




September 20, 2010

**ADMINISTRATIVE PROCEDURES MEMORANDUM NO. 10-12**

TO: University Administrators and Chancellors

FROM: Howard Todo   
Vice President for Budget and Finance  
Chief Financial Officer

SUBJECT: **INTERIM ADMINISTRATIVE PROCUREMENT PROCEDURES A8.280.1, A8.280.2, and A8.280.3 (Qualifications-Based Construction Procurement)**

Transmitted herewith are Administrative Procedures A8.280.1, A8.280.2 and A8.280.3 for the Procurement of Goods, Services, and Construction that replace Section A8.280 which was implemented on an interim basis effective July 1, 2010.

These procedures are being issued pursuant to Act 82, SLH 2010, which provides the University with an exemption from the requirements of the Hawaii Public Procurement Code (HRS Chapter 103D), with some exceptions, and which became effective as of July 1, 2010. The Board of Regents approved the implementation of revised administrative procurement procedures on an interim basis at its meeting of June 28, 2010.

Since that time, the President-appointed Procurement Task Group convened to review these interim procedures and recommended the addition of three new construction procurement procedures to replace the existing Section A8.280. The implementation of these new procedures numbered as A8.280.1, A8.280.2, and A8.280.3 was approved by the Board of Regents at its meeting of September 16, 2010.

These new sections to be included in the interim procurement procedures can be summarized as follows:

1. Section A8.280.1 (Primarily for Design-Bid-Build Construction Projects)
  - a. All interested contractors to be ranked after evaluation by a selection committee using established selection criteria. All interested contractors who timely submit a written expression of interest and statement of

qualifications shall be ranked by a selection committee using selection criteria established by the selection committee and included in the notice of the construction project posted on a University website.

- b. Top ranked contractors invited to submit sealed offers. Once the ranking is established, a minimum of the five highest ranked contractors (or all submitting contractors if the number is less than five contractors), will be invited to submit sealed offers.
- c. Contract award made to offeror submitting the lowest priced bid. Contract award would be made to the invited contractor submitting the lowest priced offer, regardless of ranking among those contractors invited to submit sealed offers.
- d. Used primarily for Design-Bid-Build construction projects. The intent is to use this new construction procurement procedure for pre-designed construction of a general nature, including, without limitation, the Design-Bid-Build construction projects.

2. Section A8.280.2 (Primarily for Design-Build or Complex Construction projects).

- a. All interested contractors to be ranked after evaluation by the selection committee using established selection criteria. All interested contractors who timely submit a written expression of interest and provided statement of qualifications shall be ranked by a selection committee using selection criteria established by the selection committee and included in the notice of the construction project posted on a University website.
- b. Top ranked contractors invited to submit sealed proposals. Once the ranking is established, a minimum of the five highest ranked contractors (or all submitting contractors if the number is less than five contractors), will be invited to submit sealed proposals in a modified request for proposals (RFP) process.
- c. Establishment of proposal selection criteria. Before such an invitation, the selection committee, together with the University's designated officer, managing and overseeing the construction, will establish the proposal selection criteria that will be used to evaluate the submitted proposals. This proposal selection criteria is separate and apart from the selection criteria established to evaluate the qualifications of the interested contractors.
- d. Notify contractors of the proposal selection criteria. As part of the invitation to submit proposals, the University's designated officer will notify

the contractors invited to submit proposals of the proposal selection criteria that the selection committee will use to evaluate the proposals.

- e. Contents of proposals. Each proposal submitted should include design plans and the proposal price.
  - f. Contract award. Regardless of ranking among those contractors invited to submit proposals, contract award would be made to the invited contractor submitting the proposal that is determined to: (1) have the highest point total in comparison to the other submitted proposals and (2) be the most advantageous to the University, considering price and the other selection criteria.
  - g. Used primarily for Design-Build construction projects. The intent is to use this new construction procurement procedure primarily for Design-Build construction projects and other complex construction projects where the University did not want proposal price to be the sole determining factor among the top-ranked contractors.
3. Section A8.280.3 (Primarily for Design-Assist construction projects)
- a. Construction contract negotiated with the top ranked contractor. The construction contract will be negotiated with the highest ranked contractor based on a purely qualifications-based evaluation (no priced offers or proposals are requested).
  - b. All interested contractors to be ranked after evaluation by the selection committee using established selection criteria. The ranking of all interested contractors who timely submit a written expression of interest and statement of qualifications shall be conducted by a selection committee using the selection criteria established by the selection committee and included in the notice of the construction project posted on a University website.
  - c. University's designated officer to negotiate the construction contract. The ranking of all such interested contractors shall be furnished to the University's designated officer, managing and overseeing the construction, who in turn will be responsible for negotiating the construction contract with the highest ranked contractor.
  - d. Contract awarded if negotiations are successful. Contract award will be made to the contractor if the University and the contractor can reach agreement on the terms of negotiated contract, including a fair and reasonable price.

- e. Used primarily for Design-assist construction projects. This construction procurement procedure would be best suited for design-assist construction projects or highly specialized projects with unique requirements.

Any questions concerning these procedures should be directed to the Office of Procurement and Real Property Management at (808) 956-8687.

## Attachments