

STAND. COM. REP. NO. 1159

Honolulu, Hawaii

MAR 27 2015

RE: H.B. No. 1180  
H.D. 1  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Madam:

Your Committee on Government Operations, to which was referred H.B. No. 1180, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to help procurement officers, before awarding a contract, identify contractors that habitually perform poorly for the purpose of ensuring that the public receives a completed project that is delivered on time, on budget, and of acceptable quality.

Your Committee received testimony in support of this measure from the Hawaii Construction Alliance and Hawaii Regional Council of Carpenters. Your Committee received testimony in opposition to this measure from the State Procurement Office. Your Committee received comments on this measure from the General Contractors Association of Hawaii.

Your Committee finds that it is essential for procurement officers to be aware of those contractors that have rendered inadequate performance on public works contracts or construction contracts. Procurement officers that are made aware of inadequate performers can use the information to the benefit of the State and counties when awarding contracts. This information would not only help procurement officers make more informed decisions, it may also move contractors to provide higher quality performance in an



effort to maintain their standing within the public contracting community.

Your Committee notes that although the State Procurement Office opposed this measure in its original form, the Office presented testimony on its concerns and offered amendments to this measure which have been incorporated.

Your Committee has amended this measure by:

- (1) Adding language to require the Administrator of the State Procurement Office to establish a database of meaningful statewide procurement contract data to be made accessible to each governmental entity, with selective non-confidential data to be made accessible to the general public to further transparency and accountability, as determined appropriate by the Administrator;
- (2) Adding language to transfer authority for the compliance audit unit from the Auditor to the State Procurement Office;
- (3) Adding language authorizing the compliance audit unit to conduct audits and have authority to access statewide public contract information;
- (4) Adding language establishing a task force to define past performance, create criteria for adverse performance, and develop associated rules and process required for statewide implementation;
- (5) Adding an appropriation for the compliance audit unit to establish a procurement database;
- (6) Adding an appropriation to fund the operations and maintenance of the procurement database;
- (7) Adding an appropriation to fund the staffing and operation of the compliance audit unit;
- (8) Adding language establishing a process for special innovative procurement;



- (9) Adding language requiring the Procurement Policy Board to draft rules for special innovative procurements, including but not limited to rules regarding public-private partnerships;
- (10) Adding an appropriation for a temporary position within the Department of Accounting and General Services, not to exceed two years, with duties to include but not be limited to assisting the Procurement Policy Board in the research and development of special innovative procurements and public-private partnership rules; and
- (11) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Government Operations that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1180, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1180, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Government  
Operations,

  
DONOVAN M. DELA CRUZ, Chair



