

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 COMMITTEES  
ON  
GOVERNMENT OPERATIONS  
AND  
COMMERCE, CONSUMER PROTECTION, AND HEALTH  
February 10, 2017, 9:35 AM  
  
SENATE BILL 1068  
RELATING TO PROCUREMENT

Chairs Kim and Baker, Vice-Chairs Ruderman and Nishihara, and members of the committees, thank you for the opportunity to submit testimony on Senate Bill 1068.

The State Procurement Office (SPO) is submitting comments to caveat any support of this bill.

**Government Burden and Contractor Responsibility:** The SPO is concerned that this action will add more burden to the procurement specialist and transfer the prime contractor's responsibility to be accountable for proposing licensed subcontractors. The process of checking to see if all subcontractors are licensed at time of award could delay a project if the listed subcontractors were unable to become compliant between bid opening and award. This would mean that the procurement specialist would now have to evaluate the 2<sup>nd</sup> low bidder's subcontractors for compliance. Would the second contractor then have the same time allowances as the first?

**Defining 'Time of Award' in respect of the intent of this bill:** There can be a range of lag time (typically 3 days to 90 days), between time of bid submittal to time of award. When is the license confirmed? Does the Procurement Specialist have to scan all licenses the night before? The day of? What about all the routings it needs before it's officially awarded? Do we scan before the AG reviews the award for form and function? Or after? It may become a issue of daily

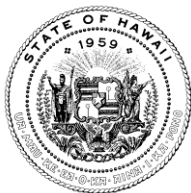
reviews until award? What if the award takes six months plus to be effected? SPO recommends a considered definition of this phrase for the intent of this bill, to include a time range constraint.

**Exemption from Chapter 444:** During last Legislative Session, the Regulated Industries Complaints Office (RICO), suggested that procurement specialists might be found to be “aiding and abetting” prime contractors who submitted unlicensed subcontractors. Thus, verbiage that waives procurement specialists from this requirement is recommended. Allowing for licenses to be valid at time of bid will require a clear and express legislative exemption from the HRS Chapter 444 interpretation that licensing must be in place at the time of submission of proposal.

**Impact of Subcontractor Listing to Construction Costs (Reference: Task Force Report, submitted February 3, 2016):** The subcontractor listing requirement has also resulted in increased construction costs when the apparent low bidder is displaced due to an error or omission in the subcontractor listing. This occurred for approximately 1% of construction projects awarded in each of fiscal years 2013 and 2014. For the four government agencies who submitted complete data, the listing requirement resulted in \$498,353 of increased construction costs for awards of construction contracts awarded in FY2013 totaling \$897,117,463 (or 0.06%) and \$1,775,321.12 of increased construction costs for construction contracts awarded in FY2014 totaling \$521,725,488 (or 0.34%). It should be noted that the impact on the cost of construction for an individual project can be substantial. For example, on a small project, the apparent Low Bidder “A” whose bid amount was \$150,000 was rejected due to a flaw in the listing of subcontractor(s). The final awarded amount to the 2nd Low Bidder “B” was \$235,000 which increased the bid amount by \$55,215 which is 36.8% more than the original price. Therefore, what the data shows is that impacts to construction costs are relatively small overall, but there could be significant costs impacts to individual projects.

In conclusion, the SPO would need to see the areas of concern above addressed in order to fully support this Bill.

Thank you.



DAVID Y. IGE  
GOVERNOR  
SHAN S. TSUTSUI  
LT. GOVERNOR

**STATE OF HAWAII  
OFFICE OF THE DIRECTOR  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

335 MERCHANT STREET, ROOM 310  
P.O. BOX 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
cca.hawaii.gov

CATHERINE P. AWAKUNI COLÓN  
DIRECTOR  
JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

**PRESENTATION OF  
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
REGULATED INDUSTRIES COMPLAINTS OFFICE**

**TO THE SENATE COMMITTEE  
ON  
GOVERNMENT OPERATIONS**

**AND**

**TO THE SENATE COMMITTEE  
ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH**

**TWENTY-NINTH STATE LEGISLATURE  
REGULAR SESSION, 2017**

**FRIDAY, FEBRUARY 10, 2017  
9:35 A.M.**

**TESTIMONY ON SENATE BILL NO. 1068  
RELATING TO PROCUREMENT**

**TO THE HONORABLE DONNA MERCADO KIM, CHAIR,  
TO THE HONORABLE ROSALYN H. BAKER, CHAIR,  
AND TO THE HONORABLE RUSSELL E. RUDERMAN, VICE CHAIR,  
AND TO THE HONORABLE CLARENCE K. NISHIHARA, VICE CHAIR,  
AND MEMBERS OF THE COMMITTEES:**

The Department of Commerce and Consumer Affairs ("Department") appreciates the opportunity to testify on Senate Bill No. 1068, Relating to Procurement. My name is Daria Loy-Goto and I am the Complaints and

Enforcement Officer for the Department's Regulated Industries Complaints Office ("RICO"). RICO offers comments on this bill.

Senate Bill No. 1068 authorizes procurement officers to consider a subcontractor's license as valid if the subcontractor was licensed to perform the scope of work at the time of award.

Senate Bill No. 1068 contradicts the Contractors License Board's ("Board") longstanding interpretation and policy that a person must be licensed as a contractor at the time of a bid submission. As the enforcement arm for the Board and in deference to the Board's policy, RICO expresses serious concerns that authorizing subcontractors to submit bids without a current and active license undermines the Board's authority and allows unlicensed contractors to engage in licensed contracting activity.

RICO testified on a similar bill, Senate Bill No. 3092, during the 2016 legislative session. Despite efforts to work with the proponents of Senate Bill No. 3092 and the Procurement Office, RICO and interested stakeholders were unable to reach any agreement and Senate Bill No. 3092 was deferred. Should Senate Bill No. 1068 move forward, RICO suggests the Committees consider language that would allow procurement officers to consider a subcontractor's license as valid at bidding only in the limited circumstance where a license has lapsed due to a loss of insurance, provided the license is current at the time work starts.

Thank you for the opportunity to testify on Senate Bill No. 1068. I will be happy to answer any questions the Committees may have.



**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

February 10, 2017  
9:35 a.m.  
State Capitol, Room 229

**S.B. 1068**  
**RELATING TO PROCUREMENT**

Senate Committees on Government Operations  
& Commerce, Consumer Protection and Health

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The Department of Transportation (DOT) **opposes** the intent of this bill which proposes to allow procurement officers to consider a subcontractor's license as valid if it was valid at the time of the award. Currently, bid submittals for State funded projects are nonresponsive to the project invitation for bids when a listed subcontractor does not hold a valid license at the time of the bid deadline.

According to Hawaii Revised Statutes § 444 (HRS) and Hawaii Administrative Rules (HAR) Title 16 Chapter 77, there are several ways a contractor's license becomes invalid, suspended or forfeited. Failure or refusal to renew license (HAR 16-77-50); not showing proof of financial integrity (HAR 16-77-55) this includes current tax clearance, continuous coverage of workers' compensation insurance, liability and property damage insurance, proof of current surety bond. Other instances include not giving notice of the death, dissociation, or disability of the Responsible Managing Employee (RME).

The HAR lists the "grace period" deadlines for the submittal of proof of financial integrity, license renewal, and notice given for the death, dissociation, or disability of the RME.

Allowing the acceptance of a bid with listed subcontractor(s) not holding a valid license would not have the effect of limiting protests. On the contrary, there will still be challenges, yet as proposed, the law would shift the responsibility to check whether the invalid licensed subcontractor to the Procuring State Agency. The question arises, what would the reasonable amount of time for the Procuring State Agency to "wait" for the subcontractor to hold a valid license before an award is made? Moreover, there could be instances when a bid may have more than one invalid subcontractor listed.

The DOT construction contracts are many, with over 30 project engineers administering construction contracts, the current subcontractor listing law and the reliability and efficiency of verifying that a project bid is responsive, including verification that the listed

subcontractors all hold valid licenses at the time of bid deadline carries with it no subjectivity, no discretion, in turn holding true to procurement transparency.

Having an invalid, forfeited or suspended license seems to be a material deviation that may affect at least the quality or delivery of the project. Moreover, HRS 103D-302(g) requires that after the bids are opened, “no changes in bid prices or other provisions of bids prejudicial to the interest of the public or to fair competition shall be permitted.”

