

**STATE OF HAWAI'I | KA MOKU'ĀINA O HAWAI'I**  
**STATE PROCUREMENT OFFICE**

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TESTIMONY  
OF  
BONNIE KAHAKUI, ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE SENATE COMMITTEE  
ON  
GOVERNMENT OPERATIONS  
March 17, 2026; 3:05 PM

HOUSE BILL 1414, HD1  
RELATING TO PROCUREMENT

Chair McKelvey, Vice Chair Gabbard, and members of the committee, thank you for the opportunity to submit testimony on House Bill 1414, HD1. The State Procurement Office (SPO) respectfully opposes this bill, which would allow an agency, using the competitive sealed bidding method of procurement pursuant to HRS 103D-302, to award to the responsible, responsive vendor whose bid is most beneficial to taxpayers or is in the best interest of the state.

The Hawaii Public Procurement Code (Code) authorizes a variety of source selection methods to provide the best competition of all types of procurements. The intent in every procurement is to ensure fair and open competition under varying market conditions in order to satisfy public needs for supplies, services, and construction at the most economical prices. Procurement officials are able to select an appropriate source selection method, based on that procurement official's determination.

Competitive sealed bidding permits less formal competitive procedures where the amount of the contract does not warrant the expense and time otherwise involved in more complex procurements. Furthermore, the Code already allows for tradeoffs under the competitive sealed proposal method of procurement, pursuant to HRS 103D-303, which is used to evaluate offerors' proposals based on the solicitation criteria where price is not the primary factor, and award is made to the vendor who ranks the highest.

Permitting tradeoffs for competitive sealed bidding creates confusion for offerors and undermines the distinction between competitive sealed bidding, HRS 103D-302, and competitive sealed proposals, HRS 103D-303. This could lead to inconsistent application of

procurement procedures, reduce transparency and fairness, call into question the integrity of the procurement process, and increase the likelihood of protests.

For these reasons, the SPO opposes this bill and recommends this bill be deferred.

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

**DEPARTMENT OF BUDGET AND FISCAL SERVICES**  
**KA 'OIHANA MĀLAMA MO'OHĒLU A KĀLĀ**  
**CITY AND COUNTY OF HONOLULU**

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March 16, 2026

The Honorable Angus L.K. McKelvey, Chair  
The Honorable Mike Gabbard, Vice-Chair  
and Members of the Senate Committee on Government Operations  
State Capitol  
415 South Beretania Street  
Honolulu, Hawai'i 96813

Dear Chair McKelvey, Vice-Chair Gabbard, and Committee Members:

SUBJECT: Testimony in Opposition on House Bill 1414, HD1,  
Relating to Procurement  
Hearing: Tuesday, March 17, 2026 at 3:05 p.m., Conference  
Room 225 and via Videoconference

The Department of Budget and Fiscal Services, City and County of Honolulu ("City"), **strongly opposes** House Bill ("HB") 1414, HD1, Relating to Procurement.

Amending Hawai'i Revised Statutes ("HRS") 103D-302 to allow the award of a contract under competitive sealed bidding to other than the lowest **responsive and responsible** bidder is unnecessary. To be a "responsive bidder" means *a person who has submitted a bid which conforms in all material respects to the invitation for bids* and to be a "responsible bidder" means *a person who has the capability in all respects to perform fully the contract requirements, and the integrity and reliability that will assure good faith performance, pursuant to the responsibility determination standards adopted by the policy board.*

HRS 103D-303 RE: "Competitive Sealed Proposals" already provides for an award to be made to the responsible offeror whose proposal is determined in writing to be the most advantageous, taking into consideration price and the evaluation factors set forth in the request for proposals.

The Honorable Angus L.K. McKelvey, Chair  
The Honorable Mike Gabbard, Vice-Chair  
and Members of the Senate Committee on Government Operations  
March 16, 2026  
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Maintaining the clear distinction between Competitive Sealed Bidding (HRS 103D-302) and Competitive Sealed Proposals (HRS 103D-303) preserves the integrity of the procurement process. Offerors should be made aware of the method of award during the solicitation process. By determining best value after bids are received, the solicitation no longer has a fair and transparent process to award a contract.

The changes being proposed will lead to an increase in the amount of protests received and require additional time and resources.

For the reason stated above, the City **strongly opposes** HB 1414, HD1.

Mahalo for the opportunity to testify on this bill. Should you have any questions or concerns, please feel free to contact the Department of Budget and Fiscal Services' Division of Purchasing at (808) 768-5535 or [bfspurchasing@honolulu.gov](mailto:bfspurchasing@honolulu.gov).

Sincerely,



Andrew T. Kawano  
Director



March 17, 2026

TO: HONORABLE ANGUS MCKELVEY, CHAIR, HONORABLE MIKE GABBARD, VICE CHAIR, COMMITTEE ON GOVERNMENT OPERATIONS.

SUBJECT: **OPPOSITION TO H.B. 1414 HD1, RELATING TO PROCUREMENT.** For procurements conducted by competitive sealed bidding, authorizes the head of a procurement agency to award a contract to a bidder who is not the lowest responsible and responsive bidder if the head of the procuring agency determines that the award is most beneficial to taxpayers or otherwise in the best interests of the State.

HEARING

DATE: Tuesday, March 17, 2026  
TIME: 3:05 p.m.  
PLACE: Capitol Room 225

Dear Chair McKelvey, Vice Chair Gabbard and Members of the Committee,

The General Contractors Association of Hawaii (GCA) is an organization comprised of approximately five hundred (500) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. Our mission is to elevate Hawaii's construction industry and strengthen the foundation of our community.

GCA **Opposes** H.B. 1414 HD1, which for procurements conducted by competitive sealed bidding, authorizes the head of a procurement agency to award a contract to a bidder who is not the lowest responsible and responsive bidder if the head of the procuring agency determines that the award is most beneficial to taxpayers or otherwise in the best interests of the State.

The primary purpose of the Procurement Code is to ensure fair and ethical procurement while maximizing the use of public funds.

This measure would go against the two prongs of the purpose of a procurement code. A bidder who is determined to be responsible and responsive has met the requirements to bid for the work. Allowing the head of the procuring agency to award it to any bidder they want would open the door to unethical procurement and circumvent the primary purpose of having a procurement code.

Under this language, the procuring agency can award the procurement contract to anyone who bid on the work, whom they determine to be most beneficial to taxpayers, and not the lowest responsible bidder or even the second lowest responsible bidder. There is no framework for determining what "most beneficial to taxpayers or best interests of the state" means. Therefore, the GCA has serious ethical concerns with this measure.

**HB-1414-HD-1**

Submitted on: 3/12/2026 3:42:47 PM

Testimony for GVO on 3/17/2026 3:05:00 PM

Submitted By	Organization	Testifier Position	Testify
William Caron	Individual	Support	Written Testimony Only

Comments:

Aloha Chair, Vice Chair and Members of the Committee,

I am testifying in **strong support** of HB1414, a common-sense reform to modernize Hawai‘i’s procurement laws and deliver better long-term value to taxpayers.

For too long, Hawai‘i has been bound by an inflexible mandate to award contracts to the "lowest responsible bidder," regardless of whether that bid actually serves the public interest. The result has been predictable: shoddy work, frequent repairs, and costs that far exceed the short-term savings. When the only criterion is upfront price, we get what we pay for—and too often, taxpayers end up paying twice.

HB1414 fixes this by authorizing the head of a procuring agency to award a contract to a bidder who is not the lowest bid if doing so is "most beneficial to taxpayers or otherwise in the best interests of the State." This simple change brings Hawai‘i in line with modern procurement practices and aligns with the State's own administrative rules, which define "best value" as the most advantageous offer considering factors beyond price, including quality, performance history, and total cost of ownership.

The need for this reform is starkly illustrated by something as mundane—and as maddening—as a pothole.

The cheapest way to fix a pothole is to toss in cheap fill and tamp it down. But patches rarely last. The bowl shape of a pothole allows cars to knock the fill right back out, especially when low-quality, particle-homogenized fill is used. By contrast, the Army Corps of Engineers approaches potholes differently: they cut vertically into the asphalt, remove the entire damaged section, and use fill with heterogeneous particles that lock together. They pour a whole new section of road that locks into place against the surrounding pavement. No bowl. No patch.

That method costs more upfront. But it lasts orders of magnitude longer. The choice between cheap fill and a lasting repair is the choice between the low bid and the best bid. Under current law, we are forced to choose the cheap fill—and we pay for it every time that patch fails and crews are sent back out.

HB1414 empowers procurement officers to make the smarter choice. It allows them to consider factors like durability, performance history, and long-term cost. It is a fundamental good-

government reform that prioritizes quality and fiscal responsibility over a narrow fixation on the lowest number.

I urge this committee to pass HB1414 and send a clear message: Hawai'i taxpayers deserve infrastructure that lasts.

Thank you for the opportunity to testify.

**HB-1414-HD-1**

Submitted on: 3/15/2026 1:43:01 PM

Testimony for GVO on 3/17/2026 3:05:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Charmaine Doran	Individual	Support	Written Testimony Only

Comments:

I am writing in support of HB1414, which provides necessary flexibility in the state procurement process.

While awarding contracts to the lowest responsible bidder is a sound practice, it should not be the only factor. HB1414 wisely authorizes a purchasing agency to select a bid that is most beneficial to taxpayers and in the best interests of the State, even if it is not the lowest bid.

This provision allows for a "best value" approach, where factors like higher quality and better long-term performance can be considered. This ensures that we are not just making the cheapest choice, but the smartest one for Hawaii.

I urge you to support its passage.

**HB-1414-HD-1**

Submitted on: 3/16/2026 5:59:18 AM

Testimony for GVO on 3/17/2026 3:05:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

STONG SUPPORT!! The low bidder does not always provide the best value to taxpayers and could end up costing more in the long run. Mahalo!

**HB-1414-HD-1**

Submitted on: 3/16/2026 11:29:15 AM

Testimony for GVO on 3/17/2026 3:05:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
TERI SAVAIINAEA	Individual	Support	Written Testimony Only

Comments:

Aloha Chair McKelvey and Members of the Committee,

My name is Teri K. Savaiinaea, and I submit testimony in support of this measure.

Government procurement should prioritize what provides the greatest value to taxpayers, not simply the lowest bid. While the lowest bid may appear cost-effective at first, it does not always result in the best long-term outcome. In some cases, selecting the lowest bid can lead to poor workmanship, project delays, change orders, and ultimately higher costs to taxpayers.

This measure provides reasonable flexibility for procurement agencies to award contracts based on what is most beneficial to taxpayers and in the best interest of the State. Allowing agencies to consider overall value, reliability, and long-term cost effectiveness supports responsible stewardship of public funds.

Transparency and accountability in procurement decisions must remain a priority to maintain public trust.

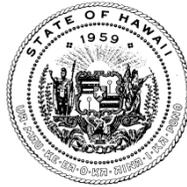
For these reasons, I respectfully urge the Committee to support this measure to ensure procurement decisions reflect both fiscal responsibility and the best value for Hawai'i's taxpayers.

Mahalo for the opportunity to submit testimony.

Teri K. Savaiinaea

Wai'anae resident

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'  
DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU  
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TAMMY L. LEE  
CURT T. OTAGURO  
ROBIN K. SHISHIDO

**LATE**

Tuesday, March 17, 2026  
3:05 PM  
State Capitol, 225

**HB1414,HD1  
RELATING TO PROCUREMENT**

Senate Committee on Government Operations

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The Department of Transportation (DOT) appreciates the opportunity to provide comments on HB1414, HD1, relating to procurement.

HB1414, HD1 amends Hawaii Revised Statutes § 103D-302 to authorize the head of a purchasing agency (HOPA), with approval from the chief procurement officer, to award a contract to a bidder other than the lowest responsible and responsive bidder when such an award is determined to be most beneficial to taxpayers or in the best interests of the State.

The DOT recognizes the intent of this measure and acknowledges that procuring agencies frequently encounter complex procurement scenarios where the lowest bid does not always serve the best interest of the State. As an agency tasked with maintaining critical infrastructure, we have observed that the lowest initial bid price does not always equate to the lowest total cost or the highest quality of service for our communities. Factors such as contractor qualifications, project delivery timelines, lifecycle costs, safety considerations, and long-term operational efficiency may all bear significantly on what constitutes the most beneficial award outcome.

In this regard, the DOT can appreciate the flexibility this bill would provide to procurement agencies. This measure provides a valuable mechanism for agencies to ensure that State funds are awarded to bidders who demonstrate the highest likelihood of successful, timely, and high-quality completion.

Our operational modes have identified that the flexibility provided by this measure would be highly beneficial in addressing recurring challenges, such as:

- **Contractor Performance and Reliability:** The ability to prioritize bidders with proven track records of safety and compliance over those who may underbid but lack the capacity to deliver timely results.

- **Fiscal Responsibility:** Ensuring that taxpayer funds are invested in partners who can complete projects without excessive change orders or delays.
- **Mitigating Risk:** Providing a safeguard against companies that may lack the long-term stability required for multi-year maintenance and construction contracts.

The DOT is mindful of the concerns raised by the State Procurement Office (SPO) regarding the objectivity of the award process. To balance SPO's concerns with the bill's intent for greater flexibility, the DOT recommends:

- **Clear Documentation:** Awards to other than the low bidder be supported by a rigorous written justification. The DOT recommends that the bill include specific guidance on the documentation and written justification required when a procuring agency elects to award to other than the lowest responsible and responsive bidder. Clear and transparent standards would protect the integrity of the procurement process, ensure accountability, and reduce the potential for challenges or disputes following award.
- **Administrative Efficiency:** Any requirement for chief procurement officer approval, while intended as a safeguard, should be carefully structured to avoid creating additional administrative delays that could adversely impact project delivery timelines. The DOT recommends that the approval process includes clearly defined timelines and criteria to ensure that oversight does not unduly hinder efficient and effective procurement operations.

Mahalo for the opportunity to provide comments on this bill.