

HB-849

Submitted on: 1/31/2021 1:07:40 PM

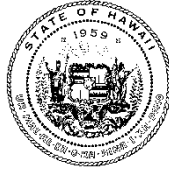
Testimony for GVR on 2/3/2021 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Susan Pcola_Davis	Individual	Support	No

Comments:

Procurement is a very complex operation. If the legislature feels that guidance and direction is required, I support the need. I also support the State Auditor be involved to review and report the current state of procurement. This will enable the legislature to understand the current weaknesses, as well as, strengthes.

DAVID Y. IGE
GOVERNOR



BONNIE KAHAKUI
ACTING ADMINISTRATOR

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STATE PROCUREMENT OFFICE

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TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
GOVERNMENT REFORM
FEBRUARY 3, 2021, 8:30 A.M.

HOUSE BILL 849
RELATING TO PROCUREMENT

Chair McKelvey, Vice-Chair Wildberger, and members of the committee, thank you for the opportunity to submit testimony on HB849. The State Procurement Office (SPO) opposes the bill because the proposed language does not belong in Hawaii Revised Statutes (HRS).

The proposed language for HRS 103D, Part V Modification and Termination of Contracts, addresses contract clauses providing for adjustment in prices, time of performance, or other contract provisions and contract termination. The language of SB849 outlines the duties of a contract administrator and therefore is inappropriate in the Procurement Code, HRS 103D, or the Hawaii Administrative Rules. The duties of a contract administrator, as with any procurement role, should be outlined in a department's procurement manual and can be supported by a procurement circular issued by the State Procurement Office.

Thank you.

HB-849

Submitted on: 2/1/2021 8:44:01 AM

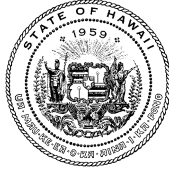
Testimony for GVR on 2/3/2021 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dr. Jim Shon	Individual	Support	No

Comments:

In addition to past performance, **we should know the difference in costs between a project built under the current procurement code, and the estimated cost if it were done in the private sector.** If a Charter school can build a new campus for \$30 million serving 300 students, why does it take ten times this amount to build a DOE school. If a private school can air condition a classroom for less than \$10K, why did it take \$100K to cool a DOE school?

DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
COMPTROLLER
AUDREY HIDANO
DEPUTY COMPTROLLER

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

WRITTEN TESTIMONY
OF
CURT T. OTAGURO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE HOUSE COMMITTEE ON GOVERNMENT REFORM

WEDNESDAY, FEBRUARY 3, 2021, 8:30 AM.
VIA VIDEO CONFERENCE

H.B. 849

RELATING TO PROCUREMENT

Chair McKelvey, Vice Chair Wildberger, and members of the Committee, thank you for the opportunity to submit testimony in opposition to H.B. 849, which proposes to establish the functions of the contract administration office, require the procurement policy board to adopt rules for the administration of contracts, and require the state procurement office to submit a progress report to the legislature.

The proposed bill will create a new office that will duplicate many of the responsibilities now discharged by the several agencies involved in CIP projects, which perform contract administration tasks that employ policies and procedures established to comply with applicable existing provisions of the Hawaii Revised Statutes and the Hawaii Administrative Rules. The bill will create additional layers of bureaucracy, with increased operating costs, and will result in little

or no positive impact on the quality, efficiency, and efficacy of CIP projects realized for the people of Hawaii. The new bureaucracy will increase the time existing CIP agencies require to realize CIP projects, making delivery of those projects less efficient and costlier. The various duties enumerated for the new office are convoluted and duplicative, and the intent of creating this new layer of contract administration is unclear.

In addition, the bill may result in creation of direct contractual relationships between the State and each prime contractor's subcontractors. The resulting complex contractual relationships will have the potential to dramatically expand and extend the State's contractual liabilities. The bill may also cause the State to become responsible for ensuring the adequate performance of the prime contractor and its subcontractors, which responsibility properly lies with the prime contractor alone.

Finally, the bill fails to appropriate, or otherwise identify, funds to support creation of the new office and to implement its duties and responsibilities. In this time of revenue uncertainty and deeply constrained operating funds, it must be recognized that existing and anticipated near-term resources will be insufficient to implement the mandates set forth in this bill.

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