



**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

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To All Interested Parties

**SUBJECT: Overview of Government Contracting**

The State Procurement Office (SPO) administers, implements and ensures compliance with the Hawaii Public Procurement Code (HRS chapter 103D) and Purchases of Health and Human Services (HRS chapter 103F). Beyond these two chapters, government contracting involves numerous statutes, administrative rules, requirements, and processes that departments and agencies must meet to contract for goods, services or construction. The enclosed Government Contracting document provides an overview that delineates the numerous requirements that government agencies, including vendors, contractors and service providers, are tasked to follow resulting in a government contract.

Please take some time to review the enclosed document which reveals the processes that collectively results in a lengthy and complex government contracting process involving multiple statutory, departmental or agency requirements. Included in the enclosed document is Attachment A that illustrates the Department of Accounting and General Services' CIP construction or public works processes from inception to completion of a project is typically 20 to 40+ months. Within this time period the "procurement process" which includes the bidding period, obtaining building permits and compliance documents as highlighted in yellow, is 3-6 months. Any additional statutory requirements, will ensue administrative rules, and agency directives or requirements, that correspondingly affects resources and lengthens the contracting process.

This document is intended to illustrate that government contracting is complex and lengthy, and at times overwhelming to a lay person. Personnel must have the knowledge, expertise and experience to administer and manage the procurement process and contracts. The goal to strive towards is to simplify, clarify and modernize governmental contracting processes, enabling all parties to obtain needed goods, services and construction effectively and efficiently.

Sincerely,

Aaron S. Fujioka

enclosure

State Procurement Office  
**OVERVIEW**  
**CHAPTER 103D, HRS**  
**Hawaii Public Procurement Code**

January 2013

**GOVERNMENT CONTRACTING**

Government contracting is the process to obtain needed goods, services or construction to enable government operations to conduct and achieve its mission. However, the process can be lengthy and complex due to numerous related requirements or processes in the Hawaii Revised Statutes (HRS), applicable Hawaii Administrative Rules (HAR), and jurisdictional administrative requirements and approvals that require consideration and inclusion. HRS chapter 103D is only one of several processes that results in government contracts. Along with numerous contracts that are exempt or not subject to any statutory processes, governmental contracting processes available to departments and agencies such as:

| Government Contracting   | Lead Dept/Agency                              |
|--|---|
| HRS chapter 42F<br><i>Grants and Subsidies</i>   | Legislature                                   |
| HRS chapter 102<br><i>Concessions</i>  | All governmental entities                     |
| HRS chapter 103<br><i>Expenditure of Public Money and Public Contracts</i>                     | Department of Accounting and General Services |
| HRS chapter 103B<br><i>Employment of State Residents on Construction Procurement Contracts</i> | All governmental entities                     |
| HRS chapter 103D<br><i>Hawaii Public Procurement Code</i>                                      | State Procurement Office                      |
| HRS chapter 103F<br><i>Purchase of Health and Human Services</i>                               | State Procurement Office                      |
| HRS chapter 171<br><i>Management and Disposition of Public Lands</i>                           | Department of Land and Natural Resources      |

The listed departments and agencies are involved in the process of contracting with the State.

| Dept/Agency                    | Description   | Reference   |
|--------------------------------|---|---|
| Legislature                    | Grants and Subsidies  | HRS chapter 42F   |
| All governmental entities      | Concessions   | HRS chapter 102   |
| State Procurement Office (SPO) | Administers the Hawaii Public Procurement Code, HRS chapter 103D, for goods, services, and construction, and its Hawaii Administrative Rules (HAR). Requirements included in this chapter are: <ul style="list-style-type: none"> <li>• Pre-bid and pre-proposal requirements for construction and design-build projects;</li> <li>• Due dates/preparation time for submittal of bid is minimum ten calendar days, and thirty calendar days for request for proposals from issuance of solicitation;</li> <li>• Bonding requirements for contract security and performance/payment bonding;</li> <li>• Preferences of Hawaii products for construction/soil amendment products (i.e.</li> </ul> | HRS chapter 103D<br><br>HRS §103D-303.5<br><br>HAR §3-122-16.02<br><br>§§103D-323, 103D-324<br><br>§103D-1002 |

| Dept/Agency  | Description  | Reference  |
|--|--|--|
|  | aggregates, sand, asphalt, cement, cement products, compost), and food, gas, plastic/foam products; <ul style="list-style-type: none"> <li>• Preferences for printing in-state;</li> <li>• Preferences for recycled products (i.e. paving materials, paper products);</li> <li>• Preferences for software development using Hawaii businesses;</li> <li>• Small business set aside program;</li> <li>• Debriefing provisions for submittal within three working days after posting of notice of award;</li> <li>• Protest provisions for submittal within five working days after posting of award; and</li> </ul> Administers the Purchases of Health and Human Services, HRS chapter 103F, and its Hawaii Administrative Rules (HAR).  | §103D-1003<br>§103D-1005<br><br>§103D-1006<br><br>§103D-906<br>§§103D-303, 103D-304<br><br>§103D-701<br><br>HRS chapter 103F |
| Procurement Policy Board (PPB)                                 | Promulgates the Hawaii Administrative Rules (HAR) for HRS chapters 103D and 103F, and issues Procurement Directives.   | HRS chapters 103D and 103F   |
| Department of Accounting and General Services (DAGS)           | Oversees statutes on <i>Expenditure of Public Money and Public Contracts</i> , HRS chapter 103, including: <ul style="list-style-type: none"> <li>• Legislature and Governor approval for CIP allotment of funds;</li> <li>• Requires wages, hours and working conditions of contractor's employees;</li> <li>• Requires wages and hours of employees on public works contracts;</li> <li>• Apprenticeship agreements for public works contracts pursuant to HRS §103-55.6;</li> <li>• Issued guidance on the HRS chapter 103B, <i>Employment of State Residents on Construction Procurement Contracts</i>; requirement for construction contracts to ensure Hawaii residents compose of not less than eighty per cent of the workforce employed to perform the contract.</li> </ul> | HRS chapter 103<br><br>§103-7<br><br>§103-55<br><br>§103-55.5<br><br>§103-55.6<br><br>HRS chapter 103B                       |
| Department of Business, Economic Development & Tourism (DBEDT) | Oversees: Hawaii Clean Energy Initiative Program   | HRS §196-10.5  |
| Department of Commerce and Consumer Affairs (DCCA)             | Oversees: <ul style="list-style-type: none"> <li>• Professional &amp; Vocational Licensing (PVL) for Engineering, Architects, Surveyors and Landscape, and General contractor and subcontractor licensing requirements, responsible for licenses of 47 different professions and vocations;</li> <li>• Business registration (BREG) maintains the business registry for all corporations, limited liability companies, general partnerships, limited partnerships, limited liability partnerships and limited liability limited partnerships conducting business activities in the State. In addition, the registry contains trade names, trademarks and service marks;</li> <li>• Office of Administrative Hearings (OAH) for appeal process after a protest is denied.</li> </ul>  | HRS chapter 464<br><br>HRS chapter 444   |

