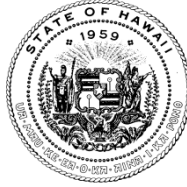


DAVID Y. IGE
GOVERNOR



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
ROSS M. HIGASH
EDUARDO P. MANGLALLAN
PATRICK H. MCCAIN
EDWIN H. SNIFFEN

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

Wednesday, March 16, 2022
9:00 A.M.
State Capitol
Conference Room 309
VIA VIDEOCONFERENCE

**S.B. 3350, S.D. 2
RELATING TO PROCUREMENT**

House Committee on Government Reform

The Department of Transportation (DOT) **supports** the bill amending Section 103D-501, Hawaii Revised Statutes, requiring that any procurement change order that increases the cost of a contract by more than fifty per cent of the original contract cost; having a cost increase that, when added to the cost changes of all prior change orders for that contract, increases the cost of a contract by more than fifty per cent of the original contract cost; or that substantially changes the scope of work for a contract, shall be prohibited by rules adopted under subsection (a) and shall be considered a new procurement; provided that the head of the purchasing agency (HOPA) may approve a change order that is otherwise prohibited by this subsection if in a written justification of the approval the HOPA determines that the approval is in the best interest of the State, taking into consideration the purpose and intent of this subsection.

The proposed amendment will support the department's flexibility to address and mitigate unusual circumstances that may arise during the course of the project with appropriate and time-critical action. With HOPA's written justification and approval in determining if change orders are numerous or costly to the extent that it warrants a solicitation for a new contract, the department will be better equipped to ensure appropriate response to act when it is in the best interest of the State, and with a single point of accountability for these decisions.

Thank you for the opportunity to provide testimony.



Lori M.K. Kahikina, P.E.
Executive Director and CEO

Rick Keene
Deputy Executive Director and COO

BOARD OF DIRECTORS

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HOUSE COMMITTEE ON GOVERNMENT REFORM
March 16, 2022
9:00 a.m.
Conference Room 309, State Capitol

Chair McKelvey, Vice Chair Wildberger, and Members of the Committee:

On behalf of its Board of Directors, the Honolulu Authority for Rapid Transportation (HART) **provides comments** on **SB3350, SD2** Relating to Procurement.

The Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu (RCH) 1973 (2017 Edition). RCH Section 17-103.1 authorizes HART to "develop the fixed guideway system. In order to perform its duties and functions pursuant to RCH 17-103.2(a) the transit authority shall make and execute contracts, project labor agreements and other instruments requiring execution by the authority on such terms as the authority may deem necessary and convenient or desirable with any person or entity in the execution and performance of its powers, duties and functions.

The **HART Board of Directors has concerns** with legislative measures and language that would add cost or delay to Project delivery. Measures to prohibit change orders that increase the contract amount by more than a set percentage and that require public agencies to conduct new procurements would delay public infrastructure projects and increase their costs, without necessarily benefitting the public. Any change order that increases the contract amount must already comply with existing federal and state procurement requirements.

Mahalo for this opportunity to testify.

SB-3350-SD-2

Submitted on: 3/14/2022 1:50:30 PM

Testimony for GVR on 3/16/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Jennifer Azuma Chrupaluk	Individual	Support	Written Testimony Only

Comments:

Thank you