



GOV. MSG. NO. 1316

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

July 6, 2021

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Thirty First State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Thirty First State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on July 6, 2021, the following bill was signed into law:

HB0526 HD1 SD2 CD1

RELATING TO PROCUREMENT
ACT 188 (21)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

Approved by the Governor

on JUL 06 2021

HOUSE OF REPRESENTATIVES
THIRTY-FIRST LEGISLATURE, 2021
STATE OF HAWAII

ACT 188
H.B. NO.

526
H.D. 1
S.D. 2
C.D. 1

A BILL FOR AN ACT

RELATING TO PROCUREMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that the State's
2 procurement process requires clear legislative direction to
3 award contracts to responsible bidders or offerors to increase
4 accountability, enhance performance, and utilize taxpayer
5 dollars more efficiently. Currently, some public contracts may
6 be awarded to the lowest bidder or offeror without regard to
7 that bidder's or offeror's poor past performance. Specifically,
8 these bidders or offerors may be considered qualified despite
9 their poor past performance on public contracts, which may
10 result in repeated inefficiencies and substandard work.

11 The legislature further finds that considering a
12 contractor's past performance in the procurement process and
13 creating and maintaining a past performance database, which
14 routinely captures contractor performance information in a
15 structured and uniform way and is accessed and utilized when
16 future procurements need to determine a contractor's



1 responsibility, will help to address issues of repeated
2 inefficiencies and substandard work.

3 Accordingly, the purpose of this Act is to:

- 4 (1) Define past performance of contractors;
- 5 (2) Require the state procurement office to establish and
6 administer a past performance database and adopt rules
7 regarding information and procedures associated with
8 the past performance database; and
- 9 (3) Require procurement officers to consider specific
10 factors, including past performance, when available.

11 SECTION 2. Chapter 103D, Hawaii Revised Statutes, is
12 amended by adding a new section to part III to be appropriately
13 designated and to read as follows:

14 "§103D- Past performance database. (a) No later than
15 December 31, 2023, the state procurement office shall implement
16 and administer a past performance database with regard to state
17 contractors.

18 (b) The state procurement office shall adopt rules no
19 later than December 31, 2023, pursuant to chapter 91 to
20 establish:



- 1 (1) Information required to be included in the past
2 performance database; provided that the information
3 shall include:
- 4 (A) The name of the state contractor;
5 (B) The date of the project;
6 (C) The size of the project;
7 (D) A brief description of the project;
8 (E) The responsible managing employees for the
9 project;
10 (F) Whether or not the project was timely completed;
11 (G) The project's authorized budget; and
12 (H) The positive or negative difference between the
13 final cost of the project and the project's
14 authorized budget, including the reasons for the
15 difference, if any;
- 16 (2) Procedures to inform a contractor of the information
17 contained in the past performance database about that
18 contractor; and
- 19 (3) Procedures for a contractor to correct or respond to
20 the information contained in the past performance
21 database about that contractor."



1 SECTION 3. Section 103D-104, Hawaii Revised Statutes, is
2 amended as follows:

3 1. By adding a new definition to be appropriately inserted
4 and to read:

5 "Past performance" means available recent and relevant
6 performance of a contractor, including positive, negative, or
7 lack of previous experience, on contracts that shall be
8 considered in a responsibility determination within the
9 relevance of the current solicitation, including the
10 considerations of section 103D-702(b)."

11 2. By amending the definition of "responsible bidder or
12 offeror" to read:

13 "Responsible bidder or offeror" means a person who has the
14 capability in all respects to perform fully the contract
15 requirements, and the integrity and reliability [~~which~~] that
16 will assure good faith performance[-], pursuant to the
17 responsibility determination standards adopted by the policy
18 board."

19 SECTION 4. Section 103D-302, Hawaii Revised Statutes, is
20 amended by amending subsection (f) to read as follows:



1 "(f) Bids shall be evaluated based on the requirements set
2 forth in the invitation for bids. These requirements may
3 include criteria to determine acceptability such as inspection,
4 testing, quality, workmanship, delivery, and suitability for a
5 particular purpose. Those criteria that will affect the bid
6 price and be considered in evaluation for award shall be as
7 objectively measurable~~[r]~~ as possible, such as discounts,
8 transportation costs, ~~[and]~~ total or life cycle costs~~[r]~~, and
9 the bidder's past performance, if available. The invitation for
10 bids shall set forth the evaluation criteria to be used. No
11 criteria may be used in bid evaluation that are not set forth in
12 the invitation for bids."