| Dept/Agency   | Description   | Reference  |
|---|---|--|
| Department of Health (DOH)  | <p>Oversees:</p> <ul style="list-style-type: none"> <li>• Environmental Impact Statements;</li> <li>• Green purchasing/Environmentally Preferred Purchasing (EPP), Energy Star products, Biofuel products and Energy-efficient vehicles;</li> <li>• Green Building/Leadership in Energy and Environmental Design (LEED), landscape designs;</li> <li>• Disposal of electronic waste, hazardous waste, pharmaceutical/medical waste, recycling;</li> <li>• Environmental Management Division-Permits: <ul style="list-style-type: none"> <li>➢ Clean Air Branch;</li> <li>➢ Safe Drinking Water Branch;</li> <li>➢ Solid/Hazardous Waste Branch;</li> <li>➢ Clean Water Branch;</li> <li>➢ Wastewater Branch;</li> </ul> </li> <li>• Environmental Health Services Division: <ul style="list-style-type: none"> <li>➢ Noise Section;</li> <li>➢ Radiation Section;</li> <li>➢ AC/Ventilation Section;</li> <li>➢ Asbestos/Lead Section.</li> </ul> </li> </ul> | <p>HRS chapter 343</p><br><br><br><br><br><br><br><br><br><br><p>HRS 432B (clean air)<br/>HRS 432G (solid waste)<br/>HRS 342D (water pollution)</p>  |
| Department of Labor and Industrial Relations (DLIR)   | <p>Oversees statutes protecting the rights of working people while ensuring the interests of businesses and employers, such as:</p> <ul style="list-style-type: none"> <li>• Prevailing wages for construction contracts, <i>Wages and Hours of Employees on Public Works</i>;</li> <li>• Apprenticeship Program;</li> <li>• Employment Practices;</li> <li>• Unemployment Insurance (UI);</li> <li>• Occupational Safety and Health (OSHA);</li> <li>• Temporary Disability Insurance (TDI);</li> <li>• Workers' Compensation (WC);</li> <li>• Prepaid Health Care (PHC).</li> </ul>   | <p>HRS chapter 104</p><br><br><br><br><br><br><br><br><br><br><p>HRS chapter 372<br/>HRS chapter 378<br/>HRS chapter 385<br/>HRS chapter 396<br/>HRS chapter 392<br/>HRS chapter 386<br/>HRS chapter 393</p> |
| Dept of Land & Natural Resources (DLNR)   | <p>Mission is to seek, develop, and implement cost-effective strategies for the long-term sustainable management, maintenance, protection and utilization of existing and potential ocean, land, natural and cultural resources of the state.</p> <ul style="list-style-type: none"> <li>• Management and Disposition of Public Lands;</li> <li>• Public Land Development Corporation (PLDC);</li> <li>• Acquisition of Resource Value Land;</li> <li>• Water and Land Development.</li> </ul>  | <p>HRS chapter 171<br/>HRS chapter 171C<br/>HRS chapter 173A<br/>HRS chapter 174</p>   |
| Department of Taxation (TAX)<br>Internal Revenue Service (IRS)<br>Dept of Labor & Industrial Relations (DLIR)<br>Dept of Commerce & Consumer Affairs (DCCA) | <p>Required upon award of a contract:</p> <ul style="list-style-type: none"> <li>• Certification of compliance with state laws for A-6 Tax Clearance, includes IRS certification;</li> <li>• LIR#27 Labor Certification (TDI, UI, PHC, WC);</li> <li>• DCCA Certificate of Good Standing.</li> </ul>  | <p>HRS §103D-310(c)</p>  |
| Office of Information Practices (OIP)   | <p>Requires disclosure of government records pursuant to HRS chapter 92F, <i>Uniform Information Practices Act</i>.</p>   | <p>HRS chapter 92F</p>   |
| State Ethics Commission   | <p>Requires applicable code of ethics for government employees and officers pursuant to HRS chapter</p>   | <p>HRS chapter 84</p>  |

| Dept/Agency | Description   | Reference   |
|-------------|---|---|
|             | 84, <i>Standards of Conduct</i> .   |   |
| County      | <p>County: Construction permitting process, as applicable, includes but not limited to:</p> <ul style="list-style-type: none"> <li>• Plan Reviews and Planning Permits, EIS/EA;</li> <li>• Zoning and Land Use Permits such as Cluster (Agricultural, Country, Housing), Conditional Use, Planned Development Housing, Shoreline Setback Variance, Street Tree Review, Zoning Variance;</li> <li>• Construction and Building Permits such as Inspections, Building Code Requirements (Housing/Electrical/Plumbing/Fire), Demolition Permit, Flood Hazard District;</li> <li>• Engineering and Subdivision Permits, includes Grading, Grubbing, and Stockpiling permit, roads, sewers, traffic, trenching permit.</li> </ul> | See <b>Attachment A</b> on permitting Time Requirements |
| Federal     | <p>Federal Agency:</p> <ul style="list-style-type: none"> <li>• Federal Environmental Protection Agency (EPA);</li> <li>• Federal Department of Homeland Security (DHS).</li> </ul>   |   |

