

Honolulu, Hawaii

FEB 09 2022

RE: S.B. No. 2335
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 2335 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the Hawaii Public Procurement Code to allow purchasing agencies to use the second low bid method of competitive sealed bidding in order to increase efficiency in the procurement process.

Your Committee received testimony in support of this measure from one individual. Your Committee received testimony in opposition to this measure from the State Procurement Office, Department of Budget and Fiscal Services of the City and County of Honolulu, Associated Builders and Contractors Hawaii Chapter, and Electrical Contractor's Association of Hawaii. Your Committee received comments on this measure from the Subcontractors Association of Hawaii; Painting Industry of Hawaii Labor Management Cooperation Trust Fund; Hawaii Tapers Market Recovery Trust Fund; Hawaii Glaziers, Architectural Metal Glassworkers Local Union 1889 AFL-CIO Stabilization Trust Fund; and Carpet, Linoleum and Soft Tile Local Union 1926 Market Recovery Trust Fund.

Your Committee finds that testimony submitted in opposition to this measure notes that the application and effect of the



second low bid method is unclear and may not improve efficiency in the procurement process.

Your Committee further finds that several testifiers noted and supported an alternative to the second low bid method: the median bid method of procurement. The median bid method awards the project to the bid that is closest to the median of all bids submitted. Your Committee notes that the Electrical Contractor's Association of Hawaii, in testimony, indicated its review of completed jobs found that the final project cost is closer to the median than either of the low bid or second low bid. Your Committee finds that the median bid method may result in awards that represent the best value from a responsible and responsive vendor.

Your Committee therefore finds that the median bid method will better accomplish the intent of this measure to increase efficiency in the procurement process by allowing purchasing agencies to use an additional method of competitive sealed bidding.

Your Committee has amended this measure by:

- (1) Changing the alternative award method from the second low bid method to the median bid method; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2335, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2335, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Government
Operations,



SHARON MORIWAKI, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:* SB 2335	Committee Referral: GVO, WAM	Date: 1/27/22		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
MORIWAKI, Sharon Y. (C)	X			
DELA CRUZ, Donovan M. (VC)	X			
CHANG, Stanley				X
GABBARD, Mike	X			
FEVELLA, Kurt	X			
TOTAL	4			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes