

STAND. COM. REP. NO. 528

Honolulu, Hawaii

FEB 15 2019

RE: S.B. No. 1333
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Government Operations, to which was referred S.B. No. 1333 entitled:

"A BILL FOR AN ACT RELATING TO PROCUREMENT,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require that past performance be considered in future bid selection of contractors for sole source contracts and any competitive sealed bid or proposal contracts that meets or exceeds the small purchase threshold;
- (2) Require procurement officers to consider specific factors, including past performance, when making a determination of offeror responsibility;
- (3) Require procurement officers to conduct past performance evaluations at least annually and at the time the work under a contract or order is completed, and maintained in the department's files; and
- (4) Develop and implement a statewide past performance database that collects past performance evaluations to be used as a resource when evaluating past performance in future procurements.



Your Committee received testimony in support of this measure from the State Procurement Office, Community Alliance on Prisons, and Subcontractors Association of Hawaii. Your Committee received testimony in opposition to this measure from the Department of Accounting and General Services, Department of Design and Construction of the City and County of Honolulu, and Department of Budget and Fiscal Services of the City and County of Honolulu.

Your Committee finds that some state contracts may be awarded to the lowest bidder, without regard to poor past performance. Such bidders may be considered qualified despite poor past performance on state, federal, or private contracts, which may result in repeated inefficiencies and substandard work. Your Committee also finds that legislative direction is needed to award state contracts to responsible bidders through the state procurement process; increase performance accountability on state contracts, and use taxpayer dollars more efficiently.

This measure requires procurement officers to complete periodic performance evaluations of certain contractors, past performance to be factored into future bid selections, the development of a past performance database, and the establishment of an initial procurement workgroup to evaluate and make recommendations about existing procurement methods. This measure provides more oversight and regulation of the State's procurement process, which will improve efficiency and the quality of work of state awarded procurement contracts.

Your Committee has amended this measure by:

- (1) Establishing an initial procurement working group;
- (2) Specifying composition of and requirements for the initial procurement working group;
- (3) Adjusting the appropriation amount from \$292,000 to \$250,000, and clarifying that the sums shall be allocated for the creation of the past performance data base and outsourcing of two full-time equivalent positions; and
- (4) 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 S.B. No. 1333, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1333, S.D. 1, and be referred to your Committee on Ways and Means.

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

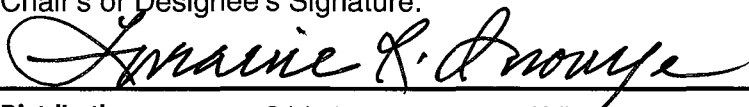


LAURA H. THIELEN, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:* <i>SB 1333</i>	Committee Referral: <i>GVO, WAM</i>	Date: <i>2/12/2019</i>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
THIELEN, Laura H. (C)	✓			
INOUYE, Lorraine R. (VC)	✓			
BAKER, Rosalyn H.	✓			
KANUHA, Dru Mamo	✓			
FEVELLA, Kurt				✓
TOTAL	<i>4</i>			<i>1</i>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes