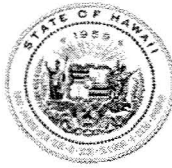


LINDA LINGLE
GOVERNOR



PROCUREMENT POLICY BOARD
DARRYL W. BARDUSCH
LESLIE S. CHINEN
DARYLE ANN HO
KEITH T. MATSUMOTO
RUSS K. SAITO
PAMELA A. TORRES

AARON S. FUJIOKA
ADMINISTRATOR

**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

P.O. Box 119
Honolulu, Hawaii 96810-0119
Tel: (808) 587-4700 Fax: (808) 587-4703
<http://hawaii.gov/spo>

**TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE**

**TO THE
HOUSE COMMITTEE
ON
FINANCE**

February 18, 2010

10:00 a.m.

HB 2441, HD1

RELATING TO PROCUREMENT.

Chair Oshiro, Vice Chair Lee, and committee members, thank you for the opportunity to testify on HB 2441, HD1.

This bill requires contracts to be awarded within thirty days of the bid opening date limited to projects of the state departments of Hawaiian home lands and transportation, county boards of water supply, and county departments of housing, planning and permitting, and transportation. The bill also adds limitations and extension provisions, and requires procurements for design professional services to be awarded within 45 days of bid opening date. The State Procurement Office does not support this bill.

Reviews of procurement documents are to ensure award will be made to the responsive and responsible bidder, taking into consideration all factors to be evaluated such as specifications, qualifications, capability, compliance requirements, etc. On less complicated solicitations the review, evaluation and award may be completed within 30 days, however, on more complex, detailed solicitations, all documents need to be verified prior to an award. With the downsizing of government, these agencies may already be having resource issues affecting the review of the procurement documents on a timely basis. This review process may also be delayed not by the agency, but by the bidder by not furnishing the necessary documents in a timely manner.

HB 2441, HD1
House Committee on Finance
February 18, 2010
Page 2

Procurement of professional services is qualification based, and there is no bid opening. Statements of qualifications are requested by an agency and a review committee places the qualified applicants on a listing. When a need or project arises, a selection committee reviews the statements of qualifications, ranks the submittals, and begins negotiations with the first ranked provider. A time limitation for award is not conducive to the professional services procurement method.

This proposed bill would not accomplish the goal of striking a balance between expedited procedures and necessary accountability and transparency, and will likely compromise the evaluation process if award is required within a strict time period as these agencies will need to make award but contingent upon completing the requirements noted above.

Thank you.

DEPARTMENT OF BUDGET AND FISCAL SERVICES
CITY AND COUNTY OF HONOLULU
530 SOUTH KING STREET, ROOM 208 • HONOLULU, HAWAII 96813
PHONE: (808) 768-3900 • FAX: (808) 768-3179 • INTERNET: www.honolulu.gov

MUFI HANNEMANN
MAYOR



RIK MAURER III
DIRECTOR

MARK K. OTO
DEPUTY DIRECTOR

February 17, 2010

The Honorable Marcus R. Oshiro, Chair
and Members
Committee on Finance
House of Representatives
The Twenty-Fifth State Legislature
State Capitol
Honolulu, Hawaii 96813

Dear Chair Oshiro and Members:

Subject: House Bill No. 2441, HD1 Relating to Procurement

Though the City and County of Honolulu agrees with the spirit of House Bill No. 2441, HD1, we feel this measure may compromise awards to qualified contractors and may even delay awards through protest procedures. HB 2441 HD1 imposes a 30-day deadline for awarding certain types of contracts and requires that contracts for design professional services, as defined by Chapter 464, HRS, be awarded within 45 days of bid opening.

Careful review of procurement documents related to solicitations are required to ensure awards to responsive, responsible bidders. The review process should not be compromised based on arbitrary due dates. Rushing an award to meet specified deadlines may result in the disqualification of best value proposals due to negotiations, discussions or receipt of necessary documents in a timely manner. Establishing timelines for award could potentially lead to protests which would delay award even further.

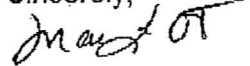
The City's procurement professionals qualify all potential bidders as quickly as resources allow. There is never an intent to purposely delay the award of a contract. This bill would aggravate an already difficult job.

The Honorable Marcus R. Oshiro, Chair
Page 2
February 17, 2010

Further, the bill includes agencies which procure services other than construction. The City's Department of Planning and Permitting, for example, does not award contracts for construction or similar activities. Typically, contracts involve neighborhood master planning, internal improvements to departmental operations, and updates to various codes. These contracts do not impact the intent of HB 2441, HD1, which is to "direct effective stimulus to Hawaii's economy" through construction projects.

