

DAVID Y. IGE
GOVERNOR



BONNIE KAHAKUI
ACTING 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
<http://spo.hawaii.gov>

TESTIMONY
OF
BONNIE KAHAKUI, ACTING ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
FINANCE

April 1, 2021, 2:30 PM

SENATE BILL 1329, SD2, HD2
RELATING TO PROCUREMENT

Chair Luke and Vice-Chair Cullen, and members of the committee, thank you for the opportunity to submit testimony on SB1329 SD2 HD2. The State Procurement Office (SPO) appreciates the intent of the bill to address protests expeditiously and acknowledges departments' concerns about setting time limits particularly as it relates to very complex solicitations and protests.

SB1329 SD2 HD2 removed the initial 75-day time limit to respond to protests. This coupled with no time limit or clarity on extenuating circumstances for extensions results in an ambiguous language which will be difficult to enforce.

Thank you.

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
COMMITTEE ON FINANCE

THURSDAY, APRIL 01, 2021, 2:30 P.M.
CONFERENCE ROOM 308, STATE CAPITOL

S.B. 1329, S.D. 2, H.D. 2

RELATING TO PROCUREMENT.

Chair Luke, Vice Chair Cullen, and Members of the Committee, thank you for the opportunity to submit testimony on S.B. 1329, S.D. 2, H.D. 2. The Department of Accounting and General Services (DAGS) supports purposes (1) and (2) of the bill to address protests as expeditiously as possible and to place a time limit on the resolution of protests for contracts resulting from the competitive sealed proposal and professional services procurement methods, appreciates the amendments made to bring the bill into alignment with its stated purpose and to allow for the consideration of a more practical time period in page 2, line 12, so as not to compromise the integrity of the process, and offers the following comments.

While we remain very concerned that the imposition of time limits on the resolution of protests may compromise fair and just resolutions in the best interest of the State, especially for construction procurements, we recognize that if the legislature intends to pass this bill and so follows the recommendations contained in the testimony submitted by the Department of the Attorney General, we stress the importance of ensuring that the integrity of the protest process and the best interests of the State are preserved by ensuring that:

- The initial time period in page 2, line 12, is both reasonable and realistic to make appropriate allowances for the above-listed factors and is based on the experience of the agencies addressing construction protests; and
- The approval process for obtaining time extensions is not onerous and time consuming, such that it further prolongs the protest process; and
- The duration of time extensions be well considered; and
- The number of such time extensions for extenuating circumstances remain uncapped.
- DAGS has already begun gathering information from other State agencies to add to our own protest tracking information in an effort to help guide this legislation. Preliminarily, we propose consideration for an initial time period of 105 calendar days with extension periods of 45 days each. We will provide updates on these proposed timelines as additional information may be received.

DAGS does not support purpose (3), and we suggest elimination of the wording on page 2, line 19, through page 3, line 2, of this legislation: “If the protest is not resolved by mutual agreement and the chief procurement officer or a designee does not issue a written decision to uphold or deny the protest, the protest shall prevail.”

If this wording was added to specify what happens when the deadline is not met, it contradicts the State’s ability to exceed the deadline based on extenuating circumstances, as stated on page 2, lines 13-14

There are a number of reasons beyond the control of the State which may prevent it from responding by the deadline. Therefore, it is not in the State’s best interest to specify that the

protestor prevails in instances where the deadline is not met. This may have the unintended consequence of encouraging protestors to take actions which would prevent the State from addressing the protest in a timely manner (such as filing very complex protests with many issues, supplementing the protest with additional claims and information after the initial submittal, etc.) in order to increase their chances of prevailing.

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

SB-1329-HD-2

Submitted on: 3/31/2021 11:30:23 AM

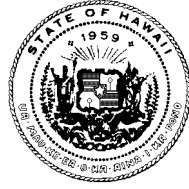
Testimony for FIN on 4/1/2021 2:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Audrey Hidano	Department of Accounting and General Services	Support	No

Comments:

I am available for comments and am testifying on behalf of DAGS Comptroller Curt Otaguro.

