

1 **SECTION 103 - AWARD AND EXECUTION OF CONTRACT**

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3 Make the following amendments to said Section:

4
5 **(I) Amend 103.03 Award of Contract** to read as follows.

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7 **"103.03 Award of Contract.** The award of contract, if it be awarded, will
8 be made within 60 calendar days after the opening of bids, to the lowest
9 responsible bidder whose proposal complies with all the requirements. The
10 successful bidder will be notified by letter mailed to the address shown on his/her
11 proposal, that his/her proposal has been accepted, and that he/she has been
12 awarded the contract.

13
14 **(1) Requirement for Award.** To be eligible for award, the
15 apparent low Bidder will be contacted to submit copies of the
16 documents listed below to demonstrate compliance with Section
17 103D-310(c), HRS. The documents should be submitted to the
18 Department as soon as possible. If a valid certificate/clearance is
19 not submitted on a timely basis for award of a contract, a Bidder
20 otherwise responsive and responsible may not receive the award.

21
22 **(A) Tax Clearance.** Pursuant to §§103D-310(c), 103-53 and 103D-
23 328, HRS, the successful bidder shall be required to submit a certified
24 copy of its tax clearance issued by the Hawaii State Department of
25 Taxation (DOTAX) and the Internal Revenue Service (IRS) to
26 demonstrate its compliance with Chapter 237, HRS. The tax clearance
27 is valid for 6 months from the most recent approval stamp date on the tax
28 clearance. The tax clearance must be valid on the bid's first legal
29 advertisement date or any date thereafter up to the bid opening date.

30
31 DOTAX Website (Forms & Information):
32 <http://www.state.hi.us/tax/alphalist.html#a>

33
34 To receive DOTAX Forms by Fax or mail, phone
35 (808)587-7572 or 1-800-222-7572.

36
37 The application for the clearance is the responsibility of the bidder,
38 and must be submitted directly to the DOTAX or IRS and not to the
39 Department.

40
41 **(B) DLIR Certificate of Compliance.** Pursuant to §103D-310(c),
42 HRS, the successful bidder shall be required to submit a copy (faxed
43 copies are acceptable) of its approved certificate of compliance issued by
44 the Hawaii State Department of Labor and Industrial Relations (DLIR) to
45 demonstrate its compliance with unemployment insurance (Chapter 383,
46 HRS), workers' compensation (Chapter 386, HRS), temporary disability
47 insurance (Chapter 392, HRS), and prepaid health care (Chapter 393,
48 HRS). The certificate is valid for 6 months from the most recent
49 approval stamp date on the certificate. The DLIR certificate must be
50 valid on the bid's first legal advertisement date or any date thereafter up to
51 the bid opening date. For DLIR certificates which receive a "pending"

52 approval stamp, a DLIR approval stamp is required prior to the issuance
53 of the Notice to Proceed.
54

55 The 'APPLICATION FOR CERTIFICATE OF COMPLIANCE WITH
56 SECTION 3-122-112, HAR', Form LIR#27 is available at the following
57 website: www.dlir.state.hi.us
58

59 The form is also available at the DLIR Administrative Services
60 Office, phone no. (808)586-8888 and fax no. (808)586-8899, or any of its
61 District Offices. The DLIR will return the form to the bidder who in turn
62 shall submit a copy to the Department.
63

64 The application for the certificate is the responsibility of the bidder,
65 and must be submitted directly to the DLIR and not to the Department.
66

67 **(C) DCCA Certificate of Good Standing.** Pursuant to §103D-
68 310(c), HRS, the successful bidder shall be required to submit a copy
69 (faxed copies are acceptable) of its approved Certificate of Good Standing
70 issued by the Hawaii State Department of Commerce and Consumer
71 Affairs (DCCA), Business Registration Division (BREG) to demonstrate
72 that it is either:
73

74 **(1)** Incorporated or organized under the laws of the State; or
75

76 **(2)** Registered to do business in the State as a separate branch
77 or division that is capable of fully performing under the contract.
78