The public interest and the requirement of ethical public procurement for the government agencies to “act as a fiduciary and trustee of public moneys” requires strict compliance and therefore, acceptance of a bid that includes a subcontractor whose license has been suspended or forfeited is not in line with the ethical considerations under the Procurement Code.

Thank you for the opportunity to provide testimony.

**PRESENTATION OF THE  
CONTRACTORS LICENSE BOARD**

TO THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS

AND

TO THE SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH

TWENTY-NINTH LEGISLATURE  
Regular Session of 2017

Friday, February 10, 2017  
9:35 a.m.

**TESTIMONY ON SENATE BILL NO. 1068, RELATING TO PROCUREMENT.**

TO THE HONORABLE DONNA MERCADO KIM, CHAIR,  
TO THE HONORABLE ROSALYN H. BAKER, CHAIR,  
AND MEMBERS OF THE COMMITTEES:

My name is Peter H.M. Lee, Chairperson of the Contractors License Board (“Board”) Legislative Committee. Thank you for the opportunity to testify on Senate Bill No. 1068, which proposes to authorize procurement officers to consider a subcontractor’s license as valid if the subcontractor was licensed to perform the scope of work indicated at the time of the award.

The Board has not had the opportunity to discuss this bill and will be discussing this measure at its next meeting on February 17, 2017. However, in the past the Board has expressed concerns on similar measures that amends Hawaii Revised Statutes (“HRS”) section 103D-302 to allow a subcontractor with a defective license (i.e., forfeited, inactive, revoked, suspended, etc.) to be deemed valid as long as that subcontractor is properly licensed at the time of award.

The Board believes that this conflicts with the requirements of HRS chapter 444 and the Board's longstanding interpretation that a person must be licensed as a

contractor at the time of submitting a proposal or bid (as well as at the time of award) on a construction project. The Board has consistently taken the position that a contractor's license is required when a person submits a bid on a construction project to another person, entity, or government agency. That is because the person who is submitting the bid is acting, advertising, or holding the person's self out as a contractor and must therefore be licensed at that time.

This bill appears to condone or authorize unlicensed activity from the time of bid submittal to and through the time the contract is awarded. An unlicensed contractor is subject to disciplinary action, including a fine.

Additionally, the prime, general, or other specialty contractor that uses that unlicensed person's bid may also be subject to disciplinary action.

The Board believes this bill will cause regulatory uncertainty about the unlicensed activity itself and the disciplinary action that can be imposed against the unlicensed contractor. The Board therefore respectfully requests that this bill include language that clearly indicates that the Board and the Regulated Industries Complaints Office still retain disciplinary jurisdiction over the subcontractors and general contractors involved in the bid. In other words, the Board requests that this bill be amended to clearly specify that the proposed amendments to HRS section 103D-302 do not override or negate the Board/State's disciplinary powers under HRS chapter 444 for unlicensed contracting.

Thank you for the opportunity to provide comments on Senate Bill No. 1068.



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

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

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

February 10, 2017

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

Senate Committee on Commerce, Consumer Protection, and Health  
Senator Rosalyn H. Baker, Chair

Presented By: Tim Lyons, President

Subject: S.B. 1068 - RELATING TO PROCUREMENT

Chair Mercado Kim, Chair Baker and Members of the Joint Committees:

I am Tim Lyons, President of the Subcontractors Association of Hawaii and we support the intent of 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

We understand the predicament that general contractors sometimes find themselves in as far as licensing discrepancies that may exist at the time of bidding. We are however, somewhat concerned about allowing a contractor an extended time to qualify as a responsible contractor between the time of bid and the time of award. We believe that there has to be some time frame put on that such as thirty (30) days. We also do not want to have a contractor who was not licensed at all provide bids for doing work, wait to see if they get the work and then arrange to get their license at some extended date in the future. Therefore, we believe there also needs to be language that the contractor was previously licensed.

Again, we understand the predicament that the prime contractors can be in however we also want to see the integrity of the Contractors License Law and procurement process maintained. We would be happy to work with the Committee and the proponents on suitable and acceptable language.

Suggested:

;provided that the procurement officer may consider a listed subcontractor's license as valid if the subcontractor was licensed within thirty (30) days prior to award and the subcontractor was licensed to perform the scope of work indicated at the time of the bid.