DAVID Y. IGE
GOVERNOR



CATHY BETTS
DIRECTOR

JOSEPH CAMPOS II
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

March 31, 2021

TO: The Honorable Representative Sylvia Luke, Chair
House Committee on Finance

FROM: Cathy Betts, Director

SUBJECT: **SB1329 SD2 HD2 – RELATING TO PROCUREMENT.**

Hearing: April 1, 2021, 2:30 p.m.
Via videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) understands the intent of the measure, opposes the measure, and provides comments.

The Senate Committee on Government Operations amended the measure by:

- (1) Removing language that would have set internal deadlines for the purchasing agency and any reviewing department or agency to complete the review of a protest concerning the solicitation or award of a contract;
- (2) Inserting language that requires the resolution of the bid protest within seventy-five calendar days of receipt of the protest;
- (3) Allowing for an extension of the seventy-five day resolution period under certain circumstances; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

The Senate Committees on the Judiciary and Ways and Means further amended the measure by defecting the effective date and making additional technical amendments.

The House Committee on Government reform amended the measure as follows:

- (1) Requiring the Chief Procurement Officer or a designee to address, rather than resolve, any protest as expeditiously as possible;

- (2) Removing language that would have provided an additional thirty calendar days if extenuating circumstances required additional time for the issuance of a written decision to uphold or deny the protest;
- (3) Specifying that if the protest is not resolved by mutual agreement and the Chief Procurement Officer or a designee does not issue a written decision to uphold or deny the protest, the protest shall prevail; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

The House Committee on Consumer Protection & Commerce further amended the measure by,

- (1) Clarifying that if a protest is not resolved by mutual agreement, the time restriction for the chief procurement officer or designee to uphold or deny a protest is limited to competitive sealed proposal and professional services methods of procurement; and
- (2) Changing the timeline to issue a written decision on the protest from a seventy-five calendar day deadline to an unspecified number of calendar days.

PURPOSE: The purpose of the bill requires the chief procurement officer or designee to address protests as expeditiously as possible. Creates time limits to resolve protests to the award of competitive sealed proposal contracts and procurements of professional services, if the protest is not resolved by mutual agreement. Specifies that a protest shall prevail if the protest is not resolved by mutual agreement and within the established time limits. Effective 5/6/2137. (HD2)

DHS still opposes the measure as drafted as the "strict liability" like provision,

"If the protest is not resolved by mutual agreement and the chief procurement officer or a designee does not issue a written decision to uphold or deny the protest, the protest shall prevail[,]"

goes too far and may likely encourage protests, increase the number of fair hearings, and lengthen the time to final disposition. Further, this provision may act as a disincentive for smaller community-based organizations, businesses, or professionals from submitting a proposal consequently reducing competition and may likely increase the overall costs of

procurement and services. Of concern is this proposed language is a policy against making decisions on the merits.

DHS acknowledges that it is difficult to establish a time frame and depending upon the breadth and complexity of the procurement, or if more than one protest is received, the time the chief procurement officer or the designee needs may vary; however, the chief procurement officer or the designee will need enough time to sufficiently review and respond to the protest.

In the event that the decision of the chief procurement officer or designee is forced or rushed to decide within the mandated time frame, the decision will likely result in a fair hearing request as provided by sections 103D-701(e) and 103D-709, Hawaii Revised Statutes (HRS).

We also consider that section 103D-701(e), HRS, provides,

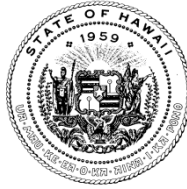
" In addition to any other relief, when a protest is sustained and the protestor should have been awarded the contract under the solicitation but is not, then the protestor shall be entitled to the actual costs reasonably incurred in connection with the solicitation, including bid or proposal preparation costs but not attorney's fees."

The right to administrative review in section 103D-701(c), HRS, and the available remedy in section 103D-701(e), HRS, are the most likely reasons why certain decisions take as long as they do in protests that were not resolved by mutual agreement.

Additionally, if agencies do not have enough procurement specialists and staff to address procurement issues, resolution of procurement protests will continue to be delayed or lead to more fair hearings if this measure passes as drafted.

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

DAVID Y. IGE
GOVERNOR



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
LYNN A.S. ARAKI-REGAN
DEREK J. CHOW
ROSS M. HIGASHI
EDWIN H. SNIFFEN

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

April 1, 2021

2:30 P.M.

State Capitol

Conference Room 308
VIA VIDEOCONFERENCE



**S.B. 1329, S.D. 2, H.D. 2
RELATING TO PROCUREMENT**

House Committee on Finance

The Department of Transportation (DOT) **supports the intent with comments** of the bill which requires the chief procurement officer or designee to address protests as expeditiously as possible; creates time limits to resolve protests to the award of competitive sealed proposal contracts and procurements of professional services, if the protest is not resolved by mutual agreement; specifies that a protest shall prevail if the protest is not resolved by mutual agreement within the established time limits; and takes effect 5/6/2137.

The current bill states the purpose of this Act is to require the chief procurement officer or designee to address protests as expeditiously as possible; create time limits to resolve protests to the awards of competitive sealed proposal contracts and procurements of professional services, if the protest is not resolved by mutual agreement; and specify that a protest shall prevail if the protest is not resolved within the established time limits. The amendment to explicitly state the application to procurement section(s) 103D-303 for competitive sealed proposals and 103D-304 for procurement of professional services clearly supports the intent and purpose of the bill. The proposed time limits in which to respond to the protest should allow for adequate and realistic vetting of the protest issues to ensure the State is able to conduct sufficient and appropriate due diligence to thoroughly research and formulate a defensible response to support the State's position and render a fair and just resolution.

The proposed amended content stating the protest shall prevail in the event the protest is not resolved by mutual agreement and the chief procurement officer or designee does not issue a written decision to uphold or deny the protest (within the established time limits), does not recognize situations in which the State receives multiple protests on the same project, either by the same protestor throughout the course of resolving the protest or by different bidders. The protests by the different bidders may share common issues, however, there may be additional protest issues that are specific to a particular

bidder. In any case, the State will address each issue responsibly, diligently, and appropriately to ensure the highest possibility of a fair and just resolution.

Procurement protests can be lengthy and may adversely impact project timelines in varying degrees. However, in order for the State to responsibly, diligently, and appropriately support their respective position in response to the protest, each protest needs to be assessed and addressed on a case-by-case basis with consideration and attention to the specific nature of the protest and its issues as it relates to the scope of the project and integrity of the procurement.

In construction protests, the protest issues are not always straightforward. In fact, majority of the protests often times require collaboration by all respective stakeholders to identify the actual protest issues before any action can commence to research and respond to the issue. The issues, again often times, may be stated by the protestor or respective legal counsel in a manner that is convoluted, complex, vague, and virtually impossible to identify at first pass. The requirement of protestors to submit timely, clear, and concisely stated protest to the State, with statements of facts and law to support the protest issues, would be ideal, however, are beyond the State's control. The efforts by the State to decode and clarify the specific protest issues, in itself, may be time-consuming and this is before even starting the investigative vetting process to address each issue in order to formulate a defensible and responsible formal response.

The development phase of the protest response establishes the defensible foundation in which to respond to the protest issues, which then will be used to further build on in preparing the legal defense should the protest escalate to administrative hearing and beyond. Upon receiving a request for administrative hearing, the timeline to properly prepare for the hearing is aggressive and requires significant, dedicated preparation in order to appropriately support the State's position on the protest.

The quality and thoroughness of the State's response should adequately and sufficiently address all the protest issues to the extent, and with a committed intent, of resolution at the response stage. Further escalation of the protest is not in the best interest of all parties, as it adversely impacts projects and service to the State. The respective stakeholders, from all key areas of expertise, to include technical and operational, procurement, and legal, at a minimum, need to ensure and appreciate the weight of a well-vetted response and remain mindful that expediting the resolution should not be at the expense of a fair and just decision. In the best interest of the State, fair procurement, and ultimately taxpayers, time limits should be carefully considered as a component of protest resolution and not the driving factor in the resolution.

Thank you for the opportunity to provide testimony.

SB-1329-HD-2

Submitted on: 3/31/2021 12:30:34 PM

Testimony for FIN on 4/1/2021 2:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ikaika Kincaid	CONSOR Engineers	Oppose	No

Comments:

Aloha Chair Luke, Vice Chair Cullen, and Members of the Committee:

I am writing today in strong opposition to SB1329, HD2. I'm concerned that forcing a time limit on settling protest will rush the outcome and potentially create an unfair evaluation or if not completed within the allotted timeframe, the protestor would "win". If this is allowed to move forward, there would be more protest and the procurement officer would be inundated with requests and additional work.

Additionally, I don't think that this bill should include or specifically name "professional services", as they typically do not "bid" on projects but use a Qualification Based Selection (QBS) criteria, whereby the most qualified firm is selected for the project.



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April 1, 2021

To: Committee on Finance
Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair

From: Malcolm Barcarse, Jr. ABC Hawaii Board Chair.

Associated Builders and Contractors Hawaii Chapter **Comments** Regarding SB 1329, SD2, HD2.

Chair Luke, Vice Chair Cullen and members of the Committee:

Thank you for the opportunity to testify, my name is Malcolm Barcarse, Jr. I am currently the Chair of Associated Builders and Contractors, Hawaii Chapter which represents over 170 member companies in the Construction Industry. We also have a State Approved Trade Apprenticeship Program in the trades of Carpentry, Electrical, Painting, Plumbing and Roofing.

Our membership regularly submits bids on public works projects for State and County agencies. We have also seen over the years how the laws regarding bid protests have evolved where strict deadlines have been placed on the Office of Administrative Hearings and the Circuit Court to dispose of cases, along with the requirement of contractors to put up protest bonds before initiating an appeal to the Office of Administrative Hearings. These provisions appear to have done a good job of filtering out cases that get appealed to OAH unnecessarily.

Despite these efforts the one missing piece to the bid protest puzzle is the unlimited time that the agencies have to make a decision on whether to sustain or deny a protest. Therefore, we believe the idea of placing deadline on agencies to rule on bid protests is a step in the right direction.

However, we prefer the language of the SD2 version that was passed out by the Senate as opposed to the current SD 2, HD 2 version. Our concern with the HD2 are the three amendments substituting resolve to address in line 8 of page 2 and allowing the broad extenuating circumstances language in line 13 of page 2 significantly waters down this bill. The word address does not appear to be defined in the statute so our concern is this would allow the agencies to start reviewing the protest within 75 calendar days without a decision and then assert that they are complying with this bill. Regarding extenuating circumstances there is no definition of what that is and furthermore there is no procedure in the HD2 to require the agencies to timely resolve the protest once extenuating circumstances are asserted. The provision about automatically sustaining protests without resolution will create more problems as it solves as it potentially sets up more appeals to the OAH with a messier administrative record.

Thank you for the opportunity to testify.



March 31, 2021

House Committee on Finance
Hearing Date: Thursday, April 1, 2021, 2:30 p.m.

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Glenn Miyasato, P.E.
MKE Associates, LLC.
(808) 488-7579

Ginny M. Wright
ACECH Executive Director
350 Ward Ave. Ste. #160-83
Honolulu, Hawaii 96814
Ph: (808) 741-4772
Email: gwright@acechawaii.org
Website: www.acechawaii.org

Honorable Representatives Sylvia Luke, Chair; Ty J.K. Cullen, Vice Chair; and Members of the House Committee on Finance

Subject: **SB 1329, SD2, HD2, Relating to Procurement**
TESTIMONY IN OPPOSITION

Dear Chair Luke, Vice Chair Cullen, and Committee Members:

The American Council of Engineering Companies of Hawaii (ACECH) represents more than 70 member firms with over 1,500 employees throughout Hawaii. ACECH **OPPOSES this bill** and urges the Committee to defer the bill. In addition to our concerns about the bill's negative impact on the procurement of design professionals, we have concerns about the bill relative to the construction industry and believe that it could significantly increase the number of protests and slow critical infrastructure projects.

