections to bids, post bid opening, are strictly proscribed and are not allowed when they are prejudicial to the interest of the public or fair competition. In fact, any decision to permit such correction or withdrawal after all bids are opened must be supported by a written determination made by the chief procurement officer or head of the purchasing agency.

Hawaii Administrative Rules (HAR) Chapter 3-122-31(c) was promulgated to implement HRS §103D-302(g) and provides very limited circumstances deemed allowable for making post-bid-opening changes to bids. These circumstances include arithmetic, typographical or transposition errors or other minor informalities that do not affect price, quantity, quality, delivery or contractual conditions.

Specifying the scope of work a subcontractor will perform along with whether or not the listed subcontractor is licensed to perform that work are not minor informalities or mere typographical errors. SPO believes these circumstances directly relate to contract quality and delivery. SPO also believes subcontractors whose license has been suspended or forfeited is a serious issue and a situation that is regulated by the Department of Commerce and Consumer Affairs (DCCA). SPO is very concerned about any measure that would impede or dilute DCCA's ability to license and regulate contractor licensing under HRS §444.

To allow post-bid-opening changes to the scope a listed subcontractor will perform or to allow subcontractors with suspended or forfeited licenses to be proposed is prejudicial to other bidders who propose in accordance with law and utilize licensed subcontractors in performance of their work. This

measure's attempt to address protests based on defective subcontractor listings will cause even more uncertainty and even more protests based on post-bid-opening actions by the procurement officer.

Thank you

1065 Ahua Street  
Honolulu, HI 96819  
Phone: 808-833-1681 FAX: 839-4167  
Email: [info@gcahawaii.org](mailto:info@gcahawaii.org)  
Website: [www.gcahawaii.org](http://www.gcahawaii.org)



**GCA of Hawaii**  
GENERAL CONTRACTORS ASSOCIATION OF HAWAII  
Quality People. Quality Projects.

Uploaded via Capitol Website

February 4, 2016

TO: HONORABLE DONNA MERCADO KIM, CHAIR, HONORABLE LES IHARA,  
VICE CHAIR, SENATE COMMITTEE ON GOVERNMENT OPERATIONS

SUBJECT: **STRONG SUPPORT OF S.B. 3092, RELATING TO PROCUREMENT.**

Authorizes procurement officers to permit 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.

HEARING

DATE: Thursday, February 4, 2016  
TIME: 1:15 p.m.  
PLACE: Conference Room 414

Dear Chair Mercado Kim and Vice Chair Ihara and Members,

The General Contractors Association of Hawaii (GCA) is an organization comprised of over five hundred seventy general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. GCA's mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest.

GCA **strongly supports** S.B. 3092, Relating to Procurement which proposes to amend Section 103D-302(b) by permitting procuring agencies of public works construction contracts the ability to avoid throwing out a project for a technical and administrative matters, thus saving taxpayer's money. This measure provides two solutions: (1) allows a procurement officer the ability clarify the nature and scope of work of a listed subcontractor, as long as there are no objections by any affected or listed subcontractors; and (2) allows a previously listed and licensed subcontractor to cure his or her ministerial requirements prior to award of the contract.

The procurement of public works has been significantly impacted by issues raised by bidders relating to the subcontractor listing requirement and continues to be an area prone to informal inquiries and bid protests. In turn, the subcontractor listing requirement has caused delay in project award, increases to overall costs of project and lapse of project funding. In the past three years, GCA has identified over 43 projects affected by the subcontractor listing requirement, which resulted in additional costs, not including time lost, of over \$26 million dollars.

The first provision would allow a procurement officer to clarify the scope of work listed for a particular subcontractor where a question may arise as to their nature and scope of work. The proposal would allow the procurement officer to clarify with the prime bidder if there is a question as to who was performing what.

In regards to the second provision, this is a proposal to address a listed subcontractor's license status at bid time. Many times a prime bidder's entire bid is thrown out due to a listed subcontractor's license status regarding ministerial matters. A subcontractor's status may be in question due to their workers compensation or property damage insurance requirements or their individual Responsible Managing Employee (RME) may be in question, if there is a transition to a new RME.

For these reasons, we respectfully request that you pass this measure to assist in increasing efficiency in the procurement of public works construction. This measure will avoid having a low bidder thrown out due to technical or administrative matters.

# ***SAH - Subcontractors Association of Hawaii***

***1188 Bishop St., Ste. 1003\*\*Honolulu, Hawaii 96813-2938***

***Phone: (808) 537-5619 ✦ Fax: (808) 533-2739***

February 4, 2016

Testimony To: Senate Committee on Government Operations  
Senator Donna Mercado Kim, Chair

Presented By: Tim Lyons, President

Subject: S.B. 3092 - RELATING TO PROCUREMENT

Chair Mercado Kim and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii and we mostly oppose this bill.

The SAH represents the following nine separate and distinct contracting trade organizations.

HAWAII FLOORING ASSOCIATION

ROOFING CONTRACTORS ASSOCIATION OF HAWAII

HAWAII WALL AND CEILING INDUSTRIES ASSOCIATION

TILE CONTRACTORS PROMOTIONAL PROGRAM

PLUMBING AND MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII

SHEETMETAL CONTRACTORS ASSOCIATION OF HAWAII

PAINTING AND DECORATING CONTRACTORS ASSOCIATION

PACIFIC INSULATION CONTRACTORS ASSOCIATION

This bill attacks the same subject matter as subcontractor listing and we have already gone over the reasons why we think subcontractor listing is an extremely important requirement for the preservation and existence of subcontractors and fair contracting procedures.

This bill attempts to resolve a problem where, as an example, a contractor's bid is dismissed because they listed a subcontractor who did not have the proper insurance to protect their activities on a state or county job. To that extent which is the subject matter in Item 2 in Subsection 3 of the bill, we have no particular problem.

However, we do believe that Subsection 2 should be changed by deleting the word "ministerial act" and its definition and specifically provide that those instances which have caused problems in the bid process such as an apparent lack of insurance (when in fact the contractor has insurance) or other issues such as DCCA reports that they did not renew their license when in fact they did renew their license. We do not believe that a more broad term such as ministerial should be applied because we are not sure what it is.

Secondly, in Section 3(g), it allows for the Procurement Officer to clarify a list of subs scope of work. We disagree. This is an opportunity for general contractors to greatly increase the amount of work they envision a certain subcontractor doing if they can talk the Procurement Officer into a reinterpretation of scope of work. We think this is too broad and will be very much subject to abuse.

In summary, we have no problem with Section 3 (g)(2), if it can be clarified but we object to Subsection 1.

Thank you.



**Alan Shintani inc.**  
GENERAL CONTRACTOR BC 13068

February 4, 2016

TO: HONORABLE DONNA MERCADO KIM, CHAIR, HONORABLE LES IHARA, VICE CHAIR AND MEMBERS OF THE COMMITTEE ON GOVERNMENT OPERATIONS

SUBJECT: SUPPORT OF S.B. 3092, RELATING TO PROCUREMENT. Authorizes procurement officers to permit 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.

HEARING

Date: February 4, 2016  
Time: 1:15 p.m.  
Place: CR 414

Dear Chair Mercado Kim, Vice Chair Ihara and Members of the Committee:

Alan Shintani, Inc. has been providing general contracting and construction management services for homes, commercial buildings and government projects since 1984.

Alan Shintani, Inc. supports the passage of S.B. 3092, Relating to Procurement, which proposes to amend Section 103D-302(b) and its subcontractor listing requirement by providing two solutions: (1) allows a procurement officer the ability clarify the nature and scope of work of a listed subcontractor, as long as there are no objections by any affected or listed subcontractors; and (2) allows a previously listed and licensed subcontractor to cure his or her ministerial requirements prior to award of the contract.

This bill provides that the procurement officer may clarify the scope of work of a listed subcontractor. This measure will also permit a previously licensed and listed subcontractor whose license was suspended or forfeited at bid time for a ministerial violation, to have its license restored before award, to avoid bid disqualifications for such technical reasons.

We believe that this proposed amendment will result in more complete and accurate bid submittals and reduce the number of potential bid protests.

Alan Shintani, Inc. supports S.B. 3092 and recommends its passage.

Alan Shintani  
President



ELECTRICAL CONTRACTOR'S ASSOCIATION OF HAWAII

NECA Hawai'i Chapter  
1286 Kalani Street, Suite B-203  
Honolulu, Hawai'i 96817  
PH: (808) 847-7306  
FX: (808) 841-8096  
Email: [ecah@ecahi.com](mailto:ecah@ecahi.com)



February 3, 2016

To: Senate Committee on Government Operations  
The Honorable Senator Donna Kim, Chairperson

From: Al Itamoto, Executive Director  
Electrical Contractors Association of Hawaii  
National Electrical Contractors Association, Hawaii Chapter

Subject: SB 3092 Relating to Procurement

Notice of Hearing

Date: Thursday, February 4, 2016  
Time: 1:15 PM  
Place: Conference Room 414  
State Capitol  
415 South Beretania Street

Dear Chairs Kim, Ihara and Committee members:

The Electrical Contractors Association of Hawaii (ECAH) is a non-profit association consisting of electrical contractors doing business in the State of Hawaii. ECAH is the Hawaii Chapter of the National Electrical Contractors Association (NECA). ECAH **strongly opposes** the intent and purpose of SB 3092 relating to procurement.

We are opposed to Section 3, (g) of this bill that adds, "(1) allowing clarification of a listed subcontractor's scope of work if the listed subcontractor has the correct license to perform the work after bid opening". The bidding contractor should have clarified the subcontractor's scope of work in their due diligence before the bid submittal in their bidding process. A responsible offeror would have determined which subcontractors are needed to perform and complete the work before the bid submittal.

We are also opposed to Section 3, (g) of this bill that adds, "(2) to consider a previously licensed and listed subcontractor's license as valid; provided that the subcontractor's license at bid time has been suspended or forfeited due solely to a ministerial act, pursuant to chapter 444, and the subcontractor's license is restored prior to the award". While there are ministerial acts that may be correctable or not the fault of the subcontractor, not all "ministerial acts" should be considered for a restoration of the subcontractor's license. When a contractor's license is suspended or forfeited, that contractor should not be permitted to continue with contracting activities in hopes of rectifying the violation before the bid award. This bill is too vague without more specifics for consideration.

Based on the above, ECAH **strongly opposes** the passage of SB 3092 and urge the committee to stop this bill from moving forward.

Thank you for the opportunity to provide testimony on this issue.





**Genba Hawaii, Inc.**  
Civil Construction Consulting

February 3, 2016

TO: HONORABLE DONNA MERCADO KIM, CHAIR, HONORABLE LES IHARA, VICE  
CHAIR AND MEMBERS OF THE COMMITTEE ON GOVERNMENT OPERATIONS

SUBJECT: **SUPPORT OF S.B. 3092, RELATING TO PROCUREMENT.** Authorizes procurement officers to permit 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.

HEARING

DATE: February 4, 2016  
TIME: 1:15 p.m.  
PLACE: CR 414

Dear Chair Mercado Kim, Vice Chair Ihara and Members of the Committee:

My name is Glenn Nohara. I was the president and responsible managing employee (RME) for Koga Engineering & Construction, Inc. for 18 years until my retirement in 2010. I have firsthand knowledge of the difficulties in filling out public works bid proposals given the tight time constraints between receiving all subcontractor bids and the bid deadline.

We **support** S.B. 3092, Relating to Procurement, which proposes to amend Section 103D-302 and its subcontractor listing requirement by providing two solutions: (1) allows a procurement officer the ability to clarify the nature and scope of work of a listed subcontractor, as long as there are no objections by any listed and affected subcontractors; and (2) allows a previously listed and licensed subcontractor to cure any ministerial problems with its license prior to contract award. Attached are two subcontractor listing forms from recent public works projects for your information.

Since the State Supreme Court's Okada Trucking decision in 2002, the number of low bids that have been disqualified because of subcontractor listing issues have been increasing. This has not only caused prices to increase for the projects, but caused delays in contract awards. This measure will address two of the problems resulting from the subcontractor listing requirements in Section 103D-302.

We **support** S.B. 3092 and respectfully ask for its passage.

Sincerely,

Glenn M. Nohara  
President

Attachments: Subcontractor Listing Forms

The undersigned bidder acknowledges receipt of any addendum issued by the Department by recording in the space below the date of receipt.

Addendum No. 1 \_\_\_\_\_

Addendum No. 3 \_\_\_\_\_

Addendum No. 2 \_\_\_\_\_

Addendum No. 4 \_\_\_\_\_

In accordance with Section 103D-302, Hawaii Revised Statutes, the undersigned as bidder has listed the name of each person or firm, who will be engaged by the bidder on the project as Joint Contractor or Subcontractor and the nature of work to be done by each. It is understood that failure to comply with the aforementioned requirements may be cause for rejection of the bid submitted.

<u>Name of Subcontractor</u>	<u>Nature and Scope of Work</u>
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____

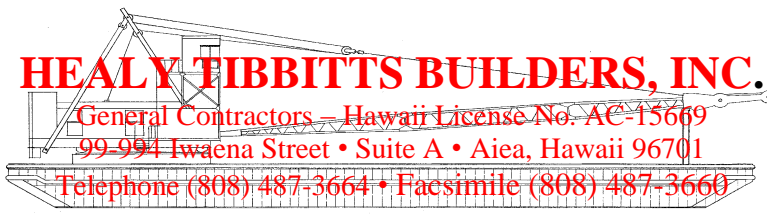
<u>Name of Joint Contractor</u>	<u>Nature and Scope of Work</u>
1. _____	_____
2. _____	_____
3. _____	_____

("None" or if left blank indicates no Subcontractor or Joint Contractor; if more space is needed, attach additional sheets.)

**LISTING OF SUBCONTRACTORS**

In compliance with the provisions of the Hawai‘i Revised Statutes and Hawai‘i Administrative Rules, the bidder shall include in his bid the names of each person or firm to be engaged by the bidder as a joint contractor or subcontractor in the performance of the public work construction contract. The bid shall also indicate the nature and scope of the work to be performed by such joint contractor or subcontractor.

Name/Address of Joint Contractor or Subcontractor	Nature and Scope of Work	Contractor License No.
Telephone: Fax:		
Telephone: Fax:		
Telephone: Fax:		
Telephone: Fax:		
Telephone: Fax:		
Telephone: Fax:		
Telephone: Fax:		
Telephone: Fax:		
Telephone: Fax:		
Telephone: Fax:		



February 3, 2016

Sent Via E-Mail: [GVOTestimony@capitol.hawaii.gov](mailto:GVOTestimony@capitol.hawaii.gov)

TO: HONORABLE DONNA MERCADO KIM, CHAIR, HONORABLE LES IHARA, VICE CHAIR AND MEMBERS OF THE COMMITTEE ON GOVERNMENT OPERATIONS

SUBJECT: **SUPPORT OF S.B. 3092, RELATING TO PROCUREMENT.** Authorizes procurement officers to permit 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.

HEARING

DATE: February 4, 2016

TIME: 1:15 p.m.

PLACE: CR 414

Dear Chair Mercado Kim, Vice Chair Ihara and Members of the Committee:

Healy Tibbitts Builders, Inc. is a general contractor in the State of Hawaii and has been actively engaged in construction work in Hawaii since the early 1960's. In addition to being a general contractor, Healy Tibbitts also performs work as a subcontractor for foundation work.

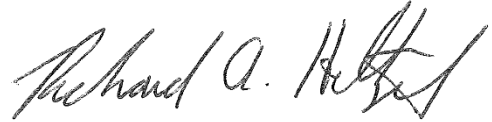
Healy Tibbitts Builders, Inc. **supports** the passage of S.B. 3092, Relating to Procurement, which proposes to amend Section 103D-302(b) and its subcontractor listing requirement by providing two solutions: (1) allows a procurement officer the ability clarify the nature and scope of work of a listed subcontractor, as long as there are no objections by any affected or listed subcontractors; and (2) allows a previously listed and licensed subcontractor to cure his or her ministerial requirements prior to award of the contract.

This bill provides that the procurement officer may clarify the scope of work of a listed subcontractor . This measure will also permit a previously licensed and listed subcontractor whose license was suspended or forfeited at bid time for a ministerial violation, to have its license restored before award, to avoid bid disqualifications for such technical reasons.

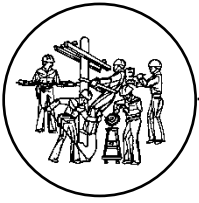
We believe that this proposed amendment will result in more complete and accurate bid submittals and reduce the number of potential bid protests.

Healy Tibbitts Builders, Inc. **supports** S.B. 3092 and recommends its passage.

Very truly yours,  
Healy Tibbitts Builders, Inc.

A handwritten signature in black ink, appearing to read "Richard A. Heltzel". The signature is written in a cursive style with a large, sweeping initial "R".

Richard A. Heltzel  
President



## HAWAII ELECTRICIANS MARKET ENHANCEMENT PROGRAM FUND

1935 HAU STREET, ROOM 300 • HONOLULU, HAWAII 96819-5003 • PHONE (808) 841-6169 • FAX 847-4596

February 3, 2016

TO: The Honorable Donna Mercado Kim, Chair  
The Honorable Les Ihara, Jr., Vice Chair  
Members of the Committee on Government Operations

SUBJECT: **SB 3092**  
**Testimony in STRONG OPPOSITION**

Dear Chair Donna Mercado Kim and Members of the Committee:

The Hawaii Electricians Market Enhancement Program (HEMEP) is a Labor and Management Cooperation representing the IBEW Local Union 1186 and its more than 3,400 members, the Electrical Contractors Association of Hawaii and over 120 Licensed Electrical Contractors in the State of Hawaii.

HEMEP stands in **STRONG OPPOSITION** of proposals in SB 3092.

This bill attempts to reward delinquent and irresponsible business activities.

Bidders and offerors on public works projects should be required to perform their due diligence and accurately assess the scope of work that they will perform, as well as any subcontractor they seek to employ to complete the project. This research should be performed prior to submitting a bid, not figured out after the bid has been submitted. Prepared and responsible bidders have been able to comply with current procedures.

Furthermore, allowing a bidder or offeror to continue on a public works project and/or bid process, utilizing taxpayer funds, for what is termed as a "ministerial act" causing the professional license to be suspended, is not consistent with fair business practices. These "ministerial acts" are exemplified by not paying license fees on time, not paying fines, failing to secure insurances, and failing to obtain a tax clearance.

The possibility of this bill could allow a contractor to "wait and see" if they are awarded the low bidder status, and only then decide to pay insurance fees, pay delinquent taxes in order to get a tax clearance, or other delinquent fees; just in time to be awarded the contract.

A level playing field is best represented by fair competition among contractors that have keep licenses current, insurances updated, and taxes paid.

For these reasons, we ask the committee members to vote against this bill.

Thank you for the opportunity to provide this testimony.

Respectfully Submitted,

Ryan Takahashi  
Director of Compliance



# International Brotherhood of Electrical Workers

**LOCAL UNION NO. 1186 • Affiliated with AFL-CIO**

1935 HAU STREET, ROOM 401 • HONOLULU, HI 96819-5003  
TELEPHONE (808) 847-5341 • FAX (808) 847-2224

February 3, 2016

**TO: SENATE COMMITTEE ON GOVERNMENT OPERATIONS**

For Hearing on Thursday, February 4, 2016, at 1:15 pm., in Conf. Rm. 414

**RE: TESTIMONY IN STRONG OPPOSITION TO SB 3092**

Honorable Chair Kim, Vice Chair Ihara, and Committee Members,

The **International Brotherhood of Electrical Workers Local Union 1186** represents over 3,800 members working in electrical construction, telecommunications, and with Oceanic Cable. Our members include civil service employees at Pearl Harbor, Hickam, Kaneohe, and military facilities throughout Hawaii. IBEW Local 1186 also represents over 120 signatory electrical contracting companies that perform most of the electrical work in our state.

**We strongly oppose SB 3092.** This bill attempts to reward delinquent and irresponsible business activities. Bidders and offerors on public works projects are required to perform their due diligence and accurately assess the scope of work that they or their subcontractors will perform. This research must be performed prior to submitting a bid, not figured out after the bid has been submitted, as this practice has been shown to be most fair to all bidders involved.

Allowing a bidder or offeror to continue bidding on a taxpayer-funded public works project, while their professional license is suspended for what is termed as a “ministerial act”, is not consistent with fair business practices. These “ministerial acts” include serious offenses such as not paying license fees on time, not paying fines, failing to secure insurances, and failing to obtain tax clearances.

This bill is a moral hazard that will incentivize a contractor to “wait and see” if they are awarded the low bidder status, and only then decide to pay insurance fees, pay delinquent taxes in order to get a tax clearance, or other delinquent fees – just in time to be awarded the contract.

For these reasons, IBEW Local Union 1186 strongly opposes the passage of SB 3092. Thank you for giving us this opportunity to testify.

Mahalo and aloha,

**Damien Kim**  
Business Manager – Financial Secretary  
International Brotherhood of  
Electrical Workers, Local Union 1186



**JAYAR CONSTRUCTION, INC.**

1176 Sand Island Parkway ▼ Honolulu, Hawaii 96819  
Tel (808) 843-0500 ▼ Fax (808) 843-0067  
Contractor's License ABC-14156

Via E-mail: [GVOTestimony@capitol.hawaii.gov](mailto:GVOTestimony@capitol.hawaii.gov)

February 3, 2016

**TO: HONORABLE DONNA MERCADO KIM, CHAIR; HONORABLE LES IHARA,  
VICE CHAIR AND MEMBERS OF THE COMMITTEE ON GOVERNMENT  
OPERATIONS**

**SUBJECT: SUPPORT OF S.B. 3092, RELATING TO PROCUREMENT.**

Authorizes procurement officers to permit 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.

HEARING DATE: February 4, 2016  
HEARING TIME: 1:15 P.M.  
PLACE: CR 414


DEAR Chair Mercado Kim, Vice Chair Ihara and Members of the Committee:

Jayar Construction, Inc. strongly supports the passage of S.B. 3092, Relating to Procurement, which proposes to amend Section 103D-302(b) and its subcontractor listing requirement by providing two solutions: (1) allows a procurement officer the ability to clarify the nature and scope of work of a listed subcontractor as long as there are no objections by any affected or listed subcontractors; and (2) allows a previously listed and licensed subcontractor to cure any ministerial violation at bid time prior to award of the contract.

We believe that these proposed amendments will result in more complete and accurate bid submittals and reduce the number of potential bid protests which have increased the costs of construction projects done in the State.

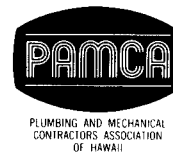
Jayar Construction, Inc. strongly supports S.B. 3092 and recommends its passage.

Sincerely,

  
Stephen Yoshida,  
CFO & HR Manager



# PLUMBING & MECHANICAL CONTRACTORS ASSOCIATION OF HAWAII



TELEPHONE: (808) 597-1216  
FAX: (808) 597-1409  
1314 S. King Street, Suite 961  
Honolulu, Hawaii 96814

**GREGG S. SERIKAKU**  
EXECUTIVE DIRECTOR

Via Email (revised to correct bill #) February 3, 2016

Senator Donna Mercado Kim, Chair  
Senator Les Ihara, Jr., Vice-Chair  
Committee on Government Operations  
The Senate  
The Twenty-Eighth Legislature, Regular Session of 2016

Chair Kim, Vice Chair Ihara, and Members of the Committee:

## **SUBJECT: SB3092 Relating to Procurement**

My name is Gregg Serikaku. I am the Executive Director of the Plumbing and Mechanical Contractors Association of Hawaii.

The Association for which I speak is **opposed** to SB3092 in its current form.

We agree with the intent of allowing procurement officers to make clarifications and allowances for certain issues that are uncovered during the bidding process, however, we believe that the bill should be amended to specifically address the most common “ministerial” matters in a way that does not adversely impact the protection afforded to subcontractors.

We also agree that there are a significant number of specialty license classifications which include overlapping scope as well as certain “one off” C68 licenses whose scope of work is not identified in the administrative rules, and that these licensing issues should be addressed in order to minimize conflicts during the procurement process. However, this is primarily a licensing issue and should be addressed through the Contractors License Board.

Therefore, we propose that both the general contractors and subcontractors work together on creating a database of the most common “ministerial” issues affecting procurement and to develop agreeable solutions on the most effective way to handle these problems. Further that both parties work on ideas to simplify contractor licensing and the related scope language provided for each specialty classification.

We therefore respectfully urge the committee to hold this bill in its current form.

Respectfully yours,

Gregg S. Serikaku  
Executive Director



Via E-mail: [GVOTestimony@capitol.hawaii.gov](mailto:GVOTestimony@capitol.hawaii.gov)  
Facsimile: (808) 587-7205

February 4, 2016

TO: HONORABLE DONNA MERCADO KIM, CHAIR, HONORABLE LES IHARA, VICE CHAIR AND MEMBERS OF THE COMMITTEE ON GOVERNMENT OPERATIONS

SUBJECT: **SUPPORT OF S.B. 3092, RELATING TO PROCUREMENT.** Authorizes procurement officers to permit 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.

HEARING

DATE: February 4, 2016  
TIME: 1:15 p.m.  
PLACE: CR 414

Dear Chair Mercado Kim, Vice Chair Ihara and Members of the Committee:

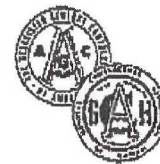
My name is Lance M. Inouye and I am President of Ralph S. Inouye Co., Ltd. (RSI), a State of Hawaii General Contractor and member of the General Contractors Association of Hawaii.

RSI supports the passage of S.B. 3092, Relating to Procurement, which proposes to amend Section 103D-302(b) and its subcontractor listing requirement by providing two solutions: (1) allows a procurement officer the ability clarify the nature and scope of work of a listed subcontractor, as long as there are no objections by any affected or listed subcontractors; and (2) allows a previously listed and licensed subcontractor to cure his or her ministerial requirements prior to award of the contract.

This bill provides that the procurement officer may clarify the scope of work of a listed subcontractor. This measure will also permit a previously licensed and listed subcontractor whose license was suspended or forfeited at bid time for a ministerial violation, to have its license restored before award, to avoid bid disqualifications for such technical reasons.

We believe that this proposed amendment will result in more complete and accurate bid submittals and reduce the number of potential bid protests.

RSI supports S.B. 3092 and recommends its passage.



