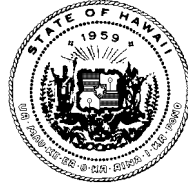


DAVID Y. IGE  
GOVERNOR



CATHY BETTS  
DIRECTOR

JOSEPH CAMPOS II  
DEPUTY DIRECTOR

STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

P. O. Box 339  
Honolulu, Hawaii 96809-0339

February 7, 2022

TO: The Honorable Representative Angus L.K. McKelvey, Chair  
House Committee on Government Reform

FROM: Cathy Betts, Director

SUBJECT: **HB 2404 - RELATING TO GOVERNMENT CONTRACTS.**

Hearing: February 9, 2022, 9:30 a.m.  
Via videoconference, State Capitol

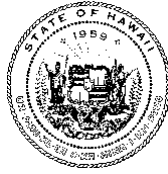
**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) provides comments.

**PURPOSE:** The purpose of the bill requires all departments and agencies to report the names of entities awarded a contract and the criteria used to select the awardee to the legislature no later than thirty days before a contract is effectuated.

The Department of Human Services (DHS) currently submits procurement award information into the State Procurement Office (SPO) Hawaii Awards and Notices Data System (HANDS) after the posting of each procurement award. This information is available to the general public on the SPO HANDS website that includes access to DHS procurement documents detailing the selection process, including the evaluation criteria used to determine the selected awardee. In addition, DHS annually submits a contract log to SPO, which contains information about each active contract, including the method of procurement, a summary of contract services or goods, awardee name and amount of contract, and the contract period of performance.

Thank you for the opportunity to provide comments on this measure.

DAVID Y. IGE  
GOVERNOR



CURT T. OTAGURO  
COMPTROLLER  
AUDREY HIDANO  
DEPUTY COMPTROLLER

**STATE OF HAWAII**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES**  
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY  
OF  
CURT T. OTAGURO, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
HOUSE COMMITTEE  
ON  
GOVERNMENT REFORM

WEDNESDAY, FEBRUARY 9, 2022, 9:30 A.M.  
CONFERENCE ROOM 309, STATE CAPITOL

H.B. 2504

RELATING TO GOVERNMENT OPERATIONS

Chair McKelvey, Vice Chair Wildberger, and Members of the Committee, thank you for the opportunity to submit testimony on H.B. 2504. The Department of Accounting and General Services (DAGS) strongly opposes this bill which requires all departments and agencies to report the names of entities awarded a contract and the criteria used to select the awardee to the legislature no later than thirty days before a contract is effectuated specifically as it may be applied to public works construction projects.

The method of procurement for public works construction projects is determined early in a project's life-cycle, usually in the planning phase, and definitely in the design phase before solicitation. If the methodology is in question, this review needs to happen much earlier in the procurement process.

It's also not clear what the intent is for reporting the intended award prior to contract execution, provided the award follows the procurement codes. This added requirement would

potentially cause delays in contract execution and adds an unnecessary step in reporting. With so much emphasis on increasing the efficiency and effectiveness of the procurement process, adding this reporting requirement amidst the existing bid validation and, potentially, bid protest process, creates another task and introduces potentially another 30 days of delay to each contract required for implementing a design and construction.

Thank you for the opportunity to submit testimony on this matter.

DAVID Y. IGE  
GOVERNOR



BONNIE KAHAKUI  
ACTING ADMINISTRATOR

**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

P.O. Box 119  
Honolulu, Hawaii 96810-0119  
Tel: (808) 586-0554  
email: [state.procurement.office@hawaii.gov](mailto:state.procurement.office@hawaii.gov)  
<http://spo.hawaii.gov>  
Twitter: [@hawaiiispo](https://twitter.com/hawaiiispo)

**TESTIMONY  
OF  
BONNIE KAHAKUI, ACTING ADMINISTRATOR  
STATE PROCUREMENT OFFICE**

**TO THE HOUSE COMMITTEE  
ON  
GOVERNMENT REFORM  
FEBRUARY 9, 2022, 9:30 AM**

**HOUSE BILL 2504  
RELATING TO GOVERNMENT CONTRACTS**

Chair McKelvey, Vice-Chair Wildberger, and members of the committee, thank you for the opportunity to submit testimony on House Bill 2504. The State Procurement Office (SPO) opposes House Bill 2504.

HB2504 proposes to add the following section to part I in Chapter 103, Hawaii Revised Statutes:

"§103-\_\_\_\_ Report to the legislature. All departments and agencies shall report the names of entities awarded a contract and the criteria used to select the awardee to the legislature no later than thirty days before a contract is effectuated."

The SPO finds this additional language to Chapter 103, Hawaii Revised Statutes is unnecessary because the public including the legislature have access to this information through either public posting or request to access government records pursuant to Uniform Information Practices Act, Chapter 92F.

Rules and laws are already in place to provide oversight, accountability, and transparency in government contracts. The following Hawaii Revised Statutes and Hawaii Administrative Rules cite that contract awards are required to be of written notice and posted:

- HRS §103D-302 Competitive sealed bidding
- HRS §103D-303 Competitive sealed proposals
- HRS §103D-304 Procurement of professional services
- HRS §103D-701 Authority to resolve protested solicitations and awards
- HAR §3-122-57 Award of contract
- HAR §3-122-58 Public inspection

- HRS §103F-402 Restrictive Purchase of Service
- HAR §3-143-303 Notice of Award

The SPO does not see value-added in creating an additional step of reporting all contract awards and criteria used for awards, which may delay contract execution.

Thank you.

**HB-2504**

Submitted on: 2/8/2022 3:57:43 PM

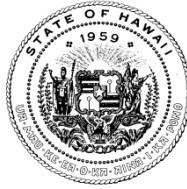
Testimony for GVR on 2/9/2022 9:30:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Christine Kinimaka	DAGS	Oppose	Yes

Comments:

I'm available for comments to support the department's written testimony as submitted.

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, February 9, 2022  
9:30 A.M.  
State Capitol  
Conference Room 309  
VIA VIDEOCONFERENCE

**H.B. 2504  
RELATING TO GOVERNMENT CONTRACTS**

House Committee on Government Reform

The Department of Transportation (DOT) **offers comments** on the bill to require all departments and agencies to report the names of entities awarded a contract and the criteria used to select the awardee to the legislature no later than thirty days before a contract is effectuated.

The DOT currently posts awarded contracts on the Hawaii Awards & Notices Data System or HANDS upon confirmation of contract award. The recommendation of contract award is determined by the procurement officer, through diligent evaluation of the bidding or offering parties responding to the respective procurement, using guidance from the Hawaii Revised Statutes, Hawaii Administrative Rules, and any additional published procurement guidance from the State Procurement Office.

At face, the new requirement may potentially subject the respective project to additional delays, with respect to executing the contract, issuing Notice to Proceed, and meeting the scheduled delivery of the completed project. At present, projects already have inherent risks of time delays due to bid evaluations, potential protests, and related appeals. There are factors present in every project that may cause delays, some unforeseen or out of the control of the procurement officer, but still with the need to address and resolve. To meet the desired delivery timeline of project completion requires management and oversight of project tasks, by direct stakeholders with intimate and working knowledge of the project, continuously moving each task forward to the next step as expeditiously and efficiently as possible, and most importantly, ensuring minimal roadblocks that may hinder timely completion.

Thank you for the opportunity to provide testimony.