Allowing for a protester to "win by default" if a protest is "not resolved by mutual agreement and the chief procurement officer or a designee does not issue a decision to uphold or deny the protest" would increase the number of frivolous protests filed for both design and construction awards, and would circumvent well-established and rigorous procurement practices. We are concerned that protests would completely overwhelm the State Procurement Office. For design professional services, unqualified protesters could win projects through a protest process without any appropriate analysis of their protest or their qualifications, thereby putting the public at risk.

We appreciate the opportunity to provide testimony on this matter. Please do not hesitate to contact us if you have any questions.

Respectfully submitted,
AMERICAN COUNCIL OF ENGINEERING COMPANIES OF HAWAII

Garret A. Masuda

Garret Masuda, P.E.
President

SB-1329-HD-2

Submitted on: 3/31/2021 1:52:01 PM

Testimony for FIN on 4/1/2021 2:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
SEAN K SUGAI	Ronald N.S. Ho & Associates, Inc.	Oppose	No

Comments:

Aloha Chair Luke, Vice Chair Cullen, and Members of the Committee:

I am submitting this testimony in strong opposition to SB1329, HD2. I understand that people would like the protest process to move quicker, but is this going to justify the outcomes of this change? A quick resolution does not necessarily result in a fair one. Also, as the State Procurement Office (SPO) has previously testified, rushed deadlines could lead to lapses in judgement causing poor outcomes. This measure could also lead to an overwhelming amount of protests, especially on complex projects, that could inundate the SPO so that the protester could get a win by default due to the SPO missing the 75 day deadline. Moreover, this deadline was arbitrarily set and needs more analysis and input from all State agencies and stakeholders so issues mentioned are less likely to occur.

Thank you for the opportunity to submit my testimony in opposition of this bill.

1065 Ahua Street
Honolulu, HI 96819
Phone: 808-833-1681 FAX: 839-4167
Email: info@gcawhawaii.org
Website: www.gcawhawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

March 31, 2021

TO: HONORABLE SYLVIA LUKE, CHAIR, HONORABLE TY CULLEN, VICE CHAIR, COMMITTEE ON FINANCE

SUBJECT: **SUPPORTING THE INTENT OF S.B. 1329 S.D.2 H.D. 2, RELATING TO PROCUREMENT.** Requires the chief procurement officer or designee to address protests as expeditiously as possible. Creates time limits to resolve protests to the award of competitive sealed proposal contracts and procurements of professional services, if the protest is not resolved by mutual agreement. Specifies that a protest shall prevail if the protest is not resolved by mutual agreement and within the established time limits.

HEARING

DATE: Thursday, April 1, 2021
TIME: 2:30 p.m.
PLACE: Capitol Room 308

Dear Chair Luke, Vice Chair Cullen and Members of the Committee,

The General Contractors Association of Hawaii (GCA) is an organization comprised of approximately five hundred (500) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. Our mission is to elevate Hawaii's construction industry and strengthen the foundation of our community.

GCA Supports the Intent of S.B. 1329 S.D.2 H.D.2, which requires the chief procurement officer or designee to address protests as expeditiously as possible and creates time limits to resolve protests to the award of competitive sealed proposal contracts and procurements of professional services, if the protest is not resolved by mutual agreement.

GCA has concerns that not all projects are the same and that some protests are more complex than others. That being said, we appreciate the intent of attempting to limit the delay of bid protests at the agency level. GCA takes no position on the number of days under which the chief procurement officer shall issue a decision by and leaves that up to the Legislature to determine.

Thank you for this opportunity to testify in support of the intent of this measure.



March 31, 2021

**TESTIMONY IN STRONG OPPOSITION TO SB1329 SD2 HD2
HOUSE COMMITTEE ON FINANCE
HEARING DATE: THURSDAY, APRIL 1, 2021 at 2:30 P.M.**

Aloha Chair Luke, Vice Chair Cullen, and Members of the House Committee on Finance:

I am writing in strong opposition to SB1329 SD2 HD2 (the subject bill). The stated intent of the subject bill is to "...expedite the protest review process and reduce the cost associated with state-awarded projects."

However, for the following reasons, the current language of this bill would result in a bid protest environment that is far worse for the State and tax payers than current:

- 1) Awarding a construction contract to the protestor of a competitor's low bid if the procurement officer or designee does not issue a written decision by an arbitrarily pre-imposed deadline (which is what this bill is proposing) will disincentivize contractors from being the low bidder AND it will incentivize contractors to submit protests. They will be effectively forced to "game the system" in order to stay in business.
- 2) Related to #1 above, there will likely be more than one protestor per project and protesting other protests, which this bill does not address.
- 3) An arbitrarily pre-imposed deadline, in and of itself, would also create negative unintended consequences. As DAGS has testified previously, quick resolution does not necessarily equal a fair resolution, and it could result in hastily made decisions that are far more costly to the State in terms of dollars, personnel resources and schedule disruption.

Thank you for the opportunity to provide strong testimony in opposition to SB1329 SD2 HD2, for the aforementioned reasons.

Very truly yours,

Yogi Kwong Engineers, LLC

A handwritten signature in blue ink, appearing to read "Jeffrey K. Kalani".

Jeffrey K. Kalani P.E.
President / CEO

SB-1329-HD-2

Submitted on: 3/31/2021 2:26:28 PM

Testimony for FIN on 4/1/2021 2:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Janice Marsters	Hart Crowser, Inc.	Oppose	No

Comments:

Aloha e Chair Luke and Committee Members:

Hart Crowser is a geotechnical and environmental engineering consulting firm, and I manage our two offices with 17 engineering and scientific staff on O'ahu and Maui. We are concerned about the language in this bill that would allow a "default" whereby if the State Procurement Office has not rendered a decision on a protest within 75 days, that the protesting firm would win the protest and the contract award would be overturned. This provision is completely unworkable. It would undermine Qualifications-Based Selection by potentially taking the contract away from a firm selected as most qualified, and awarding it instead to someone unqualified but who had filed a protest. Given that this measure is likely to significantly increase the number of protests files, it is likely to drastically slow procurement and issuance of contracts for essential infrastructure projects, which is definitely not needed in our economy. We also doubt the State Procurement Office has the resources to respond to the chaos that would ensure. We strongly urge you to defer this measure.

Thank you for the opportunity to testify.

SB-1329-HD-2

Submitted on: 3/30/2021 1:08:51 PM

Testimony for FIN on 4/1/2021 2:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
John D. Smith	Individual	Support	No

Comments:

I support this to be passed through legislature.

Sandra-Ann Y.H. Wong

Attorney at Law, a Law Corporation

1050 Bishop Street, #514

Honolulu, Hawaii 96813

**TESTIMONY IN STRONG OPPOSITION TO SB1329, HD2
HOUSE COMMITTEE ON FINANCE
THURSDAY, APRIL 1, 2021 at 2:30 P.M.**

Aloha Chair Luke, Vice Chair Cullen, and Members of the Committee:

I am writing today in strong opposition to SB1329, HD2. I understand that people would like the protest process to be quicker, but what is the cost of a quicker process? As DAGS has previously testified, quick resolution does not necessarily equal a fair resolution. Also, as the State Procurement Office (“SOP”) has previously testified, deadlines lead to rushing which leads to errors in judgment. Finally, would this measure lead to more protests or more complex protests, in hopes of inundating the SPO, so that Protestors can prevail because the SOP is not able to meet the 75 days deadline?

Moreover, the 75 day deadline is an arbitrary deadline that needs more analysis and input from all State agencies and affected stakeholders.

Thank you for the opportunity to provide strong testimony in opposition to SB1329, HD2.