Other related administrative requirements such as:

| Dept/Agency  | Description  |
|--|--|
| Office of the Governor                             | <p>Executive Memorandums available at <a href="http://hawaii.gov/budget">http://hawaii.gov/budget</a>, includes Budget Execution Policies requiring Governor's approvals for expending funds.</p> <p>Administrative Directives available at <a href="http://hawaii.gov/budget">http://hawaii.gov/budget</a>, such as AD 11-02 directing Executive Departments to obtain CIO/OIMT approval for all IT, IRM and TC services, facilities, equipment.</p>  |
| Department of Budget & Finance (B&F)               | Finance Memorandums available at <a href="http://hawaii.gov/budget/">http://hawaii.gov/budget/</a> , for B&F requirements.   |
| Department of Accounting & General Services (DAGS) | <ul style="list-style-type: none"> <li>• Comptroller Memorandums (CM) available at <a href="http://hawaii.gov/dags/cm">http://hawaii.gov/dags/cm</a>, such as: <ul style="list-style-type: none"> <li>➢ Certificate of Insurance (Ref. CM 2010-39) on contractor's insurance policies;</li> <li>➢ Act 68, SLH 2010 (Ref. CM 2010-38) on implementing Hawaii residents workforce of 80% for construction projects;</li> <li>➢ Contract Execution Date (Ref. CM 2009-14) for retroactive contracts approval;</li> <li>➢ Act 17, SLH 2009 Apprenticeship program (Ref. CM 2011-25);</li> <li>➢ Gasoline and Diesel Fuel – Statewide (Ref. CM 2012-19).</li> </ul> </li> <li>• Personal Services Contractor Procedural Manual at <a href="http://aarc.hawaii.gov/">http://aarc.hawaii.gov/</a>.</li> <li>• Contract certification of funds and encumbrance.</li> <li>• Pre-Audit review/approval request for payment processing/vouchering.</li> </ul> |

| Dept/Agency                             | Description  |  |
|---|--|--|
| Department of the Attorney General (AG) | Contract forms for approval as to form available at <i>Internal Forms Database</i> , <a href="http://hawaii.gov/forms/internal">http://hawaii.gov/forms/internal</a> |  |
|   | AG-001   | Contract for Professional Services   |
|   | AG-002   | Contract for Goods and Services: Exempt, Small Purchase, Sole Source, or Emergency |
|   | AG-003   | Contract for Goods or Services Based Upon Invitation for Competitive Sealed Bids   |
|   | AG-004   | Contract for Goods or Services Based Upon Request for Competitive Sealed Proposal  |
|   | AG-008   | General Conditions   |
|   | AG-103F01  | Competitive Purchase of Services   |
|   | AG-103F02  | Treatment Purchase of Service  |
|   | AG-103F03  | Restrictive Purchase of Service  |
|   | AG-103F04  | Crisis Purchase of Service   |
|   | AG-103F05  | Small Purchase of Service  |
|   | AG-103F06  | Transactions Exempt from Chapter 103F, HRS   |

To assist other jurisdictions, State and County agencies, vendors, contractors and service providers maneuver through this process as expeditiously as possible, the SPO website offers programs and services such as:

- Procurement Notices System (PNS) to locate available State and county notices at <http://hawaii.gov/spo/heps/general/procurement-notices-for-solicitations> ;
- Hawaii Electronic Procurement System (HePS) to receive notices and submit bids electronically at <http://hawaii.gov/spo/heps> ;
- Hawaii Compliance Express (HCE) is a single compliance document at <https://vendors.ehawaii.gov/hce/splash/welcome.html> ;
- Purchasing Card (pCard) program for payments made via a pCard at <http://hawaii.gov/spo/state-county-personnel-manual/pcard/pcard-purchasing-card> ;
- Contract Awards and Information posting to view thousands of awards posted at <http://hawaii.gov/spo2/> ;
- Procurement Directives and Procurement Circulars at <http://hawaii.gov/spo>;
- Price list and Vendor list contracts, preapproved, master contracts conducted using cooperative purchasing processes at <http://spo3.hawaii.gov/pvl/price-vendor-lists> ;
- Forms for State agencies at <http://hawaii.gov/spo/general/spo-forms> ;
- Forms for Vendors, Contractors and Service Providers at <http://hawaii.gov/spo/general/spo-forms> ;
- Training workshops for Vendors, Contractors, Service Providers available at <http://hawaii.gov/spo/general/training-and-informational-sessions> ;
- Variety of training workshops for State/County personnel on procurement and related topics at <http://hawaii.gov/spo/general/training-and-informational-sessions> .

Department of Accounting and General Services, Division of Public Works  
Regular Time Requirements

Date: 10/10 SEE BELOW: TIME REQUIREMENTS BEFORE START OF PROJECT.

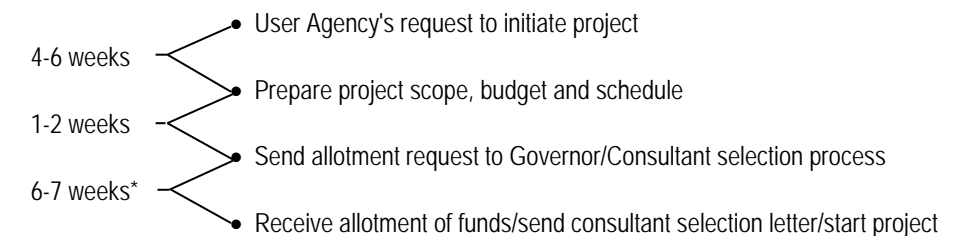
|                                | ACTIVITY                           | TIME REQUIRED IN WEEKS/MONTHS        |       |       |       |       |       |       |       |       |        | START MASTER PLAN, SITE SELECTION, E.A./E.I.S., PDR (For larger or more complex projects)  | Environmental Impact Statement<br>12-24 months for larger, more complex projects   |
|--------------------------------|------------------------------------|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--|--|
|                                |                                    | CONSTRUCTION COST IN THOUSANDS (PCL) |       |       |       |       |       |       |       |       |        |  |  |
|                                |                                    | 100                                  | 300   | 500   | 700   | 900   | 1,000 | 2,500 | 4,000 | 6,000 | 10,000 |  |  |
| Planning<br>Project Initiation | PM REC'D DATE TO START             | 2                                    | 2     | 2     | 2     | 2     | 3     | 3     | 3     | 4     | 4      |  |  |
|                                | FEE NEGOTIATION                    | 8                                    | 8     | 8     | 8     | 8     | 8     | 12    | 12    | 12    | 12     |  |  |
| Design                         | PRE-SCHEMATIC                      | 0                                    | 0     | 2     | 3     | 3     | 3     | 4     | 4     | 6     | 6      | START ENVIRONMENTAL ASSESSMENT (E.A.) (For smaller or non-controversial projects)  | Environmental Assessment<br>6-12 months for smaller/non-controversial projects   |
|                                | DAGS                               | 0                                    | 0     | 1     | 2     | 3     | 3     | 3     | 4     | 4     | 4      |  |  |
|                                | (USER) <sub>1</sub>                | 0                                    | 0     | (1)   | (1)   | (2)   | (2)   | (2)   | (3)   | (3)   | (3)    |  |  |
|                                | SCHEMATIC                          | 2                                    | 2     | 2     | 3     | 3     | 3     | 4     | 4     | 6     | 6      | SUBMIT LAND USE PERMIT APPLICATION OR APPROVALS<br>• Special Management Area<br>• Conditional Use Permit<br>• Conservation District Use Permit<br>• Special Permit<br>• Subdivision<br>• Height Waiver or Variance<br>• Etc. | 4-6 months for non-controversial<br>6-12 months for more significant projects<br>Design time for \$10 million project:<br>39 weeks or ~10 months |
|                                | DAGS                               | 1                                    | 2     | 2     | 3     | 3     | 3     | 3     | 4     | 4     | 4      |  |  |
|                                | (USER) <sub>1</sub>                | (1)                                  | (1)   | (1)   | (2)   | (2)   | (2)   | (2)   | (3)   | (3)   | (3)    |  |  |
|                                | PRELIMINARY                        | 2                                    | 3     | 3     | 3     | 3     | 3     | 5     | 7     | 8     | 10     |  |  |
|                                | DAGS                               | 1                                    | 2     | 2     | 2     | 2     | 2     | 3     | 3     | 3     | 3      |  |  |
