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STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
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P.O. BOX 119
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LATE TESTIMONY

TESTIMONY
OF
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE
ON
ECONOMIC REVITALIZATION, BUSINESS & MILITARY AFFAIRS
ON
February 4, 2010
H.B. 2133

RELATING TO PROCUREMENT

Chair McKelvey and members of the Committee, thank you for the opportunity to testify on H.B. 2133.

The Department of Accounting and General Services (DAGS) opposes this bill because it is not necessary. DAGS believes that this bill's intent to have contracts effective as soon as practicable can be achieved by administratively imposing deadlines from the bid opening date, or proposal or professional services selection date to the contract signing date. The deadlines or intervals would be different because of the different nature of contract for the different source selection methods.

DAGS notes that losing bidders and proposers have five days to protest an award after the award date, so it would not be practical to have the contract effective upon award.

DAGS also has concerns that this bill may conflict with Chapter 103D-309, Hawaii Revised Statutes (HRS), which states that a contract is not binding (effective) unless the availability of funds is “certified” for encumbrance by DAGS under an executed contract signed by the government procurement agency and the contractor. Typically, this certification involves properly executed documents including certificates of good standing, performance, labor and material payment bonds, which are the responsibility of the winning contractor.

DAGS believes that requiring that the “solicitation, offer, bid or proposal, and the notice of award shall constitute the entire contract and agreement between the government body and the contractor; and a subsequent written and executed document shall not be required” is also not necessary. Some departments have separate documents as described, and others, such as DAGS, have a single document that is used for the solicitation, bid or offer and contract. Either arrangement works. The key is to require that when the bid or proposal is received, the clock starts running and there is a deadline for signing the contract and, after the contract is signed, that there is a deadline for starting construction. All of this can be achieved by administrative directive without the change in law that this bill proposes.

Thank you for the opportunity to testify on this matter.

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GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

February 3, 2010

LATE TESTIMONY

TO: THE HONORABLE REPRESENTATIVE ANGUS MCKELVEY, CHAIR AND
MEMBERS OF THE COMMITTEE ON ECONOMIC REVITALIZATION,
BUSINESS, & MILITARY AFFAIRS

SUBJECT: H.B. 2133, RELATING TO PROCUREMENT.

NOTICE OF HEARING

DATE: Thursday, February 4, 2010
TIME: 8:00 AM
PLACE: Conference Room 312

Dear Chair and Members of the Committee:

The General Contractors Association (GCA), an organization comprised of over five hundred and seventy (570) general contractors, subcontractors, and construction related firms, **supports** the passage of H.B. 2133, Relating to Procurement.

This bill would require that a contract be deemed effect upon notice of award and eliminate the requirement for a subsequent written contract in order for the contractor to proceed with execution of the work. We believe that his measure will speed up the current procurement procedure for the award of state capital improvement contracts and result in more efficient and timely start of work on construction projects.

The GCA **supports** the passage of H.B. 2133 and recommends that the committee pass the bill.

Thank you for the opportunity to provide our views on this issue.