

Testimony of the Contractors License Board

**Before the
House Committee on Labor and Public Employment
Thursday, February 7, 2019
9:00 a.m.
State Capitol, Conference Room 309**

**On the following measure:
H.B. 838, RELATING TO CONTRACTORS**

Chair Johanson and Members of the Committee:

My name is Candace Ito, and I am the Executive Officer of the Contractors License Board (Board). The Board has not had an opportunity to review and discuss this bill but will do so at its publicly noticed meeting on February 15, 2019.

The purpose of this bill is to exempt an eleemosynary organization from the requirement of licensure as a contractor upon meeting certain conditions.

Thank you for the opportunity to testify on this bill.



Hawaii Chapter

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February 6, 2019

TO: House Committee on Labor & Public
Employment
Rep. Aaron Ling Johanson, Chair
Rep. Stacelynn K.M. Eli, Vice Chair

RE: Testimony in **OPPOSITION** to HB 838 Relating
to Contractors.

Chair Johanson, Vice Chair Eli, and members of the
committee.

Thank you for the opportunity to testify. I
am Malcolm Barcarse, Jr. the chair of the
Legislative Committee for Associated Builders &
Contractors Hawaii Chapter, an organization that
comprises over 150 members throughout the
contraction industry.

We stand in opposition to this bill as we feel
that to protect public health, safety and to ensure
compliance with State laws it is necessary that all
organizations whether for profit or nonprofit shall
be duly licensed to do public works projects.

We feel that the requirement that the
organization has done similar types of projects or
operations for ten consecutive years reaffirms that
such organization has to requisite experience to
perform the work. Such an organization with this
level of experience should be able to apply for a
contractor’s license like all other organizations.

Furthermore, this exemption from the
contractor’s license requirements further muddies
the waters in an already complicated State
Procurement Environment. Theoretically, under
this provision a procurement officer could
theoretically waive defects on a faulty
subcontractor listing or worse yet through a non



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an improperly licensed general contractor. This will most likely lead to more bid protests, which will then lead to construction delays and increased costs. Therefore, we ask that this measure be held. Thank you for the opportunity to testify.

LATE

HB-838

Submitted on: 2/6/2019 12:29:59 PM

Testimony for LAB on 2/7/2019 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Denver Saxton Coon	Trilogy Corporation	Support	No

Comments:

Trilogy Corporation dba Trilogy Excursions is in strong support of HB 838 and believes that allowing non-profit organizations to provide their expertise and many skills to various State efforts is a great benefit to the state and its residents.

LATE

HB-838

Submitted on: 2/6/2019 10:01:05 AM

Testimony for LAB on 2/7/2019 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Zachary LaPrade	Calypso Charters	Support	No

Comments:

It is my understanding this statute will allow non-profit organizations, with experience, to complete public works projects, such as day use mooring maintenance. This is so necessary, especially when the state is unable to complete projects. So many projects don't get done because the state has budgetary and legal limitations. Non-profits are a perfect entity to complete these projects because they aren't motivated by profit.

LATE

HB-838

Submitted on: 2/6/2019 8:30:34 PM

Testimony for LAB on 2/7/2019 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Carolyn Stewart	Malama Kai Foundation	Support	No

Comments:

As President of Malama Kai Foundation, I strongly support HB 838. While this bill likely has applications in many areas where the state would benefit from public-private (non-profit) partnerships, I will describe how its application will benefit the State in our area of expertise – protection of coral reefs and nearshore resources.

Malama Kai Foundation, a Hawaii-based non-profit organization, has been responsible for the installation and maintenance of the State's day use mooring buoy system of over 200 public buoys since 1991. Day use mooring buoys are the most effective means to prevent anchor damage to coral reefs. We have raised monies to support this effort through grants and private donations, with a relatively small amount of funding from the State since 1991. More buoys are needed in high use areas where boats continue to drop anchor, but we as a non-profit don't have the resources, capacity or even the mandate to do this alone.

This is a perfect opportunity for the public-private partnership that HB 838 would allow in these specialized circumstances where the state has a need and a non-profit organization (in this case, Malama Kai Foundation) has long-standing expertise. HB 838 would enable DLNR to contract with Malama Kai Foundation (which would sub-contract the work to fully-vetted dive companies trained in the state-approved buoy installation and maintenance procedures) without going through the arduous and more costly procurement process. The dive companies are willing to provide the service at a discounted rate because the work is being done through the nonprofit for a public purpose. In addition, the definition of "contractor" does not really fit the type of work required for day use mooring buoy installation and maintenance.

By providing this important public service through this type of arrangement, the public receives significant benefits. DLNR would meet its mandate to protect coral reefs from anchor damage while at the same time providing safe public access to public trust resources, and Malama Kai Foundation could leverage its non-profit status to provide the services at a reduced rate to the benefit of the public. By working in this public-private partnership, the State will receive high-quality specialized services to protect coral reefs and provide public access to these important resources.

Please pass HB 838. Mahalo.

HB-838

Submitted on: 2/6/2019 10:01:54 AM

Testimony for LAB on 2/7/2019 9:00:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Phil Kasper	Individual	Support	No

Comments:

HB-838

Submitted on: 2/7/2019 7:34:35 AM

Testimony for LAB on 2/7/2019 9:00:00 AM



Submitted By	Organization	Testifier Position	Present at Hearing
James E. Coon	Ocean Tourism Coalition	Support	Yes

Comments:

This is a vital bill to enable the state day use mooring system to be maintained and new moorings installed. Currently a non profit organization is doing the work with donations from the Boating Community. This bill would enable DOBOR to collect money from the user group and subsequently offer grants to a qualified non profit to do this very necessary work.

Please pass HB 838

Aloha

Jim Coon President Ocean Tourism Coalition

LATE

Rep. Aaron Ling Johanson

From: Teri Leicher <teri@jacksdivinglocker.com>
Sent: Wednesday, February 6, 2019 11:03 PM
To: Rep. David A. Tarnas; Rep. Linda Ichiyama; Rep. Gregg Takayama; Rep. Aaron Ling Johanson; Rep. Sean Quinlan
Subject: Testimony regarding HB 838

Aloha,

My name is Teri Leicher, managing partner of Jack's Diving Locker in Kona Hawaii. I am also currently active as a volunteer board or committee member with several community groups such as the Hawaiian Island Recreational Scuba Association, the Kona Kohala Chamber of Commerce, Malama Kai Foundation and OTC.

I have also been actively working in a public private partnership with regards to our State Day Use Mooring Program, which was developed in 1986 to protect Hawaii's fragile coral reef systems.

My company strongly supports HB 838.

While this bill likely has applications in many areas where the state would benefit from public-private (non-profit) partnerships, its application will benefit the State in our area of expertise – protection of coral reefs and nearshore resources. This bill would allow the State to continue to use the expertise of businesses and non profits which in the long run, will save the State millions of dollars.

As an example...

Malama Kai Foundation, a Hawaii-based non-profit organization, was formed and has been responsible for the installation and maintenance of the State's day use mooring buoy system of over 200 public buoys since 1991.

Day use mooring buoys are the most effective means to prevent anchor damage to coral reefs. We have raised hundreds of thousands of actual dollars to support this effort through grants and private donations, with a relatively small amount of funding from the State since 1991.

The buoys need to be maintained and more buoys are needed in high use areas where boats continue to drop anchor. We dont have the mandate to do this alone...and the State needs the help of groups like ours to help with the planning and implementation, as it is too large a task to do alone.

This is a perfect opportunity for the public-private partnership that HB 838 would allow in these specialized circumstances where the state has a need and a non-profit organization (in this case, Malama Kai Foundation) has long-standing expertise.

HB 838 would enable DLNR to contract with Malama Kai Foundation (which would sub-contract the work to fully-vetted dive companies trained in the state-approved buoy installation and maintenance procedures) without going through the arduous and more costly procurement process.

Currently, several dive companies have folks who have been trained by Malama Kai Foundation's State approved trainers (as per DLNR's 10 year plan and maintenance manual). These folks have been ... and will

continue to, willingly provide the service at a discounted rate because the work is being done through a nonprofit For a good cause ... to protect our coral reefs.

In addition, the definition of "contractor" does not really fit the type of work required for day use mooring buoy installation and maintenance.

By providing this important public service through this type of arrangement, the public receives significant benefits and the State can use the money it has saved for other important projects.

DLNR would meet its mandate to protect coral reefs from anchor damage while at the same time providing safe public access to public trust resources. Malama Kai Foundation could leverage its non-profit status to provide the services at a reduced rate to the benefit of the public.

By working in this public-private partnership, the State will receive high-quality specialized services to protect coral reefs and continue to provide access to these important resources.

Please pass HB 838.

Mahalo,

Teri Leicher

Jack's Diving Locker

75-5813 Alii Drive

Kailua-Kona, Hawaii

USA