Thank you.

# IRON WORKERS STABILIZATION FUND

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February 10, 2017

Senator Donna Mercado Kim, Chair  
Committee on Government Operations  
Senate  
State Capitol  
Honolulu, HI 96813

Re: SB1068 – Relating to Procurement

Dear Chair Kim and Honorable Members:

We do **NOT SUPPORT** the passage of this bill.

Senate Bill No. 1068 authorizes procurement officers to consider a subcontractor's license as valid if the subcontractor was licensed to perform the scope of work indicated at the time of award.

This bill contradicts the standing policy of the Contractors License Board that a person must be licensed at the time of a bid submission. Further, such a change will place an additional burden upon the state procurement specialist whom would be subsequently responsible to check for license status at the time of award. Also, the time of award is not clearly identified in either statute or administrative rule, and as such, would cause confusion in when the state procurement specialist would need to check license status. Finally, the subcontractor listing has not been a significant problem in the awards of contracts where a low bidder is displaced due to an error or omission – *only approximately one percent* of construction projects awarded were affected in fiscal years 2013 and 2014 (State Procurement Task force report, February 3, 2016).

Mahalo.



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 7, 2017

To: Senate Committee on Government Operations  
Honorable Chair Donna Mercado Kim & Vice Chairman Russell Ruderman  
  
Senate Committee on Commerce, Consumer Protection and Health  
Honorable Chair Rosalyn Baker & Vice Chair Clarence Nishimura

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

Subject: SB 1068 Relating to Procurement

Notice of Hearing

Date: Friday, February 10, 2017  
Time: 9:35 AM  
Place: Conference Room 229  
State Capitol  
415 South Beretania Street

Dear Chairs Kim, Baker and Committee members:

The Electrical Contractors Association of Hawaii (ECAH) is a non-profit association representing over 100 electrical contractors doing business in the State of Hawaii. ECAH **Supports** the intent and purpose of SB 1068 that would allow the procurement office to consider an invalid sub contractor's license if it can be remedied before the bid award with changes. We would support this bill if the time to consider an invalid license to be remedied is no more than 30 days after the bid submission or the bid award date whichever is shorter. In addition, this bill should include that the listed subcontractor must have been previously licensed in the classification listed to perform the scope of work during the current license year or prior to the bid due date. This will ensure that the listed subcontractor will not be seeking the correct license after the bid due date which would be considered unlicensed activity.

Based on the above, ECAH **Supports** the passage of SB 1068 with changes expressed above.

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



1088 BISHOP STREET #408  
HONOLULU, HI 96813  
PH: (808) 597-1216

GREGG S. SERIKAKU  
EXECUTIVE DIRECTOR

Via Email

February 7, 2017

Senator Donna Mercado Kim, Chair  
Senator Russel E. Ruderman, Vice-Chair  
Senate Committee on Government Operations

Senator Rosalyn H. Baker, Chair  
Senator Clarence K. Nishihara, Vice-Chair  
Senate Committee on Commerce, Consumer Protection and Health

The Twenty-Ninth Legislature, Regular Session of 2017

Chairs Kim and Baker, Vice Chairs Ruderman and Nishihara, and Members of the Committees:

**SUBJECT: SB1068 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 SB1068 in its current form.

This bill allows a procurement officer to accept the listing of a subcontractor whose license is not valid at time of bid if the subcontractor's license to perform the scope of work is valid at the time of award. While the intent of this bill is to preserve bids that are deemed unresponsive due to administrative licensing issues, we are concerned that the current language is too broad and will create opportunities for abuse. To address this, we recommend that language be added that requires the listed subcontractor to have been previously licensed in the current license year for the scope of work indicated, and further that the time period to restore the subcontractors license should be limited to 30 days following the bid due date.

Our Association is continuing to work in good faith with representatives from the General Contractors Association of Hawaii (GCA) to clarify the issues this allowance is intended to remedy and **we propose that representatives from both parties continue to work together on language that will help to address each parties' specific concerns to minimize frivolous protests, while maintaining a fair bidding environment.**

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

Respectfully yours,

A handwritten signature in black ink that reads "Gregg S. Serikaku".