13 SECTION 5. Section 103D-303, Hawaii Revised Statutes, is
14 amended as follows:

15 1. By amending subsection (e) to read:

16 "(e) The request for proposals shall include as an
17 evaluation factor, past performance on projects of similar scope
18 for public agencies or private industry, and shall state the
19 relative importance of price, past performance, and other
20 evaluation factors."



1 2. By amending subsection (i) to read:

2 "(i) In addition to any other provisions of this section,
3 construction projects may be solicited through a request for
4 proposals to use the design-build method; provided that:

5 (1) A request for proposals is issued to prequalify
6 offerors to select a short list of no more than
7 three responsible offerors, prior to the submittal of
8 proposals; provided that the number of offerors to be
9 selected for the short list shall be stated in the
10 request for proposals and prompt notice is given to
11 all offerors as to which offerors have been short-
12 listed;

13 (2) A conceptual design fee may be paid to non-selected
14 offerors that submit a technically responsive
15 proposal; provided that the cost of the entire project
16 is greater than \$1,000,000; ~~and~~

17 (3) The criteria for pre-qualification of offerors, design
18 requirements, development documents, proposal
19 evaluation criteria, terms of the payment of a
20 conceptual design fee, or any other pertinent



1 information shall be stated in the request for
2 proposals[-]; and

3 (4) Past performance on projects of similar scope for
4 public agencies or private industries shall be an
5 evaluation factor for the prequalification of
6 offerors."

7 SECTION 6. Section 103D-306, Hawaii Revised Statutes, is
8 amended by amending subsection (a) to read as follows:

9 "(a) A contract may be awarded for goods, services, or
10 construction without competition when the head of a purchasing
11 agency determines in writing that there is only one source for
12 the required good, service, or construction, the determination
13 is reviewed and approved by the chief procurement officer, the
14 written determination is posted in the manner described in rules
15 adopted by the policy board, a review of past performance, if
16 available, has been conducted, and no objection is outstanding.
17 The written determination, any objection, past performance
18 evaluations relied upon, and a written summary of the
19 disposition of any objection shall be included in the contract
20 file."



1 SECTION 7. Section 103D-310, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:
3 "(b) Whether or not an intention to bid is required, the
4 procurement officer shall determine whether the prospective
5 offeror has the financial ability, resources, skills,
6 capability, and business integrity necessary to perform the
7 work. For ~~[this]~~ the purpose[, the] of making a responsibility
8 determination, the procurement officer shall possess or obtain
9 available information, including past performance, sufficient to
10 be satisfied that a prospective offeror meets the applicable
11 standards. The officer, in the officer's discretion, may
12 require any prospective offeror to submit answers, under oath,
13 to questions contained in a standard form of questionnaire to be
14 prepared by the policy board. Whenever it appears from answers
15 to the questionnaire or otherwise, that the prospective offeror
16 is not fully qualified and able to perform the intended work, a
17 written determination of nonresponsibility of an offeror shall
18 be made by the head of the purchasing agency, in accordance with
19 rules adopted by the policy board. The unreasonable failure of
20 an offeror to promptly supply information in connection with an
21 inquiry with respect to responsibility may be grounds for a



1 determination of nonresponsibility with respect to such offeror.
2 The decision of the head of the purchasing agency shall be final
3 unless the offeror applies for administrative review pursuant to
4 section 103D-709."

5 SECTION 8. Section 103D-320, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "[+]§103D-320[+] **Retention of procurement records[-];**
8 **evaluations.** All procurement records shall be retained and
9 disposed of in accordance with chapter 94 and records retention
10 guidelines and schedules approved by the comptroller. Written
11 past performance evaluations for all procurements over the small
12 purchase threshold shall be maintained in the processing
13 department's procurement files and in the statewide past
14 performance database."

15 SECTION 9. This Act does not affect rights and duties that
16 matured, penalties that were incurred, and proceedings that were
17 begun before its effective date.

18 SECTION 10. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.

20 SECTION 11. This Act shall take effect upon its approval.



H.B. NO. 526
H.D. 1
S.D. 2
C.D. 1

APPROVED this 06 day of ~~Jan~~, 2021



GOVERNOR OF THE STATE OF HAWAII

HB No. 526, HD 1, SD 2, CD 1

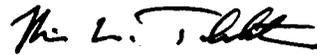
THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 27, 2021
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-First Legislature of the State of Hawaii, Regular Session of 2021.



Scott K. Saiki
Speaker
House of Representatives

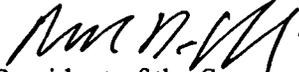


Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAI'I

Date: April 27, 2021
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-First Legislature of the State of Hawai'i, Regular Session of 2021.


President of the Senate


Clerk of the Senate