This measure, though intended to expedite award, may compromise the quality of services received by the City and provides another avenue for potential protests. The City and County of Honolulu does not support this bill.

Sincerely,



Mark Oto
Deputy Director

MO:jm

Testimony of

PLANNING DEPARTMENT
COUNTY OF KAUAI

Before the
House Committee on Finance

DATE: Thursday, February 18th, 2010

TIME: 10:00 a.m.

PLACE: Conference Room 308
State Capitol
415 South Beretania Street

In consideration of
HB 2441


Dear Chair Oshiro and Members of the Committee:

Mahalo for the opportunity to testify on House Bill 2441.

My name is Ian K. Costa, Director of Planning for the County of Kauai Planning Department, and I oppose HB2441, which requires contracts of the Planning Department to be awarded within 45 days.

The Planning Department typically selects contractor services by issuing a Request For Qualifications (RFQ), selecting a consultant from respondents to the request and negotiating the scope of work with that contractor. This process may take longer than 45 days, but has proven useful to us in that we can tailor our scope of work to our available budget in a given year. It is unclear to us whether or not this bill will apply to this solicitation process or to what are more narrowly construed as "bids."

We humbly ask that you vote in opposition to the said measure or clarify language so that RFQs and a negotiated scope of work is not included in the time limitation so we can continue to produce planning efforts, even in the leaner years, for the people and future of Kaua'i.

Mahalo

Ian K. Costa

Director, County of Kaua'i Planning Department

BOARD OF WATER SUPPLY

CITY AND COUNTY OF HONOLULU
330 SOUTH BERETANIA STREET
HONOLULU, HI 96843



February 17, 2010

MUFI HANNEMANN, Mayor

RANDALL Y. S. CHUNG, Chairman
SAMUEL T. HATA
WILLIAM K. MAHOE
THERESIA C. McMURDO
ADAM C. WONG

JEFFREY S. CUDIAMAT, Ex-Officio
BRENNON T. MORIOKA, Ex-Officio

WAYNE M. HASHIRO, P.E.
Manager and Chief Engineer

DEAN A. NAKANO
Deputy Manager

The Honorable Marcus R. Oshiro, Chair
and Members
House of Representatives
Committee on Finance
State Capitol, Conference Room 308
Honolulu, Hawaii 96813

Dear Chair Oshiro and Members:

Subject: House Bill 2441, HD1, Relation to Procurement

Thank you for the opportunity to submit testimony on HB 2441, HD1.

While the Board of Water Supply, City and County of Honolulu (BWS), supports the intent of HB 2441, HD1, to expedite the procurement process, the BWS opposes this bill as currently written.

First, as currently drafted, HB 2441, HD1, does not provide for any exceptions in which it would be in the agency and/or public's best interest for the award process to exceed the thirty-day period. Certain types of solicitations require more scrutiny of bid documents to evaluate and ensure that the award is being made to the lowest responsive responsible bidder. Situations may also arise where bids received exceed available funds, and the agency requires more time to determine if additional funds may be obtained to engage in negotiations with the lowest responsive responsible bidder to bring the bid within the budgeted amount.

Second, the requirement that an award be made within thirty days after a bid open should be applied evenhandedly to all State agencies.

The Board of Water Supply respectfully requests that HB 2441, HD 1, be amended to allow chief procurement officers or heads of the purchasing agency to extend the thirty-day period when it is in the agency's best interest and to apply the thirty-day award requirement to all State agencies.

Sincerely,

WAYNE M. HASHIRO, P.E.
Manager and Chief Engineer



Testimony of C. Mike Kido
External Affairs
The Pacific Resource Partnership

House Committee on Finance
Representative Marcus Oshiro, Chair
Representative Marilyn Lee, Vice Chair

HB 2441, HD1 – Relating to Procurement
Thursday, February 18, 2010
10:00 A.M.
Conference Room 308

Chair Oshiro, Vice Chair Lee and members of the House Committee on Finance:

My name is C. Mike Kido, External Affairs for the Pacific Resource Partnership (PRP), a labor-management consortium representing over 240 signatory contractors and the Hawaii Carpenters Union.

PRP **supports** the purpose and intent of HB 2441, HD1 – Relating to Procurement, which requires contracts awarded to projects of the departments of Hawaiian home lands and transportation; county boards of water supply; and county departments of housing, planning and permitting, and transportation to be awarded within 30 days of the bid opening date, subject to sufficient available funding and possible further negotiations to benefit the public. It would also require contracts by these agencies for design professional services to be awarded within 45 days of the bid opening date.

The Construction Industry Task Force (established task force as indicated in the Senate Concurrent Resolution No. 132, S.D. 1, Regular Session of 2009, to determine the economic contributions of the construction industry in Hawaii) made a recommendation to "Require All State Departments to Award Contracts on Bids within 30 Days."