|                                | (USER) <sub>1</sub>                | (1)                                  | (1)   | (1)   | (1)   | (1)   | (1)   | (2)   | (2)   | (2)   | (2)    |  |  |
|                                | PRE-FINAL                          | 3                                    | 4     | 4     | 4     | 5     | 6     | 7     | 9     | 11    | 15     |  |  |
|                                | DAGS                               | 3                                    | 3     | 3     | 3     | 3     | 3     | 4     | 4     | 4     | 4      |  |  |
|                                | (GOV & USER) <sub>1</sub>          | (2)                                  | (2)   | (2)   | (2)   | (2)   | (2)   | (3)   | (3)   | (3)   | (3)    |  |  |
|                                | FINAL                              | 1                                    | 1     | 1     | 1     | 2     | 2     | 3     | 3     | 3     | 3      |  |  |
|                                | DAGS                               | 1                                    | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1      | LAND USE PERMITS APPROVED  |  |
|                                | TOTAL (CONSULTANT)                 | 8                                    | 10    | 12    | 14    | 16    | 17    | 23    | 27    | 34    | 40     |  |  |
| (DAGS)                         | 6                                  | 8                                    | 9     | 11    | 12    | 12    | 14    | 16    | 16    | 16    |        |  |  |
| Building Permit                | TOTAL DESIGN TIME (WEEKS)          | 24.00                                | 28.00 | 31.00 | 35.00 | 38.00 | 40.00 | 52.00 | 58.00 | 66.00 | 72.00  |  | 2-4 months for smaller projects<br>4-8 months for bigger projects<br>8-12 months for larger projects   |
|                                | (MONTHS)                           | 6.00                                 | 7.00  | 7.75  | 8.75  | 9.50  | 10.00 | 13.00 | 14.50 | 16.50 | 18.00  |  |  |
|                                | BIDDING TIME (MONTHS)              | 1.50                                 | 1.50  | 1.50  | 1.50  | 1.50  | 1.50  | 2.00  | 2.00  | 2.00  | 2.00   |  |  |
| Bid/Award Contract             | B/O TO NTP (MONTHS)                | 1.50                                 | 2.00  | 3.00  | 3.00  | 3.00  | 3.00  | 4.00  | 4.00  | 5.00  | 6.00   | BUILDING PERMIT APPROVED   |  |
|                                | CONSTRUCTION <sub>2</sub> (MONTHS) | 4.00                                 | 5.00  | 6.00  | 7.00  | 8.00  | 9.00  | 11.00 | 13.00 | 15.00 | 18.00  |  |  |
| Construction                   | TOTAL PROJECT TIME (MONTHS)        | 13.00                                | 15.50 | 18.25 | 20.25 | 22.00 | 23.50 | 30.00 | 33.50 | 38.50 | 44.00  | TIME REQUIREMENTS BEFORE START OF PROJECT  |  |
|                                | PM REC'D DATE TO B/O (MONTHS)      | 7.50                                 | 8.50  | 9.25  | 10.25 | 11.00 | 11.50 | 15.00 | 16.50 | 18.50 | 20.00  |  |  |
|                                |                                    |                                      |       |       |       |       |       |       |       |       |        |  |  |

NOTE: • For priority projects, time requirements should be adjusted accordingly.

<sub>1</sub> User and Governor reviews concurrent with DAGS review.

<sub>2</sub> Verify material long-lead items; includes 10% for inclement weather.

Source: Table B1a



\*Based on actual data since 12/15/08 to 2/10/10