79 The DCCA certificate is valid for 6 months from the approval date
80 on the certificate. The DCCA certificate must be valid on the bid's first
81 legal advertisement date or any date thereafter up to the bid opening
82 date. A Hawaii business that is a sole proprietorship, however, is not
83 required to register with the BREG, and therefore not required to submit
84 the certificate. Bidders are advised that there are costs associated with
85 registering and obtaining a "Certificate of Good Standing" from the DCCA.
86

87 To obtain this certificate, go online to:
88 www.BusinessRegistrations.com and follow the prompt instructions. To
89 register or to obtain a certificate by phone, call (808)586-2727 (M-F 7:45
90 am to 4:30 pm Hawaii Standard Time).
91

92 The application for the DCCA certificate is the responsibility of the
93 bidder, and must be submitted directly to the DCCA and not to the
94 Department."
95

96 **(II) Amend 103.06 Requirement of Contract Bond to read as follows:**
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98 **"103.06 Requirement of contract Bond.** At the time of execution of the
99 contract, the successful bidder shall file a good and sufficient performance bond
100 and a payment bond on the forms furnished by the Department (see attached)
101 conditioned for the full and faithful performance of the contract according to the

terms and intent thereof and for the prompt payment to all others for all labor and material furnished by them to the bidder and used in the prosecution of the work provided for in the contract. The bonds, each of which shall be of an amount equal to 100% of the amount of the contract price and including 5% of the contract amount estimated to be required for extra work. The bidder shall limit the acceptable performance and payment bonds to the following:

(a) Legal tender;

(b) Surety bond underwritten by a company licensed to issue bonds in the State of Hawaii; or

(c) A certificate of deposit; share certificate; cashier's check; treasurer's check, teller's check drawn by or a certified check accepted by and payable on demand to the State by a bank savings institution or credit union insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA).

1. The bidder may use these instruments only to a maximum of \$100,000.

2. If the required security or bond amount totals over \$100,000 more than one instrument not exceeding \$100,000 each and issued by different financial institutions shall be acceptable.

Such bonds shall also by the terms inure to the benefit of any and all persons entitled to file claims for labor done or material furnished in the work so as to give them a right of action as contemplated by Section 103D-324, HRS."

(III) Amend 103.07 Execution of the Contract by revising the first paragraph to read as follows:

"103.07 Execution of Contract. The contract bond and Chapter 104, HRS Compliance Certificate, similar to a copy of the same annexed hereto, shall be executed by the successful bidder and returned within ten days after the award of the contract or within such further time as the Director may allow after the bidder has received the contract for execution."

(IV) Amend 103.09 Submission of Insurance Certification to read as follows:

"103.09 Insurance Requirements.

(A) **Obligation of Contractor.** Contractor shall obtain all required insurance as part of the contract price. The Contractor shall not commence any work until it obtains all required insurance. All required insurance must be maintained with a company authorized by law to issue

149 such insurance in the State of Hawaii. The Contractor shall maintain all
150 insurance until final acceptance of the work by the State.
151

152 A certificate of insurance shall identify if the insurance company is
153 a "captive" insurance company or a "Non-Admitted" carrier to the State of
154 Hawaii. The Best's rating must be stated for the "Non-Admitted" carrier.
155 Certificates shall contain a provision that coverages being certified will not
156 be cancelled or materially changed without giving the Engineer at least 30
157 days prior written notice by registered mail. If the State and its officers
158 and employees are to be Additional Insureds on any of the required
159 insurance, it shall be so noted on the certificate. Should any policy be
160 cancelled before final acceptance of the work by the State, and the
161 Contractor fails to immediately procure replacement insurance as
162 specified, the State, in addition to all other remedies it may have for such
163 breach, reserves the right to procure such insurance and deduct the cost
164 thereof from any money due to the Contractor.
165