"Hawaii's public procurement process requires protracted periods of time between each procurement step. Currently the awarding of a contract is subject to prolong review, thereby preventing a project from proceeding in a timely manner. The legislature finds that in this period of high economic turmoil, procedural changes are necessary to enable the State to achieve a quick recovery and to provide effective economic stimulation."

Thank you for the opportunity to share our opinion and we kindly ask for your support of HB 2441, HD1 – Relating to Procurement.

1065 Ahua Street
Honolulu, HI 96819
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Email: info@gcahawaii.org
Website: www.gcahawaii.org



GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

February 17, 2010

TO: THE HONORABLE REPRESENTATIVE MARCUS R. OSHIRO, CHAIR AND
MEMBERS OF THE COMMITTEE ON FINANCE

SUBJECT: H.B. 2441, HD1 RELATING TO PROCUREMENT.

NOTICE OF HEARING

DATE: Thursday, February 18, 2010
TIME: 10:00 A.M.
PLACE: Conference Room 308

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. 2441, HD1, Relating to Procurement.

This bill would require that contracts awarded by the state departments of Hawaiian Homes Lands, Transportation the county boards of water supply and county housing, planning and permitting and transportation agencies be awarded within thirty (30) days of the bid opening date. This proposed change in the state's procurement procedure was one of the recommendations of the taskforce formed by Senate Concurrent Resolution 132, S.D. 1 adopted by the 2009 Legislature. We believe that this measure will update and speed up the current procurement procedure for the award of many capital improvement contracts and result in more efficient and timely start of work on construction projects.

The GCA believes that this measure will help to stimulate Hawaii's economy and assist in a faster recovery of our construction industry.

The GCA **supports** the passage of HB 2441, HD1 and recommends that the committee pass the bill.

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



HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO

GENTRY PACIFIC DESIGN CENTER, STE. 215A • 560 N. NIMITZ HIGHWAY, #50 • HONOLULU, HAWAII 96817
(808) 524-2249 • FAX (808) 524-6893

NOLAN MORIWAKI

President
Bricklayers & Ceramic Tile Setters
Local 1 & Plasterers/Cement
Masons Local 630

JOSEPH O'DONNELL

Vice President
Iron Workers Local 625

DAMIEN T. K. KIM

Financial Secretary
International Brotherhood of
Electrical Workers Local 1186

ARTHUR TOLENTINO

Treasurer
Sheet Metal Workers I.A. Local 293

REGINALD CASTANARES

Trustee
Plumbers & Fitters Local 675

THADDEUS TOMEI

Elevator Constructors Local 126

MALCOLM K. AHLO

Carpet, Linoleum, & Soft Tile
Local 1296

JOSEPH BAZEMORE

Drywall, Tapers, & Finishers
Local 1944

ROY JOHNSON

Glaziers, Architectural Metal &
Glassworkers Local Union 1889

RONAN KOZUMA

Hawaii Teamsters & Allied
Workers Local 996

GARY AYCOCK

Boilermakers, Ironship Builders
Local 627

LYNN KINNEY

District Council 50
Painters & Allied Trades
Local 1791

KALANI MAHOE

Operating Engineers Local 3

PETER GANABAN

Laborers' International Union of North
America Local 368

DOUGLAS FULP

International Association of
Heat & Frost Insulators
& Allied Workers Local 132

February 17, 2010

Honorable Representative Marcus R. Oshiro, Chair
Honorable Representative Marilyn B. Lee, Vice Chair
Members of the House Committee on Finance
Hawaii State Capital
415 South Beretania Street
Honolulu, HI 96813

RE: **IN SUPPORT OF HB 2441**

RELATING TO PROCUREMENT.

Hearing: Thursday, Feb. 18, 2010, 10:00 a.m., Conf. Room 308

Dear Chair Oshiro, Vice Chair Lee and the House Committee on Finance:

For the record my name is Buzz Hong the Executive Director for the Hawaii Building & Construction Trades Council, AFL-CIO. Our Council is comprised of 16-construction unions and a membership of 26,000 statewide.

Our Council SUPPORTS the passage of HB 2441 that requires contracts awarded to projects of the Departments of Hawaiian Home Lands and Transportation; county boards of water supply; and county departments of housing, planning and permitting, and transportation to be awarded within thirty days of the bid opening date, subject to sufficient available funding and possible further negotiations to benefit the public. HB2441 will also require contract by these agencies for design professional services to be awarded within 45 days of the bid opening date.

Thank you for the opportunity to submit this testimony in support of HB 2441.

Sincerely,

William "Buzz" Hong
Executive Director

WBH/dg