525 Kokea Street, Bldg. B-3 • Honolulu, Hawaii 96817 • Phone: (808) 845-6477 • Fax: (808) 845-6471 • E-mail: [rmkaya@hawaii.rm.com](mailto:rmkaya@hawaii.rm.com)  
*Building and Improvement Specialist Since 1937*  
*Serving Hawaii for Over a Half Century*

Via E-mail: [GVOTestimony@cepitol.hawaii.gov](mailto:GVOTestimony@cepitol.hawaii.gov)  
Facsimile: (808) 587-7205

February 3, 2016

TO: HONORABLE DONNA MERCADO KIM, CHAIR, HONORABLE LES IHARA, VICE CHAIR AND MEMBERS OF THE COMMITTEE ON GOVERNMENT OPERATIONS

SUBJECT: **SUPPORT OF S.B. 3092, RELATING TO PROCUREMENT.** Authorizes procurement officers to permit 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.

HEARING

DATE: February 4, 2016  
TIME: 1:15 p.m.  
PLACE: CR 414

Dear Chair Mercado Kim, Vice Chair Ihara and Members of the Committee:

**Robert M. Kaya Builders, Inc. supports** the passage of S.B. 3092, Relating to Procurement, which proposes to amend Section 103D-302(b) and its subcontractor listing requirement by providing two solutions: (1) allows a procurement officer the ability to clarify the nature and scope of work of a listed subcontractor, as long as there are no objections by any affected or listed subcontractors; and (2) allows a previously listed and licensed subcontractor to cure his or her ministerial requirements prior to award of the contract.

This bill provides that the procurement officer may clarify the scope of work of a listed subcontractor. This measure will also permit a previously licensed and listed subcontractor whose license was suspended or forfeited at bid time for a ministerial violation, to have its license restored before award, to avoid bid disqualifications for such technical reasons.

We believe that this proposed amendment will result in more complete and accurate bid submittals and reduce the number of potential bid protests.

**ROBERT M. KAYA BUILDERS, INC. supports** S.B. 3092 and recommends its passage.

Yours truly,

ROBERT M. KAYA BUILDERS, INC.

Scott I Higa, President



**S & M SAKAMOTO, INC.**  
GENERAL CONTRACTORS

Via E-mail: [GVOTestimony@capitol.hawaii.gov](mailto:GVOTestimony@capitol.hawaii.gov)  
Facsimile: (808) 587-7205

February 4, 2016

TO: HONORABLE DONNA MERCADO KIM, CHAIR, HONORABLE LES IHARA,  
VICE CHAIR AND MEMBERS OF THE COMMITTEE ON GOVERNMENT  
OPERATIONS

SUBJECT: **SUPPORT OF S.B. 3092, RELATING TO PROCUREMENT.** Authorizes  
procurement officers to permit 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.

HEARING

DATE: February 4, 2016  
TIME: 1:15 p.m.  
PLACE: CR 414

Dear Chair Mercado Kim, Vice Chair Ihara and Members of the Committee:

**S & M Sakamoto, Inc. supports** the passage of S.B. 3092, Relating to Procurement, which  
proposes to amend Section 103D-302(b) and its subcontractor listing requirement by providing  
two solutions: (1) allows a procurement officer the ability clarify the nature and scope of work of  
a listed subcontractor, as long as there are no objections by any affected or listed  
subcontractors; and (2) allows a previously listed and licensed subcontractor to cure his or her  
ministerial requirements prior to award of the contract.

This bill provides that the procurement officer may clarify the scope of work of a listed  
subcontractor . This measure will also permit a previously licensed and listed subcontractor  
whose license was suspended or forfeited at bid time for a ministerial violation, to have its  
license restored before award, to avoid bid disqualifications for such technical reasons.

We believe that this proposed amendment will result in more complete and accurate bid  
submittals and reduce the number of potential bid protests.

**S & M Sakamoto, Inc. supports** S.B. 3092 and recommends its passage.

Very truly yours,

Gerard Sakamoto  
Chairman of the Board