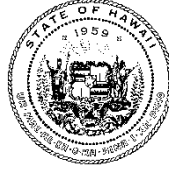


DAVID Y. IGE  
GOVERNOR



RODERICK K. BECKER  
Comptroller

AUDREY HIDANO  
Deputy Comptroller

**STATE OF HAWAII**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES**  
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

TESTIMONY OF  
RODERICK K. BECKER, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
SENATE COMMITTEE ON WAYS AND MEANS  
ON  
WEDNESDAY, MARCH 29, 2017  
1:35 P.M.  
CONFERENCE ROOM 211

H.B. 1322, H.D. 2

RELATING TO CONSTRUCTION CONTRACTS.

Chair Tokuda, Vice Chair Dela Cruz, and members of the Committee, thank you for the opportunity to submit testimony on H.B. 1322, H.D. 2.

The Department of Accounting and General Services (DAGS) supports the intent of the measure and will work with the State Procurement Office and associated departments in undertaking a comprehensive analysis and review of the State Procurement Code, with respect to the awarding of construction contracts. Given the scope of the review, DAGS will apply such resources as are available within its budgetary constraints to facilitate the objectives of the bill.

Thank you for the opportunity to submit testimony on this matter.

DAVID Y. IGE  
GOVERNOR



SARAH ALLEN  
ADMINISTRATOR  
MARA SMITH  
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

P.O. Box 119  
Honolulu, Hawaii 96810-0119  
Tel: (808) 586-0554  
email: [state.procurement.office@hawaii.gov](mailto:state.procurement.office@hawaii.gov)  
<http://spo.hawaii.gov>  
Twitter: [@hawaiispo](https://twitter.com/hawaiispo)

TESTIMONY  
OF  
SARAH ALLEN, ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE  
ON  
FINANCE  
MARCH 29, 2017, 1:35 PM

HOUSE BILL 1322 HD2  
PROCUREMENT CODE; CONSTRUCTION; FEDERAL REQUIREMENTS; ANALYSIS  
RELATING TO CONSTRUCTION CONTRACTS

Chair Tokuda, Vice-Chair Dela Cruz, and members of the committee, thank you for the opportunity to submit testimony on House Bill 1322 HD2.

SPO has no objection to this bill, however, the State does not have the necessary infrastructure in place to adequately replicate the federal processes and some processes may not be replicable due to of economies of scale.

The estimate for the cost of the analysis is \$500,000. The cost research and analysis required as well as the comparison of state and federal statutes will likely require outsourcing to multiple contractors as it is unlikely federal companies will have knowledge of our state statutes and vice versa.

Thank you.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

---

Testimony Presented Before the  
Senate Committee on Ways and Means  
March 29, 2017 at 1:35 p.m.

by  
Jan Gouveia  
Vice President for Administration  
University of Hawai'i System

### HB 1322 HD2 – RELATING TO CONSTRUCTION CONTRACTS

Chair Tokuda, Vice Chair Dela Cruz, and members of the committee:

The University of Hawai'i is pleased to submit this testimony in support of HB 1322 HD2. This measure provides for a comprehensive analysis and review of the Hawai'i State Procurement Code, particularly with regard to the awarding of construction contracts.

The University of Hawai'i believes there are always opportunities for improvement to a complicated and sophisticated subject area, like procurement. To that end, we welcome the opportunity to work closely with our counterparts towards evaluating more optimum procurement methods, processes and procedures that could result in savings of time, money and effort. This is particularly important at a time when the university is facing a large deferred maintenance backlog. These efforts could enable us to make better use of the scarce resources available to renew, improve and modernize our facilities. We would be pleased to participate with the State Procurement Office and our fellow agencies in analyzing the current code and providing recommendations for improvement.

Thank you for this opportunity to testify in support of HB 1322 HD2.

DAVID Y. IGE  
GOVERNOR



KATHRYN S. MATAYOSHI  
SUPERINTENDENT

STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
P.O. BOX 2360  
HONOLULU, HAWAII 96804

**Date:** 03/29/2017

**Time:** 01:35 PM

**Location:** 211

**Committee:** Senate Ways and Means

**Department:** Education

**Person Testifying:** Kathryn S. Matayoshi, Superintendent of Education

**Title of Bill:** HB 1322, HD2 RELATING TO CONSTRUCTION CONTRACTS.

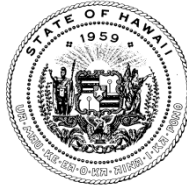
**Purpose of Bill:** Requires the State Procurement Office, in conjunction with DOE, UH, DOT, and DAGS, to conduct an analysis and review of the Hawaii Public Procurement Code, specifically with regard to the awarding of construction contracts. Appropriates an unspecified amount of funds for the analysis and review. (HB1322 HD2)

**Department's Position:**

The Department of Education (DOE) supports the intent of this bill.

The DOE acknowledges the existence of flaws in the current procurement process and supports the need for consistency and standardization between the State departments. Moreover, efficiency improvements could create more spending capital for projects throughout the State.

Thank you for the opportunity to testify on this bill.



Testimony by:  
FORD N. FUCHIGAMI  
DIRECTOR

Deputy Directors  
JADE T. BUTAY  
ROSS M. HIGASHI  
EDWIN H. SNIFFEN  
DARRELL T. YOUNG

IN REPLY REFER TO:

STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

March 29, 2017

1:35 p.m.

State Capitol, Room 211

**H.B. 1322 H.D. 2**

**RELATING TO CONSTRUCTION CONTRACTS**

Senate Committee on Ways and Means

---

The Department of Transportation (DOT) **supports** the intent of this bill which proposes to require the State Procurement Office (SPO), in conjunction with the Department of Education (DOE), the University of Hawaii (UH), the DOT and the Department of Accounting and General Services (DAGS) to conduct an analysis and review of the Hawaii Public Procurement Code, specifically with regard to the awarding of construction contracts.

The DOT provides the following comments:

SPO, DOE, DOT, and DAGS participated as Task Force Members that resulted in the final report of April 14, 2015, therefore, a review of issues and concerns raised by this Task Force might not be necessary.

A review of federal procurement laws to compare the similarities and differences between the federal and State of Hawaii procurement laws could be beneficial. The federal requirements are set as the minimum requirements and the states are left with creating greater requirements (and protections). The United States DOT has several operating administrations, the Federal Aviation Administration (FAA), the Federal Highways Administration (FHWA), the Federal Transit Administration (FTA) and the US Maritime Administration. Each of these operating administrations have distinctive requirements that only apply to the specific operating administration when federal funds are used.

It is the DOT experience that generally, in federal procurement as well as in Hawaii, foundational procurement principles are similar, if not the same. Examples are bidder responsiveness and responsibility. However, while the principles are the same, there are marked differences in the determination of bidder responsiveness between federal procurement and Hawaii procurement. A major difference is with the subcontractor listing requirement under Hawaii procurement. A bid may be deemed non responsive to a solicitation if it does not comply with the subcontractor listing requirement. There is no corresponding requirement under federal procurement.

Thank you for the opportunity to provide testimony.

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



# GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

March 29, 2017

TO: HONORABLE JILL TOKUDA, CHAIR, HONORABLE DONOVAN DELA CURZ, VICE CHAIR, COMMITTEE ON WAYS AND MEANS

SUBJECT: **SUPPORT OF H.B. 1322, HD2, RELATING TO CONSTRUCTION CONTRACTS.** Requires the State Procurement Office, in conjunction with DOE, UH, DOT, and DAGS, to conduct an analysis and review of the Hawaii Public Procurement Code, specifically with regard to the awarding of construction contracts. Appropriates an unspecified amount of funds for the analysis and review. (HB1322 HD2)

#### HEARING

DATE: March 29, 2017  
TIME: 1:35 p.m.  
PLACE: Capitol Room 211

Dear Chair Tokuda, Vice Chair Dela Cruz and Members of the Committee,

The General Contractors Association of Hawaii (GCA) is an organization comprised of over five hundred general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. The 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 is in **support** of H.B. 1322, HD2, Relating to Procurement, which would require the State Procurement Office together with DOE, UH, DOT, and DAGS to conduct an analysis and review of the Hawaii Public Procurement with a directive, among other things, a "review of issues and concerns raised by the task force's final report of April 14, 2015, submitted to the legislature during the regular session of 2015, regarding the Hawaii public procurement process" and also a review of how Hawaii's code correlates with federal statute. The Task Force Report was a direct result of the passage of Senate Concurrent Resolution 92, SD2 (2013) 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. This agency directed analysis will provide a good venue for the respective agencies to discuss similar issues within their own departments.

#### **2013 Procurement Task Force pursuant to SCR 92, SD2 (2013)**

From 2013 to 2015 major public works procurement agencies, GCA and other interested stakeholders participated in the Procurement Task Force convened by the legislature pursuant to Senate Concurrent Resolution 92, SD2 (2013). SCR 92 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. The subcontractor listing requirement was one of four issues of importance identified by the Task Force that required resolution. The report reflects that the members were split on the position with regard to repeal of the subcontractor listing. **However, it is important to note that three government agencies that regularly bid public works construction projects, including CIP projects voted in favor of repealing the listing requirement, particularly University of Hawaii, City and County of Honolulu and the Department of Education.**

**Hawaii's Procurement Law should follow the ABA Model Procurement Code**

It is important to note that the *ABA Model Procurement Code* has no reference or requirement to a mandatory subcontractor listing form. The *ABA Model Procurement Code* is the model code utilized by numerous states in delivering state and local spending in the procurement of goods, supplies, equipment, services, and construction. It would be beneficial for Hawaii to adopt the current provisions of the *ABA Model Procurement Code* to ensure proper delivery of publicly funded goods and services. Bid preferences and special interests have been embedded in Hawaii's procurement code making it difficult for the Code to properly deliver goods and services as intended by the Code. In order for the Procurement Code to apply equally and uniformly in the delivery of services and goods the elimination of bid preferences and special interests are necessary.

Thank you for this opportunity to **support** this measure and we respectfully request that this measure move forward.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, March 28, 2017 10:47 AM  
**To:** WAM Testimony  
**Cc:** cmatsuoka@ssfm.com  
**Subject:** Submitted testimony for HB1322 on Mar 29, 2017 13:35PM

**HB1322**

Submitted on: 3/28/2017

Testimony for WAM on Mar 29, 2017 13:35PM in Conference Room 211

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Corey Matsuoka	American Council of Engineering Companies, Hawaii	Comments Only	No

Comments: See Attached.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)



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

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

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

March 29, 2017

Testimony To: Senate Committee on Ways and Means  
Senator Jill N. Tokuda, Chair

Presented By: Tim Lyons, President

Subject: H.B. 1322, HD 2 - RELATING TO CONSTRUCTION CONTRACTS

Chair Tokuda and Members of the Committee:

I am Tim Lyons, President of the Subcontractors Association of Hawaii and we have some concerns regarding 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

ELECTRICAL CONTRACTORS ASSOCIATION OF HAWAII

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

For the Committee's information, in 2014 and 2015 this Legislature passed a Resolution creating a Procurement Task Force. That Task Force met for over a year and a half and provided the Legislature with a final report. We have to emphasize that this was a "free", all volunteer Task Force with the exception of some assistance in compiling the report from DAGS personnel.

We believe that the report is still a valid report and has some conclusions that has never been implemented nor followed up therefore, we see no reason, at this point, for an additional analysis and review of the Procurement Code regarding construction contracts, particularly with an expenditure of any amount of public funds.

Thank you.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Friday, March 24, 2017 5:09 PM  
**To:** WAM Testimony  
**Cc:** hawaiifishingfanatic@gmail.com  
**Subject:** \*Submitted testimony for HB1322 on Mar 29, 2017 13:35PM\*

**HB1322**

Submitted on: 3/24/2017

Testimony for WAM on Mar 29, 2017 13:35PM in Conference Room 211

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Don Aweau	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)