Gregg S. Serikaku  
Executive Director

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 10, 2017

TO: HONORABLE DONNA MERCADO KIM, CHAIR, HONORABLE RUSSELL RUDERMAN, VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS

HONORABLE ROSALYN BAKER, CHAIR, HONORABLE CLARENCE NISHIHARA, VICE CHAIR AND MEMBERS OF THE COMMITTEE ON CONSUMER PROTECTION AND HEALTH

SUBJECT: **SUPPORT OF S.B 1068, RELATING TO PROCUREMENT** Authorizes procurement officers to consider a subcontractor's license as valid if it was valid at the time of award of a bid.

HEARING

DATE: February 10, 2016  
TIME: 9:35 a.m.  
PLACE: Conference Room 229

Dear Chair Mercado Kim and Chair Baker, Vice Chair Ruderman and Vice Chair Nishihara and Members of the Committees,

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. 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 **supports** S.B. 1068, Relating to Procurement, which would amend Section 103D-302(g) allowing the procurement officer the ability to determine whether a listed subcontractor's license is valid at award. This measure would prevent a bid from being thrown out for reasons related to a listed subcontractor's status based on Chapter 444 requirements. This amendment would still require that all listed subcontractors be properly licensed at award; meanwhile this bill will preclude a prime bidder from being penalized and found non-responsive because its subcontractor may have had an issue with their compliance under Chapter 444, HRS regarding requirements of workers compensation, insurance, bond, renewal fees, and dissociation of its Responsible Managing Employee (RME).

The measure would not only allow subcontractors within their respective scopes of work the ability to cure their status before award, but also preserve an apparent low bid that may have been found non-responsive due to a subcontractor's license status. This amendment will have no added burden to procurement officers as they will be able to award the bid at any time after bid close within current requirements; and will instead allow bids to be awarded to the lowest responsive bidder without finding them non-responsive due to an issue with a subcontractor's license status.

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. As a result, the subcontractor listing requirement has caused delay in project award, increase to overall costs of project and could potentially result in lapse of project funding.

For these reasons, we respectfully request that you pass this measure to increase efficiency in the procurement of public works construction. Thank you for your consideration.



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

Sent via email to [GVOtestimony@capitol.hawaii.gov](mailto:GVOtestimony@capitol.hawaii.gov)  
Fax to (808) 587-7205

February 10, 2017

TO: HONORABLE DONNA MERCADO KIM, CHAIR, HONORABLE RUSSELL RUDERMAN,  
VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON GOVERNMENT  
OPERATIONS

HONORABLE ROSALYN BAKER, CHAIR, HONORABLE CLARENCE NISHIHARA,  
VICE CHAIR AND MEMBERS OF THE COMMITTEE ON CONSUMER PROTECTION  
AND HEALTH

SUBJECT: **SUPPORT OF S.B 1068, RELATING TO PROCUREMENT** Authorizes procurement  
officers to consider a subcontractor's license as valid if it was valid at the time of award of  
a bid.

HEARING

DATE: February 10, 2016  
TIME: 9:35 a.m.  
PLACE: Conference Room 229

Dear Chair Mercado Kim and Chair Baker, Vice Chair Ruderman and  
Vice Chair Nishihara and Members of the Committees,

S & M Sakamoto, Inc. **supports** S.B. 1068, Relating to Procurement, which would amend Section 103D-302(g) by authorizing the procurement officer to consider a listed subcontractor's license as valid provided certain conditions are met and their license is valid at time of award. This measure would prevent an otherwise responsive bid from being thrown out for largely technical reasons related to a listed subcontractor's license status at bid time.

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. As a result, the subcontractor listing requirement has caused delay in project award, has increased overall project costs and could potentially result in lapse of project funding.

For these reasons, we ask this Committee to pass this measure to assist in improving the procurement of public works construction. Thank you for your consideration.

Very truly yours,  
S & M Sakamoto, Inc.

