

Testimony Presented Before the
House Committee on Higher Education

February 3, 2005

By

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HB 558 – Making an Emergency Appropriation for Flood Losses.

Chair Waters and members on the Committee on Higher Education, thank you for the opportunity to share our strong support for this bill.

Since the flood occurred on the night of October 30, 2004, the faculty, staff and students have been working tirelessly to clean up and get the Manoa campus fully operational. I would like to report that our primary clean up and restoration contractor, Blackmon-Mooring Steamatic – Catastrophe (BMS CAT) is wrapping up their operation and should be fully demobilized by the end of next week. They have been on the Manoa campus for the past 3 months and had a workforce of almost 300 people at it's peak.

In addressing the aftermath of the flood, we discovered a major roadblock regarding access to the State's Flood Insurance policy. This bill will address that roadblock. As we sit here testifying on increasing the spending ceiling of the risk management revolving fund, \$12,000,000 from the insurance company is sitting in that account that we cannot access because of the \$10,450,000 spending ceiling. By increasing the spending ceiling, the insurance money would be available to help the University pay it's bills without having to access our 4th quarter general fund allocation. I would like to add that when this roadblock was encountered, we met with B&F and DAGS and they were very supportive and innovative in allowing us to use our 4th quarter allocation while we pursued the insurance claim and sought this emergency appropriation.

As you move this bill forward, we would ask that you insert the number \$ 25,000,000 in sections 2 and 4 that are currently blank.

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 \$76.7 M 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:

	FY 2005	FY 2006
Operating	\$20,420,854	\$32,817,045
CIP	\$10,112,634	\$13,345,000

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 base of the \$50,000,000 in the current budget submitted by the executive branch. We are requesting that the amount of \$23,457,634 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.

Chair Waters, thank you for this opportunity to testify in strong support of House Bill 558.