S.B. 667, S.D. 2, H.D. 1 – MAKING AN EMERGENCY APPROPRIATION FOR FLOOD LOSSES

Testimony Presented Before the House Committee on Finance

March 30, 2005

by
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S.B. 667, SD 2, HD 1 – Making an Emergency Appropriation for Flood Losses.

Chair Takamine and members of the Committee on Finance, thank you for the opportunity to share our strong support for this bill.

This bill allows the University of Hawai‘i to have access to and use the $25 M to be received from the insurance company that provided the Flood Insurance policy for the State of Hawai‘i. Currently the DAGS Risk Management Special Fund has $17 M of the $25 M from the insurance company that the University of Hawai‘i is not able to access. In order to immediately address the emergency nature of the flood damage and pay for services needed to clean up and reconstruct the Mānoa campus, we have been authorized to use our 4th quarter General Fund allocation until this bill is passed that would then allow the Insurance proceeds to be used to reimburse the State’s General Fund.

Mr. Chair and members of the committee, I’d also like to share the following information and preliminary plan regarding the full funding of the $81.7M estimated cost to make the University of Hawaii at Manoa whole.

The plan is to use both operating and CIP (GO Bonds) funding to pay the bills. Where the cost can be qualified as CIP expenditures, like replacing the primary electrical cables along East-West Road, or reconstructing the entire 70,000 square feet of the Hamilton Library basement – we will be using GO Bond money. Otherwise, we will be using operating – ‘G’ Funds.

For FY 2005 and FY 2006, the picture looks like this:

<table>
<thead>
<tr>
<th></th>
<th>FY 2005</th>
<th>FY 2006</th>
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<tbody>
<tr>
<td>Operating</td>
<td>$20,420,854</td>
<td>$32,817,045</td>
</tr>
<tr>
<td>CIP</td>
<td>$14,012,634</td>
<td>$14,445,000</td>
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Please note that the CIP funds we are using – both in this FY 2005 and FY 2006 – needs to be added to our FY 2006 CIP in the current budget bill. We are requesting that the amount of $28.4M be added to FY 2006 of the biennium budget to UH Manoa to cover the cost of replacing and repairing equipment and infrastructure damaged by the flood.

In addition, as we continue to work with FEMA, we are asking that the balance of $28M be included in the University of Hawaii’s Operating Budget for FY ’06 to make the University of Hawai‘i whole in paying for all the flood related cleanup, repair and restoration.

Chair Takamine, thank you for this opportunity to testify in strong support of Senate Bill 667, SD 2, HD 1.