Gerard Sakamoto  
Chairman of the Board





P.O. Box 4088  
Honolulu, HI 96812-4088  
Phone: (808) 735-3211

Sent via email to [GVOtestimony@capitol.hawaii.gov](mailto:GVOtestimony@capitol.hawaii.gov)

February 10, 2017

TO: HONORABLE DONNA MERCADO KIM, CHAIR, HONORABLE RUSSELL RUDERMAN, VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS

HONORABLE ROSALYN BAKER, CHAIR, HONORABLE CLARENCE NISHIHARA, VICE CHAIR AND MEMBERS OF THE COMMITTEE ON CONSUMER PROTECTION AND HEALTH

SUBJECT: **SUPPORT OF S.B 1068, RELATING TO PROCUREMENT** Authorizes procurement officers to consider a subcontractor's license as valid if it was valid at the time of award of a bid.

HEARING  
DATE: February 10, 2016  
TIME: 9:35 a.m.  
PLACE: Conference Room 229

Dear Chair Mercado Kim and Chair Baker, Vice Chair Ruderman and Vice Chair Nishihara and Members of the Committees,

Hawaiian Dredging Construction Company, Inc. **supports** S.B. 1068, Relating to Procurement, which would amend Section 103D-302(g) by authorizing the procurement officer to consider a listed subcontractor's license as valid provided certain conditions are met and their license is valid at time of award. This measure would prevent an otherwise responsive bid from being thrown out for largely technical reasons related to a listed subcontractor's license status at bid time.

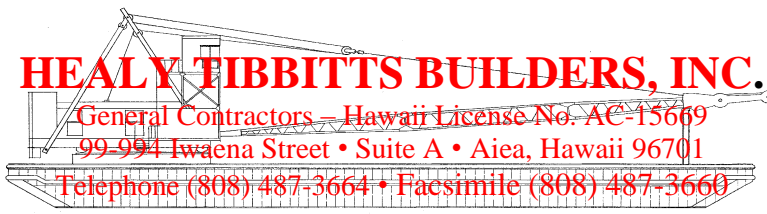
The procurement of public works has been significantly impacted by issues raised by bidders relating to the subcontractor listing requirement and continues to be an area prone to informal inquiries and bid protests. As a result, the subcontractor listing requirement has caused delay in project award, has increased overall project costs and could potentially result in lapse of project funding.

For these reasons, we ask this Committee to pass this measure to assist in improving the procurement of public works construction. Thank you for your consideration.

With best regards,

A handwritten signature in blue ink, appearing to read 'J. Majkut', is written over the closing text.

Joseph P. Majkut  
President  
Hawaiian Dredging Construction Company, Inc.



February 10, 2017

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

TO: HONORABLE DONNA MERCADO KIM, CHAIR, HONORABLE RUSSELL RUDERMAN, VICE CHAIR AND MEMBERS OF THE SENATE COMMITTEE ON GOVERNMENT OPERATIONS

HONORABLE ROSALYN BAKER, CHAIR, HONORABLE CLARENCE NISHIHARA, VICE CHAIR AND MEMBERS OF THE COMMITTEE ON CONSUMER PROTECTION AND HEALTH

SUBJECT: **SUPPORT OF S.B 1068, RELATING TO PROCUREMENT** Authorizes procurement officers to consider a subcontractor's license as valid if it was valid at the time of award of a bid.

**HEARING**

DATE: February 10, 2016

TIME: 9:35 a.m.

PLACE: Conference Room 229

Dear Chair Mercado Kim and Chair Baker, Vice Chair Ruderman and Vice Chair Nishihara and Members of the Committees:

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** S.B. 1068, Relating to Procurement, which would amend Section 103D-302(g) by authorizing the procurement officer to consider a listed subcontractor's license as valid provided certain conditions are met and their license is valid at time of award. This measure would prevent an otherwise responsive bid from being thrown out for largely technical reasons related to a listed subcontractor's license status at bid time.

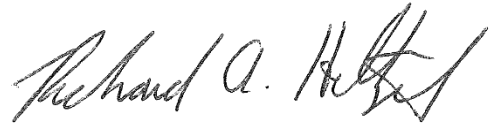
The procurement of public works has been significantly impacted by issues raised by bidders relating to the subcontractor listing requirement and continues to be an area prone to informal inquiries and bid protests. As a result, the subcontractor listing requirement has caused delay in project award, has increased overall project costs and could potentially result in lapse of project funding.

**Healy Tibbitts Builders, Inc.**

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For these reasons, we ask this Committee to pass this measure to assist in improving the procurement of public works construction. Thank you for your consideration.

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, stylized initial "R".

Richard A. Heltzel  
President