166 Nothing contained in these insurance requirements is to be
167 construed as limiting the extent of Contractor's responsibility for payment
168 of damages resulting from its operations under this contract, including the
169 Contractor's obligation to pay liquidated damages, nor shall it affect the
170 Contractor's separate and independent duty to defend, indemnify and
171 hold the State and its officers and employees, harmless pursuant to other
172 provisions of the contract documents. The State's exercise of an option
173 to occupy and use portions of the work does not relieve the Contractor of
174 its obligation to maintain the required insurance until the date of final
175 acceptance.
176

177 All insurance described herein shall be primary and cover the
178 insured for all work to be performed under the contract, including
179 changes, and all work performed incidental thereto or directly or indirectly
180 connected therewith, including but not limited to traffic detours,
181 barricades, warnings, diversions, lane closures and other work
182 performed outside the work area.
183

184 Upon request, the Contractor shall furnish the Engineer, a copy of
185 required policies or other proof of coverage satisfactory to the Engineer, of
186 each type of insurance covering the work. Failure to comply with the
187 Engineer's request may result in suspension of the work, and shall be
188 sufficient grounds to withhold future payments due the Contractor and to
189 terminate the contract for the Contractor's default.
190

191 **(B) Types of Insurance.** Contractor shall purchase and maintain
192 insurance described below:
193

(1) Commercial General Comprehensive Personal Injury and Property Damage Liability insurance with the following minimum limits of liability:

Products - Completed/Operations Aggregate \$2,000,000

Personal and Advertising Injury \$2,000,000

Bodily Injury and Property Damage \$2,000,000 each occurrence

The State of Hawaii, its officers and employees, shall be as additional insureds under these coverages.

(2) Automobile Liability insurance with the following minimum limits of liability:

Bodily Injury Liability \$1,000,000 (Per accident)

Property Damage Liability \$1,000,000

The State of Hawaii, its officers and employees, shall be as additional insureds under these coverages.

(3) Workers' Compensation insurance coverage for all persons whom the Contractor and all its subcontractors employ in carrying out the work under this contract. This insurance shall be in strict conformity with the requirements of the most current and applicable State of Hawaii Worker's Compensation Insurance laws in effect on the date of the execution of this contract and as modified during the duration of the contract

(4) Builder's Risk Insurance during the progress of the work and until final acceptance by the Engineer. It shall be "All Risk" (including but not limited to earthquake, windstorm and flood damage) completed value insurance coverage on all completed work and work in progress to the full replacement value thereof. Such insurance shall include the State as an additional insured under these coverages. The Contractor shall submit to the Engineer for its approval all items deemed to be uninsurable. The policy may provide for a deductible in an amount of up to 25 percent of the amount insured by the policy. With respect to all losses up to any deductible amount, the relationship between the Contractor and the State shall be that of insurer and additional insured as if no deductible existed.

(C) Breach of Duty by Contractor or Insurer. If the Contractor and/or its insurer wrongfully fails to defend and/or indemnify the State of

Hawaii, its officers and employees, against any claims, the State may bar or suspend the Contractor and/or its insurance company from bidding, working on construction projects, and/or providing insurance on State construction projects.

The State may exercise these remedies in addition to other legal or equitable remedies it may have against the Contractor and/or insurer.

(D) Subcontractor Insurance. The Contractor shall either:

(1) Require its subcontractors to procure and to maintain during the life of its subcontract, subcontractor's comprehensive general liability, automobile liability and property damage liability insurance of the type and in the same amounts specified herein and further require that such coverage be required by its subcontractors from all lower tier subcontractors;

(2) Insure the activities of its subcontractors and their lower tier subcontractors in its own policy.

(E) Self-Insured Retention. The Contractor shall be permitted, in cooperation with its insurers, to maintain a self insured retention for up to 25 percent of the per occurrence combined single limits of the commercial general liability and the automobile liability policies required by the contract documents. The existence of the self insured retention must be noted on the certificate of insurance coverage submitted to the State or else it will be understood that the insurer is providing first dollar coverage for all claims. For all claims within the self-insured retention amount, the rights, duties and obligations between the Contractor and the State shall be identical to that between a liability insurer and the state, as an additional insured, as if there was no self-insured retention."

END OF SECTION 103